



STEICO

# Sustainability report 2022



Ecological wood fibre insulation materials and innovative timber construction products

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# Sustainability at STEICO

GRI 302-1

In 2022 biomass and wood pellets accounted for 66% of energy consumed.

The use of coal was cut by 54% compared to 2021.

GRI 302-1

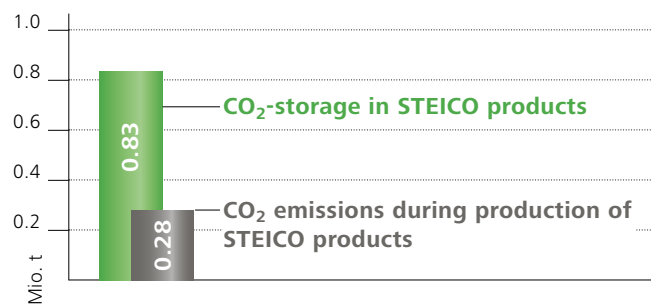
GRI 305-1

CO<sub>2</sub> reduction: Greenhouse gases were cut by 24% in 2022. (88,541t)\*

CO<sub>2</sub> intensity was cut by 19% in 2022 (CO<sub>2</sub> emissions per ton of finished product)\*

GRI 305-4

CO<sub>2</sub> storage and emissions in 2022 (millions of tons)



In 2022, STEICO's products bound almost three times as much CO<sub>2</sub> as was released during production.

GRI 305-1

97.9% of the investments are taxonomy eligible and have the potential to support the EU environmental targets

STEICO compensated for all of the 229 tons of CO<sub>2</sub> emissions resulting from air travel.

GRI 305

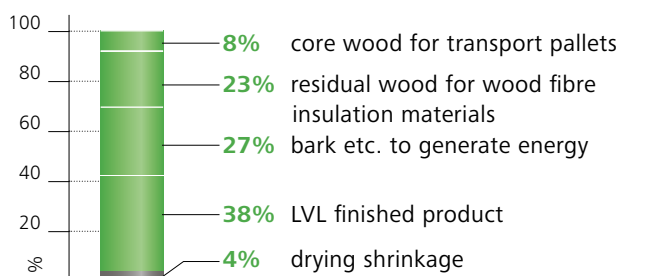
GRI 413-1

Social commitment: Donations of around €105,000 in 2022

Waste management: 78% of waste was recycled in 2022. Waste management thus allowed resources to be saved.

GRI 306-2

100% use of raw timber, 0% waste for LVL production



The raw timber used in the production of laminated veneer lumber (LVL) was used down to the very last fibre.

GRI 301

\* 2021 to 2022

# Sustainability is part of STEICO's corporate DNA

As the global market leader for wood fibre insulation products, STEICO assumes responsibility and constantly invests in optimising its production processes.



Sustainable solutions are more important than ever given the continued global warming.

## Process optimisation increases energy and CO<sub>2</sub> efficiency

In 2022, STEICO was able to reduce its use of coal by 54%, while biomass and wood pellets accounted for 66% of the energy consumed. It was possible to cut CO<sub>2</sub> intensity by 19%.

## Highly efficient use of timber as a resource

The production of wood fibre insulation materials in particular allows wood to be recycled "down to the last fibre". Using left-over wood and non-millable timber to produce energy releases the CO<sub>2</sub> they contain immediately, whereas this remains stored for a long period in insulation materials. This cuts heating requirements and CO<sub>2</sub> emissions, is efficient and protects the climate. What is more, the material cycle shall be significantly optimised in order to extend the duration of material use and consequently also CO<sub>2</sub> storage.

In addition to wood fibre insulation materials, STEICO also produces laminated veneer lumber (LVL) and I-joists, thus permitting a high level of material efficiency: STEICO requires 2.6 m<sup>3</sup> of round wood to produce 1.0 m<sup>3</sup> of LVL. After peeling the veneers, 0.2 m<sup>3</sup> of residual wood remain, which are sawn into boards and scantlings for the construction of transport pallets. 0.7 m<sup>3</sup> of non-useable veneers and timber waste are shredded and used in the production of wood fibre insulation materials and natural fibre boards for I-joists. 0.7 m<sup>3</sup> of bark and non-useable timber are used to generate energy from biomass.

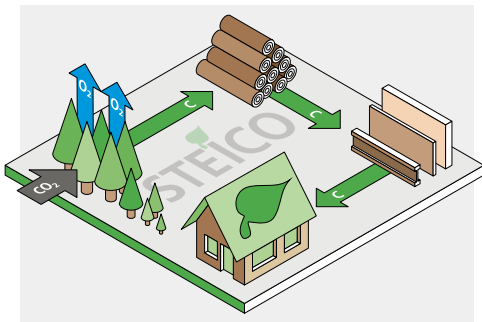
**LVL, I-joists and wood fibre insulation materials** form an innovative system for timber construction which allows more efficient use of materials, more efficient energy consumption, better performance and a better cost/benefits ratio than traditional wooden-frame construction.

They make timber construction even more attractive and competitive. A key factor for climate protection is also human well-being and human performance.

## STEICO wood fibre insulation materials store CO<sub>2</sub>

STEICO's products turn buildings into long-term CO<sub>2</sub> sinks. During the timber construction process, wood fibre insulation materials significantly increase the quantity of CO<sub>2</sub> stored.

### Construction materials from renewable raw materials bind CO<sub>2</sub> over the long-term



Trees "breathe in" CO<sub>2</sub>, form wood from carbon (C) and "breathe out" oxygen (O<sub>2</sub>). STEICO uses this natural renewable raw material to produce its highly efficient insulation and construction products. STEICO's products produced in 2022 stored a total of 833,683 tons of CO<sub>2</sub>.

### CO<sub>2</sub> stored by STEICO's products in a house



When an average single-family home is modernised to improve its energy efficiency, with STEICO's products used for the roof and outer walls, these wood fibre insulation products store around 10 t of CO<sub>2</sub>. That is roughly the same amount as is generated per passenger on 20 flights from Munich to Mallorca and back.



## The importance of sustainable forestry

Sustainable forest management and the use of timber as a material are more effective in protecting the climate than untouched forest ecosystems. If dead trees rot, the CO<sub>2</sub> they stored is released. Over the long term, natural forests have a neutral CO<sub>2</sub> balance, that means they store just as much CO<sub>2</sub> as is released.

If we want to create a positive CO<sub>2</sub> balance, we have to harvest trees, use their timber as a material and plant young trees to replace them, to keep on storing CO<sub>2</sub>. This allows forests to be redeveloped with a view to the future, and to adjust them to climate change with a specific mix of trees. This allows robust mixed forests to be created. In turn, this secures and increases biodiversity. STEICO only processes timber from sustainable forestry that is certified according to strict PEFC regulations (Programme for the Endorsement of Forest Certification Schemes).

### Sustainability report demonstrates high benefit to the common good

Resource efficiency and CO<sub>2</sub> storage are the most important ecological aspects of sustainability. What is more, governance and social commitment are also part of a holistic approach to sustainability.

STEICO has published a sustainability report since 2018 with a detailed list of sustainability issues. The 2022 STEICO sustainability report has been prepared in line with GRI requirements.



## Enough wood is available as a resource

Around 38 percent of the European Union is covered by forest, and two thirds of the wood that grows every year is used. That means that the overall volume of wood in our forests is continuously increasing and the timber harvest can still be significantly increased. As a result of global warming and the resulting dry periods, storms and insect plagues, the proportion of non-millable timber is expected to grow. This can be used to produce wood fibre insulation materials.

STEICO's plants are located in forested areas, and can procure timber within a radius of around 150 km. This means that the low amounts of energy are required for transport. The transport paths required to produce the end products are short.

# Corporate objectives up to 2026

**This year's edition of the sustainability report allows STEICO to offer even more transparency and information - and keeps readers up to date on impressive results for even better climate protection.**

2021	2022	Further information
<h2>Social affairs</h2>		
<ul style="list-style-type: none"> <li>• Transitioning 80 % of temporary workers and limited-term employees to permanent employment.</li> <li>• Cutting the proportion accounted for by temporary workers and limited-term employees to 5 %</li> <li>• Implementing a system to obtain, review and implement employee suggestions to improve workplace quality</li> <li>• Implementing a system to record days of absence with the aim of introducing activities to promote good health and reduce the number of days of absence</li> <li>• Implementing a system to ensure 80 % concordance between job requirements and employee qualification</li> <li>• Continued professional development: 1 working week per employee and year</li> </ul>	<p>STEICO first published these goals in 2022 with the sustainability report 2021. Project employees have started their tasks and are defining the steps that have to be taken to bring about sustainable positive changes in the STEICO Group.</p>	<p>Management approach for GRI 401: Employment 2016</p> <p>Management approach for GRI 403: Occupational health and safety 2016</p> <p>Management approach for GRI 404: Training and education 2016</p>
<h2>Ecology</h2>		
<ul style="list-style-type: none"> <li>• Reduction of the CO<sub>2</sub> intensity of the consumed energy by <b>24 %</b> compared to 2021</li> </ul>	<p>In 2022 CO<sub>2</sub> intensity of consumed energy was <b>reduced by 19 %</b></p>	<p>Management approach for GRI 305: Emissions 2016</p>
<ul style="list-style-type: none"> <li>• Reducing CO<sub>2</sub> emissions for business travel by <b>60 %</b> compared to 2021</li> </ul>	<p>Changes to the existing vehicle fleet take time, which means that a temporary increase in CO<sub>2</sub> emissions of 15% was registered in 2022. This objective is still valid.</p>	<p>Management approach for GRI 305: Emissions 2016</p>
<h2>Governance</h2>		
<ul style="list-style-type: none"> <li>• Implementing a uniform, group-wide whistleblower system to combat corruption by the end of 2023</li> </ul>	<p>On the date the 2022 sustainability report was published, the project status was in line with the timetable. As a result, this reporting channel will go live at the end of 2023.</p>	<p>Management approach for GRI 205: Combating corruption 2016</p>

# STEICO Sustainability report according to GRI standards

## Information on the EU taxonomy

### EU taxonomy and its use

The EU (European Union) is planning to become the first climate neutral continent by 2050. This target can only be reached if cash flows in Europe are increasingly driven into sustainable activities. That is why the European Commission has created the “Sustainable Finance” action plan, which defines sustainability targets for the European financial sector. The primary objective is to create foundations for financial products which offer a uniform definition of sustainability and which thus increase the comparability of products and the transparency of cash flows.

The EU taxonomy affects organisations which currently have to publish disclosures on the sustainability of their activities according to the NFRD (Non-Financial Reporting Directive).

In order to ensure the requisite comparability, the EU taxonomy includes a list of activities in various industrial sectors which support the EU’s climate targets in a defined manner. All of the activities named in the EU taxonomy are automatically eligible as they can potentially support the taxonomy’s climate targets. The next level that an activity can reach is taxonomy alignment. An activity is taxonomy aligned if it meets the technical requirements, does no significant harm to other environmental objectives and meets minimum social requirements.

The EU has published six environmental targets which form the basis for analysing economic activities:

- 1 Climate change mitigation
- 2 Climate change adaptation
- 3 Sustainable use and protection of water and marine resources
- 4 Transition to a circular economy
- 5 Pollution prevention and control
- 6 Protection and restoration of biodiversity and ecosystems

At the end of the analysis, information has to be provided on taxonomy eligibility and alignment for each activity to be reported and which is connected with cash flows within the group. The companies concerned have to issue this declaration annually. As the EU taxonomy is a tool which aims to classify organisations’ cash flows as being sustainable or non-sustainable, financial indicators have to be evaluated. In so doing, companies must review both their corporate revenues as well as their CapEx (capital expenditure) and OpEx (operating expenses) for taxonomy eligibility and alignment.



## Analysis of the STEICO Group

### Sustainability in the STEICO Group

As STEICO is not considered to be a large capital-market oriented company in terms of the EU taxonomy, STEICO only has to provide a report on the EU taxonomy for the first time in 2026 for the 2025 financial year. STEICO declared the taxonomy eligibility of its cash flows for the first time in the 2021 sustainability report. This data has also been calculated for 2022. STEICO will further develop the analysis of its taxonomy alignment in the coming years up to the report on the 2025 financial year as a project, in which all of the relevant departments are involved, in order to support the technical analysis of the cash flows. Reporting on the potential sustainability of the cash flows within the STEICO Group has been based on the requirements in the EU taxonomy. The KPIs analysed are revenues, CapEx and OpEx:

These are defined as follows in the EU taxonomy:

- Revenues: Net revenues with goods or services, including intangible assets.
- CapEx: Additions to property, plant and equipment and intangible assets during the fiscal year in question before impairment and revaluations, including cash flows that result from revaluations and impairments for the fiscal year in question and without changes to the fair value.
- OpEx: Direct, non-capitalised costs which are related to research and development, activities to modernise buildings, short-term leasing, maintenance and repairs. It also includes all other direct costs which relate to the daily maintenance of assets included in property, plant and equipment by the company or third parties to whom activities are outsourced and which are necessary in order to ensure the constant and effective functioning of these assets.

In order to calculate the proportion of eligible activities under the taxonomy compared to the respective total KPIs, the cash flows are identified which form part of the taxonomy eligible activities. These are then compared proportionately to the total flows for the KPIs in order to determine their proportion.

Table 1: Taxonomy-eligible activities in the STEICO Group

Key Performance Indicator (KPI)	Total value [€ thousand]	Taxonomy eligible proportion
Revenues	445,155	94.3
CapEx	94,664	97.9

Key Performance Indicator (KPI)	Total value [€ thousand]	Taxonomy eligible proportion
OpEx	9,726	90.5

In total, the calculations on EU taxonomy show that 94.3% of revenues (€ 419,687,000) are eligible. CapEx (€ 94,664,000) and OpEx (€ 9,726,000) are both eligible at 97.9% and 90.5% respectively. With regard to CapEx, all of the previously listed activities were taken into account, while with regard to revenues and OpEx only the production of energy-efficient building equipment was identified as being eligible under the taxonomy. However, as most of the STEICO Group's activities are directly associated with the production of the associated insulation products, a large proportion of these cash flows are still eligible under the taxonomy. The STEICO Group's activities that are eligible under the taxonomy can be found in table 1.

Table 1: Taxonomy eligible activities in the STEICO Group

Number and title of the taxonomy-eligible activity	Description of the specific activity at STEICO
3.5 Manufacture of energy efficiency equipment for buildings	Production of insulation materials and systems
4.8 Electricity generation using solar photovoltaic technology	Installation of a photovoltaic system at the Czarnkow site
4.8 Electricity generation from bioenergy	Installing a turbine for a biomass boiler
4.24 Cogeneration of heat/cool and power from bioenergy	Conversion of the coal boiler to a biomass boiler
5.1 Construction, extension and operation of waste water collection and treatment	Maintenance and expansion of the closed water cycles at the production sites
7.2 Renovation of existing buildings	Work on halls

### Outlook

The Corporate Sustainability Reporting Directive (CSRD) will come into force in 2024 and this will require additional adjustments. At present, 11,700 enterprises in the EU are concerned by the Non-Financial Reporting Directive (NFRD). The transformation to CSRD will lower the threshold for the enterprises concerned. It is then expected that around 50,000 enterprises (including STEICO) will be included in the reporting requirement. The EU has increased the scope of the information with a reporting requirement. In addition, an audit requirement will be introduced and digital tagging will become mandatory, in order to guarantee machine-readability of the information to be reported. This will further reinforce the comparability and reliability of the declared information.

## Presentation of the STEICO Group

# GRI 2: General disclosures 2021

## 2-1 Organizational details

The reporting company is STEICO SE, a European public limited company (Societas Europea). The majority shareholder is Schramek GmbH with a 61.1% interest, and the shares can effectively be assigned to the company's founder, the chairman of the Managing Board and CEO Udo Schramek. The remaining 38.9% of the shares are in free float and are traded over the counter.

In July 2023 Schramek GmbH reached an agreement with Kingspan Group plc and Kingspan Holding GmbH, according to which 51.0% of STEICO's shares will be transferred to Kingspan in January 2024.

STEICO SE's head office is located in 85622 Feldkirchen near Munich, Otto-Lilienthal-Ring 30. The headquarters control the economic activities of the group's companies in Poland, France and the United Kingdom.

## 2-2 Entities included in the organization's sustainability reporting

This sustainability report provides information on the entire STEICO Group and thus includes information from the following companies:

- STEICO SE, Feldkirchen, DE (group management)
- STEICO Sp. z o.o., Czarnków, PL (production)
- SW Solar Czarna Woda Sp. z o.o., Czarnków, PL (energy management)
- STEICO CEE Sp. z o.o., Czarnków, PL (sales)
- STEICO JOIST Sp. z o.o., Czarnków, PL (production)
- STEICO UK Ltd., Caddington, UK (sales)
- STEICO France SAS, Brumath, FR (sales)
- STEICO Casteljaloux SAS, Casteljaloux, FR (production)

The Quality and Sustainability Management Department is located at STEICO SE's headquarters. All of the relevant information is collected and evaluated here in order to prepare the sustainability report at a group level.

## 2-3 Reporting period, frequency and contact point

This sustainability report was prepared for the 2022 fiscal year. STEICO has published an annual sustainability report each year since 2018. The STEICO annual report, which is available, for example, on the STEICO Group's Web site, includes the relevant financial information for this period.

If you have any questions or feedback on the report's content, you can contact the Quality and Sustainability Management Department.

Tel.: +49-89-991551-0 | E-mail: [sustainability@steico.com](mailto:sustainability@steico.com)

## 2-4 Restatements of information

In STEICO's 2021 sustainability report, in 403-1 Management system for health and safety at work, the group declared that an occupational health and safety management system PN 18001:2004 has been put in place in Poland. The Polish legal requirements are strict enough to uphold the requirements of the management system, however this was not confirmed via an audit by an independent third party.

According to section 201-4 Financial support from the public sector in the 2021 sustainability report, STEICO received consent in France for a subsidy of EUR 1 million to modernise its water infrastructure, of which EUR 290,000 had been paid out in 2021. In fact the total subsidy amounts to EUR 1,921,935. Of this amount, EUR 1,537,548 had been paid out to STEICO by the end of 2022.

In its 2021 and 2020 sustainability report, STEICO reported that its quantities of waste paper were too high both years, in section 306-2 Waste by type and disposal method. In both years an excess quantity of around 2,000t of waste paper was declared. The reason for this was that STEICO had to register the waste paper it purchased with the Polish authorities as waste, even though this is used to produce the STEICO*floc* cellulose cavity insulation. Incorrect data was thus published due to these different definitions. These errors will no longer occur in the coming sustainability reports as a result of internal coordination and the definition of the data required.

In addition, STEICO did not provide any information on waste that resulted in SW Solar, one of STEICO SE's Polish subsidiaries. SW Solar is responsible for providing energy at

the Polish production sites, which is why there was missing waste, in particular from boiler ash. As a result of incorrect data polling, in the past no data was provided for SW Solar. This is why 14,740 t of ash were missing in the 2021 sustainability report in section 306-2 Waste by type and disposal method, and 21,723 t of ash in the 2020 sustainability report. As this incorrect communication was identified during data polling for this report, this error will no longer occur in future.

The incorrectly declared quantities of waste paper and ash impact the composition of waste, the recycling ratio and the respective CO<sub>2</sub> footprint. 26,901 t of waste was disposed of in 2020. 81% of this amount was ash and 12% was timber waste. As the ash is fully used to produce inorganic substances the recycling ratio has increased to 86% of total waste as a result of the correction. In 2021 total waste amounted to 20,298 t, of which 78% was recycled. Ash accounted for 73% of total waste and timber accounted for 19%. The reduction in the amount of waste declared is due to factors including that the ash created in Czarna Woda is no longer classified as waste since 2021, but as a by-product. This is not the case in Czarnkow.

The changes in the CO<sub>2</sub> footprint have not been declared as a result of the disproportionate amount of effort to calculate and update these.

In section 305-4 Intensity of GHG emissions in the 2021 sustainability report, 0.65 t of CO<sub>2</sub> equivalents per ton of final product was declared. As a result of an incorrect file used for calculations, the result was also incorrect. The actual CO<sub>2</sub> intensity per ton of final product was actually 0.75 t per ton of final product in 2021, and is thus slightly higher than the figure originally declared. This error will no longer occur in future, as this has now been corrected in the file used for calculations.

The information used to date on the energy content of the gas used has been corrected. To date a general conversion factor was used. When preparing the 2022 sustainability report, the actual conversion factor was recorded in greater detail using individual records. As a result, the prior-year figures have been corrected according to the table below. This change impacts energy consumption, the products' energy intensity and the composition of the energy mix. For efficiency reasons, only the updated figures have been presented. Thanks to an adjustment to data polling, in future only the technical conversion factors will be considered, so that additional corrections can be avoided.

Table 2: Changes in energy consumption

	2019			2020			2021			2022		
	Quantity [MWh]	Share [%]	Year-on-year change	Quantity [MWh]	Share [%]	Year-on-year change	Quantity [MWh]	Share [%]	Year-on-year change	Quantity [MWh]	Share [%]	Year-on-year change
Coal	525,404	35	-3	322,555	21	-39	200,367	12	-38	93,225	6	-53
Electricity	230,973	15	9	243,144	16	5	264,736	15	9	245,117	16	-7
Gas	153,598	10	59	192,640	13	25	214,950	13	12	178,986	12	-17
Biomass	596,782	40	21	710,722	46	19	892,338	52	26	842,547	56	-6
Pellets	-	0	0	68,565	5		146,290	9	113	149,595	10	2
<b>Total</b>	<b>1,506,758</b>	<b>100</b>		<b>1,537,625</b>	<b>101</b>	<b>2</b>	<b>1,718,681</b>	<b>100</b>	<b>12</b>	<b>1,509,470</b>	<b>100</b>	<b>-12</b>
<b>Energy intensity [MWh/t]</b>	<b>3.44</b>			<b>3.37</b>			<b>3.45</b>			<b>3.21</b>		
<b>Energy intensity [MWh/t €]</b>	<b>5.36 €</b>			<b>4.98 €</b>			<b>4.43 €</b>			<b>3.39 €</b>		

## 2-5 External assurance

This sustainability report has not been externally audited.

## 2-6 Activities, value chain and other business relationships

STEICO is active in the construction sector and produces wood fibre insulation materials, cellulose cavity insulation, timber construction products (load-bearing products) and also trades in accessories (e.g. products for air-tight building shells, etc.).

STEICO's production locations are in Poland in Czarńków (by Poznan) and Czarna Woda (by Gdansk) as well as in France in Casteljaloux (by Bordeaux). The commissioning phase started in the third quarter of 2023 for the newly created production site in Gromadka (Poland).

As the state forest in Poland owns 80% of the forest and also maintains a large proportion of private forests, timber is only purchased from this supplier in Poland. There are supply agreements with several regional suppliers in France. STEICO then processes this timber to produce final products, which are mostly sold to trading companies which are, in turn, used by manufacturers to cover their requirements. Some manufacturers (from a certain size) are supplied directly.

### Environmentally friendly insulation materials

Insulating materials have a major impact on a building's energy efficiency. Due to their insulating effect, they significantly reduce the amount of heating energy required. STEICO insulation materials and cellulose are characterised by particularly low thermal conductivity. The lower the thermal conductivity, the better the insulating effect. The thermal conductivity is given as the so-called Lambda value ( $\lambda$ ). With  $\lambda_D$  0.036, the flexible wood fibre insulation mat STEICO*flex* has the lowest thermal conductivity of natural insulating materials. With  $\lambda_D$  0.037, the flexible wood fibre insulation mat STEICO*protect 037* has the lowest thermal conductivity of stable wood fibre insulating boards. STEICO*floc* cellulose insulation also leads its field with  $\lambda_D$  0.038.

### I-joists

STEICO's I-joists have the shape (geometry) of an H beam or a double T beam. In contrast to a solid wood beam with a rectangular shape, the middle section of the I-joist is much slimmer, and it is thus made with comparatively little material. This reduces the creation of thermal bridges. The saving in solid material is filled with insulating material in timber frame construction. In a roof construction, for example, this shifts the ratio between the proportion of insulating material and the proportion of supporting structure in favour of the insulating material. A higher proportion of insulating material in turn means higher energy efficiency for the entire component.

In this way, I-joists have special significance in low-energy and passive houses and contribute to avoiding heating energy in these buildings.

### Laminated veneer lumber

Laminated veneer lumber is an industrially produced wood-based material with a particularly high load-bearing capacity. When producing laminated veneer lumber, formats can be produced that cannot be reproduced by naturally grown wood (boards up to 2.5 m wide, 90 mm thick and 18 m long).

## 2-7 Employees

Table 6: Number of different employees in the STEICO Group's various companies

	STEICO SE	STEICO Czarnków	STEICO Czarna Woda	STEICO CEE	STEICO Solar	STEICO Brumath	STEICO Casteljaloux	STEICO UK	TOTAL 2022
Total number of employees	180	941	681	23	70	24	101	13	<b>2033</b>
Women	70	207	145	12	5	13	7	5	464
Men	110	734	536	11	65	11	94	8	1569
Total full-time employees	134	938	678	22	69	24	101	11	<b>1977</b>
Women	36	206	143	12	5	13	7	3	425
Men	98	732	535	10	64	11	94	8	1552
Total part-time employees	46	3	3	1	1	0	0	2	<b>56</b>
Women	34	1	2	0	0	0	0	2	39
Men	12	2	1	1	1	0	0	0	17
Total number of employees with permanent contracts	167	765	552	21	53	24	101	13	<b>1696</b>
Women	64	165	113	12	2	13	7	5	381
Men	103	600	439	9	51	11	94	8	1315
Total number of employees with temporary contracts	13	176	129	2	17	0	0	0	<b>337</b>
Women	6	42	32	0	3	0	0	0	83
Men	7	134	97	2	14	0	0	0	254
Total employees under collective agreements	0	881	653	21	66	24	101	0	<b>1746</b>
Women	0	198	142	10	5	13	7	0	375
Men	0	683	511	11	61	11	94	0	1371

The number of employees shown in table 6 includes all employees without suspended contracts.

### 2-8 Workers who are not employees

At present, STEICO does not collect any information on employees from external organisations.

- Prof. Heinrich Köster, Stephanskirchen, President of Rosenheim University
- Ms Katarzyna Schramek, Munich, attorney
- Dr. Jürgen Klass, Munich, attorney

### 2-9 Governance structure and composition

STEICO SE is a European public limited company (Societas Europea). The company's organizational constitution follows the monistic system. Its executive bodies are the Board of Directors and the Annual General Meeting. The Board of Directors manages the company in accordance with the statutory provisions and STEICO SE's Articles of Association, determines the basic guidelines for its activities and monitors their implementation. The Board of Directors meets at least once every three months.

As of 31 December 2022, STEICO SE's Board of Directors comprised four members:

- Mr. Udo Schramek, Munich, Chairman, Managing Director and Chairman of the Board of Directors

The Board of Directors appoints the Managing Directors to manage the Company's business. On 31 December 2022 the following were STEICO's managing directors:

- Mr. Udo Schramek, Munich, Chairman and Managing Director of STEICO SE Managing director for Auditing, Marketing, Legal & HR, Research & Development, Technology, Quality Assurance, IT and Purchasing, Legal & HR and IT
- Mr. Uwe Lange, Berga, Managing Director for Investments and Equipment Technology
- Mr. Thorsten Leicht, Managing Director for Production, Processes, Quality and Sustainability Management

- Dr. David Meyer, Munich, Managing Director for Finance, Accounting & Controlling
- Mr. Tobias Schindler, Sistrans (Austria), Managing Director for Sales.
- Mr. Milorad Rusmir, Kirchheim, Managing Director for Timber Wholesale

On the date this report was published, Mr. Uwe Lange and Mr. Milorad Rusmir had left STEICO SE's management. Mr. Roger Fränkel has taken over as Mr. Uwe Lang's successor, and Mr. Milorad Rusmir's department was discontinued when he left the company.

The Managing Directors conduct the company's business in accordance with the law, the company's Articles of Association and in accordance with the instructions of the Board of Directors.

#### **2-10 Nomination and selection of the highest governance body**

The Board of Directors comprises four members. The members of the Board of Directors are elected by the General Meeting.

The Board of Directors appoints the Managing Directors to manage the Company's business.

#### **2-11 Chair of the highest governance body**

The company's founder Udo Schramek is the Chairman of the Board of Directors and also the Chairman of the Executive Board.

#### **2-12 Role of the highest governance body in overseeing the management of impacts**

The Managing Directors regularly discuss sustainability-related issues in the Board and make decisions with the involvement of all departments concerned. In practice, the COO Thorsten Leicht and the management employees reporting to him are responsible for implementation. The effectiveness of the respective activities and the strategic development are evaluated based on individually defined criteria.

#### **2-13 Delegation of responsibility for managing impacts**

At STEICO, the Board of Directors and Executive Board take decisions on the sustainable development strategy, which serves as the long-term basis for the objectives. As a result of STEICO's role in the manufacturing sector, production plays a key role in the STEICO Group's sustainable orientation. The Managing Director Thorsten Leicht is responsible

for sustainability management and production and is thus particularly involved in defining the basic principles and development of the guidelines.

#### **2-14 Role of the highest governance body in sustainability reporting**

The Board of Directors is directly involved in sustainability reporting. The report is released as a project by the Board of Directors.

#### **2-15 Conflicts of interests**

Members of the Board of Directors undertake to disclose their previous roles and also their positions outside the STEICO Group to STEICO. The risk of potential conflicts of interests and prejudice in the STEICO Group's decision-making processes is evaluated based on this information. These evaluations are not publicly disclosed.

#### **2-16 Communication of critical concerns**

STEICO SE's Compliance Officer is in direct contact with the Board of Directors. If necessary, the compliance officer brings critical concerns to the attention of the Supervisory Board. The compliance officer did not communicate any critical concerns in 2022.

#### **2-17 Collective knowledge of the highest governance body**

The Managing Directors report to the members of the STEICO Group's Board of Directors on all relevant issues. Individual personal continuing professional development opportunities are used to develop relevant topics, in order to be able to monitor the status of the respective department over the long-term.

#### **2-18 Evaluation of the performance of the highest governance body**

STEICO does not publish any data on the evaluation of the performance of its top-level executive body.

#### **2-19 Remuneration policy**

Remuneration for the top-level executive body and the managing directors is published in the annual report.

#### **2-20 Process to determine remuneration**

STEICO does not publish any information on internal decisions which could be used as the basis for remuneration of the top-level executive body and the managing directors.

### 2-21 Annual total compensation ratio

STEICO does not provide any information on the ratio between the highest total remuneration and the median annual remuneration.

### 2-22 Statement on sustainable development strategy

STEICO sees itself as an innovative, ecological and social company. This claim, which is also a statement from the highest decision-makers on the Supervisory Board and Board of Directors, can be summarized with the core statement "sustainable".

#### STEICO's actions for its customers

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- Cooperation with our customers is characterized by fairness and respect
- Products and services are innovative, economical, easy to use and offer added value for customers
- STEICO builds relationships using system solutions and intensive dialogue
- The company assumes responsibility within our markets and contribute to the positive growth of the market and industry

#### STEICO's actions for society

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- STEICO makes a significant contribution to optimising buildings' energy consumption and thus to climate protection
- The use of wood as a renewable raw material makes an important contribution to preserving natural resources.
- STEICO products contribute to the extensive binding of CO<sub>2</sub> and thus help to limit global warming
- Specifically avoiding fossil fuels helps the decarbonisation of society.

#### STEICO's actions for employees

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- The commitment and expertise of STEICO's employees is a central pillar for long-term success
- Constructive, respectful cooperation characterises the interaction between employees.
- The company offers progressive working conditions and promotes employee development. It also eliminates inequalities.

The STEICO Group's actions are sustainable and geared to the long term - characterized by the balance between economic success, ecological action and social responsibility.

The sustainability report transparently shows how STEICO operates and manufactures. That is why the company has published an annual sustainability report each year since 2018.

### 2-23 Policy commitments

The fundamental obligations result from the statement on sustainable development (see 2-22). At STEICO, sustainable growth and its operational inclusion in daily business are key factors.

### 2-24 Embedding policy commitments

Section 2-22 shows how the STEICO Group includes the fundamental obligations in its day-to-day business. As sustainable growth is a key part of the STEICO Group's recipe for success, particular attention is paid to implementing this in practice.

### 2-25 Processes to remediate negative impacts

Certification programs and government inspections are used to released the mechanisms implemented for avoidance and to compensate for negative impact, and these are assessed with regard to their effectiveness. To date STEICO has never had to provide separate justification to the state supervisory bodies for its activities. This proves the effectiveness of the processes and monitoring processes implemented. The specialist systems are presented in greater detail in the later chapters of this sustainability report.

## 2-26 Mechanisms for seeking advice and raising concerns

As the STEICO Group's employees are a key factor for its success, the company aims to create a fair, secure and egalitarian working environment for its employees. The primary opportunity for employees to express concerns or communicate suggestions for improvement, is the annual interview. During this interview, employees receive feedback on their performance and they can communicate their own feedback. If employees prefer to provide feedback anonymously, they can use the mechanisms put in place for this purpose. These are accessible at all sites. In addition, their content is treated confidentially.

## 2-27 Compliance with laws and regulations

In 2022 no notable violations of regulations, laws and directives were registered at STEICO. In addition, there were no court proceedings or penal requirements that were extraordinary or carried a reporting requirement.

## 2-28 Membership associations

The STEICO Group is a member of a large number of associations and interest groups. The following overview shows the most important memberships by country in the year under review.

### Germany

- VDNR: Verband Dämmstoffe aus nachwachsenden Rohstoffen (Association for insulation materials from renewable resources)
- Study group glulam construction
- Forum Holzbau (Forum for timber construction)
- Holzbau Deutschland, Bund deutscher Zimmermeister (Association of German carpenters)
- DHV: Deutscher Holzfertigbau-Verband (German timber prefabrication association)
- (Institution for construction and the environment) (IBU) Institut Bauen und Umwelt e.V.
- DGNB: Deutsche Gesellschaft für nachhaltiges Bauen (German society for sustainable construction)
- Gütegemeinschaft Möbel e.V.
- HPE Packaging Association
- GIH Gebäudeenergieberater Ingenieure Handwerker
- C.A.R.M.E.N. e.V.

- proHolz BW
- VDPM Verband für Dämmsysteme, Putz und Mörtel e.V.

### Frankreich

- AICB: Association des Industriels de la Construction Biosourcée (Industry association for construction with renewable resources)
- UICB: Union Industriels Constructeurs Bois (Industrial association for timber construction)
- Fédération de la maison passive (Passive house association)
- FFB – Fédération Française du Bâtiment (French federation for buildings)
- FBC – Forum Bois Construction (Forum for timber construction)
- FIBOIS – Industry association for the forestry and timber industry
- Le Mur Manteau – Industry association for insulation manufacturers
- Echobat – Network for regional promotion of ecological construction as a skilled trade
- FDMC – Federation des Distributeurs de Matériaux de Construction (industry association for construction materials traders)

### United Kingdom

- Timber Development UK
- Structural Timber Association
- ASBP: Alliance for Sustainable Building Products
- Natural Fibre Insulation Group

### Poland

- Stowarzyszenie Energooszczędne Domy Gotowe (EDG) (Energy Efficient Prefabricated Houses Association)
- Polski Instytut Budownictwa Pasywnego (Polish Institute for Passive House Construction)
- Polskie Stowarzyszenie Dekarzy (Polish Roofers' Association)
- Stowarzyszenie Producentów Płyt Drewnopochodnych w Polsce (Association of Wood-Based Panel Manufacturers in Poland)



- Stowarzyszenie Centrum Drewna w Czarnej Wodzie (Wood Centre Association in Czarna Woda)

#### Czech Republic

- ADMD – Czech prefabricated house construction association

#### Austria

- Holzbau Austria

#### International

- EPF: European Panel Federation

### 2-29 Approach to stakeholder engagement

The various stakeholder groups require different approaches to include their members, who can overlap depending on the specific group. In order to allow active inclusion for all stakeholders, various points of contact are offered. In each case these deal with the group members' needs.

Customers and processing companies can approach a large number of sales employees and technical consultants. The field sales employees, who aim to create close contacts with potential customers and maintain existing contacts, deal in depth with all of the issues that are reported to them. In addition, they aim to solve these to the satisfaction of all stakeholders. Feedback on products is accepted as are suggestions for improvements, which customers report to their points of contact.

All of this information is collected centrally and evaluated with the responsible departments in order to fully exploit the internal optimisation potential. Interested parties can obtain advice at all of the STEICO Group's locations during business hours. Employees from the application technology department at the respective location provide advice, and questions are answered both by phone as well as in writing. In addition to this direct exchange, the STEICO Academy offers an international seminar program in which the training sessions are mostly free of charge, and lectures on the correct use of STEICO's products.

STEICO also offers its employees a large number of possibilities to actively structure life at the company. Employees can contribute suggestions for improvement as part of the company's suggestion scheme. In addition, STEICO works closely together with trade unions and their representatives to jointly create the best possible working atmosphere. Works

councils play a key role at the production site, and they allow employees to initiate further changes which make working for the company more pleasant. In addition, STEICO offers all of its employees a broad offering of sporting activities and healthcare support and also takes personal circumstances into account when structuring working hours. This shows that the company holds its employees in high esteem.

STEICO attaches great value to long-term relationships with suppliers and a close cooperation. Purchasing for raw materials and supplies is spread over a wide base, in order to avoid any supply bottlenecks and difficulties in the supply chain. Attention is paid to the regional origins of the timber suppliers and service providers which benefits the value creation in the local communities. This supports both the local infrastructure and economy.

The STEICO Group's active participation in organisations, associations and unions makes it possible to advise political decision-makers in cooperation with additional companies in the timber industry. A key issue is to politically reinforce timber construction and the use of renewable materials, in order to further drive sustainability in the construction industry.

STEICO deals with its competitors respectfully. This is important for the cooperation in political bodies and also for joint, target-oriented activities with associations. In addition, healthy competition also boosts innovation in the industry.

Local communities and residents are particularly interested in the STEICO Group's industrial activities as a result of their geographic location. In order to co-exist without conflicts, STEICO is in close contact with the citizens' representatives at the production sites. The respective production manager is in direct contact with the mayors in order to ensure constant communication. At the production site in Gromadka, which is currently under construction, STEICO has included representatives from the neighbouring communities, the relevant authorities as well as private individuals in the approval process. The aim is to increase acceptance of the construction activities and the industrial use of the site.

Issues brought forward by nature protection groups are closely linked to the needs of the surrounding communities. In the case of projects which demand a specific exchange concerning environmental protection, communication interfaces are defined in order to present both the STEICO Group's interests and to guarantee the constant exchange of information, and also to collect concerns and questions from the local communities and from specific joint groups.

As a result of the enormous importance of sustainability issues, communication in these areas is particularly important for STEICO in order to present its own requirements to third parties. Compromises can only be reached with active, two-sided communication if these compromises are to be regarded as being acceptable by the various groups of interested parties.

STEICO also engages in active exchanges with authorities and legislators. Forming political opinions is a key issue, as this serves to improve the environmental impact of the construction industry. This objective is supported by providing information for legislators and lobbies. STEICO works closely together with public authorities and institutions in order to ensure smooth releases for production processes and products – and that is a key factor for all members of the supply chains. This cooperation is expressed in the form of open and direct communication, the simple provision of the information required and, if necessary, access to the company's sites.

Stakeholders connected with the capital markets, such as shareholders, banks and analysts are supported by the Investor Relations department. This department deals with communication with investors and ratings agencies, which constitute a key indicator for the markets. In addition, STEICO regularly publishes financial reports and this sustainability report, in order to transparently present the group's progress to stakeholders.

In order to select and maintain contacts with its insurance companies, STEICO uses the services of an experienced international industrial broker. In so doing there are regular exchanges and a review of the general development of the insurance market, the risk profile, activities to reduce risks, the scope of the insurance cover and other adjustment or change requirements. In the event of damages, the broker is also regularly included in exchanging information with the insurance companies.

STEICO regularly publishes information via a wide range of media. To a great extent, this information deals with the ecological advantages that STEICO's products offer for users and builders. Information is provided for press enquiries, and additional data is provided.

STEICO also shares information via a close cooperation with educational, research and political institutions. For example, STEICO supports ongoing dissertation projects and scientific research projects with figures from real life practice and also with expertise.

### **2-30 Collective bargaining agreements**

Information on collective agreements can be found under GRI 202: Market presence 2016.

## GRI 3: Material topics 2021

### 3-1 Process to determine material topics

Stakeholders' interests in STEICO's activities are covered by three categories of sustainability: Economy, environment and social affairs. STEICO has a broad spectrum which affects various stakeholder groups and which, at the same time, is influenced by these groups. As is the case for all companies, the intensity of the interaction between the STEICO Group and the stakeholder falls as it moves from inside to out.

The key stakeholders are thus owners, the management level and employees. Their joint interest is, in particular, the company's success. This increases value, reinforces job security and opens up new career opportunities stemming from growth. In general employees have other targets to be fulfilled, irrespective of the management and owners. The most important of these are fair payment, workplace security and a guarantee for their physical and mental health. If these basic requirements have been met, they are also interested in social aspects, meaningful activities and respect for their work.

Customers and suppliers/service providers are at the next level of stakeholder interaction. Depending on the classification of the groups, shareholders can also be included in this group, as they have a concrete role in the group's success. Customers and suppliers/service providers constitute an extension to the supply chain. They are needed in order to produce the products and sell these successfully, while shareholders hope to obtain a good return on their investment. The business partners' key interests relate, in particular, to an optimum working relationship with STEICO. In the case of customers, this cooperation is expressed in an excellent cost/benefits ratio, reliability and a suitable service offering. Suppliers expect stable purchases of their products, fair payments and that contractual conditions are upheld.

In addition to direct contacts that exist between the existing stakeholder groups and STEICO, there are also indirect contacts. This category includes, for example, associations and companies as well as competitors and research institutions. Associations expect that, as part of the cooperation, STEICO actively provides knowledge and experience and also provides funds for coordinated political lobbying. Competitors are interested, in particular, in STEICO behaving in a fair manner in competition, and not using any unfair business practices.

Fair play also includes coordinating common political objectives within the associations mentioned, and reinforcing the industry on the whole.

In the case of authorities and legislators, excellent cooperation in the form of an exchange of information is important, in order that the supervision of compliance with the relative regulations works well. Research and education, including at universities, attaches importance to the possibility of sharing knowledge and cooperating on research. STEICO can perform research that is outside its day-to-day business by supporting universities. At the same time, university students and staff gain access to practical information.

Capital market analysts are additional indirect contacts, and these are closely linked to the group of shareholders. They are interested in a realistic presentation of relevant information and STEICO's reliability as a partner if they have any questions.

### 3-2 List of material topics

STEICO has published a sustainability report that is separate from its annual report since 2018. Since then the number of topics has grown constantly and reporting has been deepened. STEICO issued its sustainability report based on the GRI standards for the first time in 2019 and answered specific questions from the standards. The report was structured using the "core" option for the first time in 2020 and now includes 46 pages. The data for 2022 is presented in line with the requirements set out in the GRI standards and meet all of the requirements set out therein.

As a result of the management structure, no information is provided for some topics in the governance report. Social topics, which deal with human rights and employee rights, are kept shorter due to the geographical locations of the members of the supply chain, as this problem is of very minor importance in Central and Western Europe on the date of publication. In addition, some topics, such as topics that deal with indigenous peoples, are not relevant for STEICO as there are no points of contact. As part of this report, an explanation is issued on each GRI standard, even if this explanation only shows why certain topics are dealt with in greater depth than others.

## Management approaches

GRI 201: Economic performance 2016,  
GRI 202: Market presence 2016

### Positive impact:

- + As a result of the company's comparatively large size, STEICO can get involved and help local communities.
- + STEICO promotes up-and-coming talent in the industry

### Negative impact:

- Growing competition due to investments from existing and new competitors

STEICO observes all of the regulatory requirements and only has locations in Europe, although STEICO's products are sold

worldwide. Human rights and associated topics are not negatively impacted by the group's activities due to the strict monitoring in Central and Western Europe. Economic growth is shown in a portfolio of KPIs. This growth is communicated to stakeholders as part of the quarterly publication of financial reports. The management structure has a traditional centralised organisation. Decisions regarding the STEICO Group's economic growth are taken by the Board of Directors and are implemented by the managing directors in their respective departments.

Long-term growth in the construction supply industry is only possible via investments in production capacity. As is also the case for its current competitors, STEICO regularly invests in expanding production capacity. In addition, a new competitor entered the market in 2022. The 2022 annual report includes an end-to-end review of risks.

## Philosophy

GRI 203: Indirect economic impact 2016,  
GRI 413: Local communities 2016

### Positive impact:

- + Infrastructure improved
- + STEICO provides communities with information on the company's plans rapidly and directly.
- + A positive view is taken of STEICO in local communities.

### Negative impact:

- Possible emissions of noise, dust and from traffic.
- Individual citizens have little influence on decisions.
- Dependency on the STEICO Group increases.

STEICO maintains good and close relationships with the local communities where the production sites are located. If information is to be shared, the plant manager communicates directly with the local mayor, who is responsible for communication with the local community. This indirect communication can be seen by individual citizens as a deficit.

Plant managers provide information on subjects which require particular explanation during meetings of the local councils. Normally, the plant managers only communicate directly with the mayor of the respective community. Citizens have the opportunity to present concerns at these meetings, which STEICO takes very seriously and uses as a basis to put internal activities in place. Forward-looking planning helps to recognize potential problems at an early stage, in order to put activities in place and increase acceptance among local residents. In addition, support for local associations helps to further increase acceptance of the STEICO Group.

## GRI 205: Anti-corruption 2016

### Positive impact:

- + No cases of corruption

### Negative impact:

- Complex surveillance

In 2022 and 2023, STEICO has set itself the Governance objective of implementing a whistleblower system for monitoring corruption, in order to be able to identify corruption in a target-oriented manner if required. To date there have been no cases of corruption either at STEICO itself nor have any business partners been suspected. As the largest part of the business partners reside in Central Europe, the risk is regarded as being low on the whole. At the same time, STEICO takes the risks in this area very seriously, and applies regulatory impulses, in particular from the Anglo-Saxon legal area, and to the extent that these are pertinent, also from other legal areas, that apply to STEICO.

The European directive for the protection of whistle-blowers for violations of Union law, also known as the “whistleblower directive” places concrete, legally anchored requirements on organisations for dealing with whistleblowers.

STEICO plans to introduce a whistleblower system which corresponds to the respective national regulations in all countries in which the company has legally independent units.

The most important aspects of the whistleblower system, which are binding according to the minimum requirements of the EU Commission, include the following items:

- Setting up safe internal reporting channels
- A whistleblower must be informed of the procedure’s progress and the consequences within three months of making the report
- All retaliation activities are banned, if there is suspicion that there is discrimination against the whistleblower, the employer must prove that this suspected discrimination has other reasons.

At present it is intended to analyse all of the legal requirements in the relevant countries as soon as these are available. The aim is to establish a solution that is as uniform as possible for all locations.

The Compliance department is responsible for implementing the whistleblower system. This department performs the monitoring, as there is a close correlation with upholding socio-economic requirements. The progress made in implementation will be reported as part of the upcoming sustainability reports.

This project was started in 2022. The aim was to provide all group employees with the most comfortable possible access. At the same time, it also aims to meet national requirements in all of the respective jurisdictions. As a result, the group-wide international usability of the system and protection of whistleblowers were at the forefront of these requirements. It was and is our objective for employees to be prepared to actively support the STEICO Group in discovering any deficiencies without having to fear personal retaliation. On the date the 2022 sustainability report was published, the project status was in line with the timetable. As a result, this reporting channel will go live as planned at the end of 2023.

## GRI 207: Taxes 2019

### Positive impact:

- + Support for local communities

### Negative impact:

- Financial expense

STEICO pays the required taxes at all of its locations and thus supports the local communities which benefit from industrial companies choosing to locate there.

Within the group, STEICO uses an OECD-conform transfer price method which ensures that no unjustified profit transfers are performed. This ensures that a fair proportion of taxes are paid at all of the locations.

## Production processes and their impact

GRI 204: Procurement practices 2016,  
GRI 301: Materials 2016, GRI 304: Biodiversity 2016, GRI 308: Supplier environmental assessment 2016, GRI 412: Human rights assessment 2016

### Positive impact:

- + Strengthening of rural regions
- + Reduced greenhouse gas emissions thanks to use of biomass instead of fossil fuels
- + Reinforced sustainability in forestry work
- + Variety of species reinforced
- + Resource-friendly procurement thanks to precise procurement regulations

### Negative impact:

- No review of violations of human rights
- Procurement logistics can lead to high levels of local traffic.
- Use of wood can cause unpleasant smells in the surrounding communities.
- Managed forests generally have fewer rare species
- Dependency on Polish state forest as a supplier as a result of its dominant position

STEICO's management performs evaluations at regular intervals on the risks that relate to material and environmental aspects. This allows negative effects to be avoided in their entirety at an early stage.

STEICO implements a range of activities in order to keep the negative impact on local communities as low as possible.

The sustainable use of timber has a wide variety of advantages, however this can also have disadvantageous effects, such as the development of unpleasant smells as a result of the timber ingredients. In the case of conifers, the smell primarily stems from the resin which cause the typical timber smell, whereas wood from deciduous trees produce odors due to their acid content. Some people find these unpleasant.

STEICO has installed filter systems in order to reduce possible unpleasant odors. As these activities have led to positive reactions in the local communities, these filters have been included as standard equipment when planning new facilities.

In order to ensure that production is as efficient as possible, quality assurance constantly monitors material consumption. This allows ecological and economic benefits to be attained that constitute a key dimension for sustainability.

As a rule, timber as a raw material is only procured from forests within a radius of 150km surrounding the production sites. As a result of STEICO's location in Central and Western Europe, the risk of violating labour or human rights is to be regarded as being minor. As a result of the ownership situation for the Polish forests, the Polish plants are exclusively supplied by the state forest, which owns around 80% of the forest. A large proportion of the remaining forest is privately owned, and is also managed by the state forest. As a result of this situation, a special procurement situation has developed in Poland. The procurement risks are set out in detail in STEICO's 2022 annual report.

In order to reinforce sustainability, STEICO only uses timber with certified sustainability from forests that are managed in line with the strict PEFC criteria (Programme for the Endorsement of Forest Certification Schemes). This principle helps to support biodiversity in forests, as the certification systems include regulations for the quantity of dead wood, older trees and species protection.

Timber purchasing also has a negative impact on biodiversity, as working forests have a lower proportion of endangered animal species compared to untouched forests. The use and subsequent proportion of conifer growth also prevents, for example, the spread of deciduous trees.

The Purchasing and Technology departments engage in a close and effective exchange of information, so that the selection process only includes suppliers that deliver the best products. In further stages, the best suppliers are identified and then commissioned with supplying timber based on their cost/benefit ratios.

## GRI 302: Energy 2016, GRI 305: Emissions 2016

### Positive impact:

- + Lower greenhouse gas emissions as a result of the increased use of renewable raw materials to obtain energy (production heat and electricity)
- + Use of timber offcuts when delivering round wood for laminated veneer lumber provides free fuel and ensures high efficiency.
- + It was further possible to reduce coal.

### Negative impact:

- Greenhouse gas emissions must be compensated via emission trading, which creates costs for the acquisition of CO<sub>2</sub> certificates. Costs increase depending on the amount of the emissions and the price of the individual certificates.
- Fossil fuels continue to be used in the form of gas and coal, albeit to a lesser extent.
- Using electricity from the Polish electricity grid contributes to the greenhouse gases and higher costs as a result of the high proportion of coal converted into electricity.

The war in Ukraine means that there is a low availability of certified biomass, pellets and gas as well as the relevant machine components to convert the boilers from coal to biomass, and this means that coal will still be used as a backup over the long term, in order to ensure that the supply of energy is also secure even during a crisis.

Positive effects from the reduction of coal as an energy source could already be seen during the past few years. The impact of these activities can be monitored and evaluated via the CO<sub>2</sub> footprint. Many stakeholders regard the reduction of the CO<sub>2</sub> footprint as being a positive development at STEICO. The Group thus has to spend less on procuring the requisite CO<sub>2</sub> certificates, which is in the interests of the economic stakeholders, and in addition the direct negative impact on the climate is reduced, which is a major contribution to society. External stakeholders are not included in this process.

The combustion of pure production waste (untreated timber) allows STEICO to obtain energy (mostly heat and steam, in future also electricity) from production byproducts. As a result of the local regulations in the communities located close to STEICO's production plants, no production waste that has been treated with additives is burned, but only untreated materials. Byproducts that are created after pre-treatment in production are either returned to production in the company's own recycling system, or are declared as waste and disposed of professionally by waste management companies hired by STEICO. As renewable materials form the basis for production and creating energy, it is possible to avoid emissions that are linked to the production of other raw materials. The STEICO Group has set environmental targets for the group, which are to be achieved by the end of 2026:

- 1 CO<sub>2</sub> intensity (tons of CO<sub>2</sub> per megawatt hour used) for the energy consumed is to be reduced by 24 % compared to 2021
- 2 CO<sub>2</sub> emissions stemming from travel will also be reduced by 60 % compared to 2021

The CO<sub>2</sub> footprint, calculated annually, shows that STEICO has the potential to further reduce CO<sub>2</sub> emissions from the use of energy. This is why the first target was set, which aims to show the role that the selected energy source plays in greenhouse gas emissions.

The aim of reducing the CO<sub>2</sub> intensity of the energy used by 24 % through to 2026 depends on the installation of a photovoltaic system in Czarnków and the installation of a turbine to produce electricity from biomass. The turbine was scheduled to provide energy from the third quarter of 2022. As a result of technical considerations, STEICO will now take the turbine into operation in the first quarter of 2024. STEICO put back taking the photovoltaic system into operation to July 2023. STEICO was able to reduce the CO<sub>2</sub> intensity of the energy consumed on 2022 compared to 2021 by 19%, although the production of sustainable electricity in the plants was delayed. This reduction is a key step to the 24% reduction compared to 2021.

The second target, reducing greenhouse gas emissions from travel by 60 % through to the end of 2026 has been selected in order to shift the focus to electric mobility and show the savings potential for business travel. In order to completely compensate for unavoidable emissions from business travel, STEICO intends to compensate for 100 % of flight emissions from 2023. This also applies for employees travelling to work, and this is to be fully compensated from 2024 for fiscal year 2023. Flight emissions in 2022 were compensated

for with the calculation of the corporate carbon footprint for STEICO in 2023 by Klimaschutz Holzindustrie. STEICO compensated for the 229t of CO<sub>2</sub> equivalents caused by flights in 2022 by subsidising a wind energy project in South Africa.

A little more time is needed to reduce greenhouse gas emissions from the use of company cars, as this activity requires systematic changes that are only possible over several years. STEICO SE plans to have 15 % electric cars in its fleet of company cars through to the end of 2026. This partial objective was already almost fully reached in 2022. 14 % of STEICO SE's vehicle fleet comprised electric vehicles in 2022.

The use of electric cars for travel between the individual Polish sites is a further activity which will play a key role in reducing CO<sub>2</sub> emissions from transport. As a result of the administrative structure at the Polish sites, employees regularly have to travel the 180km between Czarnków and Czarna Woda. If electric vehicles are used for this travel, the entire CO<sub>2</sub> emissions from Polish company cars can be reduced by around 15 % compared to 2021. This activity can only be implemented in 2024/2025, as it is planned to commission the photovoltaic system detailed above in 2024 and the infrastructure required for charging still has to be put in place. The Quality and Sustainability Management Department is responsible for monitoring the effectiveness of the activities and assessing their impact.

The CO<sub>2</sub> footprint is analysed once per year, and the calculation provides information on the composition of the CO<sub>2</sub> emissions created. This allows the annual changes to be tracked, and adjustments can be made if required. The sustainability report communicates the results and progress towards the target to the relevant groups.

### GRI 303: Water and effluents 2018, GRI 306: Effluents and waste 2016

#### Positive impact:

- + Hot summers do not lead to water shortages
- + Water quality in line with production requirements
- + Very strict waste management
- + Part of production waste recycled directly within the company
- + Clean waste is recycled

#### Negative impact:

- The use of water at the STEICO production sites can lead to downstream water shortages in dry summers
- Energy consumption from water treatment
- Disposal costs

There are strict regulations STEICO for water use, sewage management and waste management. The pumps that supply STEICO with water for production are designed so that even dry summers with low water levels do not lead to an interruption in the water supply. However, this use of water has the potential negative effect that in particularly dry summers the use of water at STEICO's production sites could lead to water shortages at locations further down the river. The company's internal water treatment system allows river water to be used in many areas of production, despite the high requirements.

The waste disposal requirements which apply for the disposal systems at STEICO's production locations, are very strict and are reviewed at regular intervals by government controllers. In production itself, STEICO has implemented an internal recycling system. As part of this system, wood fibre and unsuitable insulation boards that are not delivered to customers as an end product, are returned to production. Clean, recyclable waste is sold to companies which then recycle this to create new products. This applies to waste incurred from raw materials and which is thus required for to produce insulation materials and construction products. It also applies to packaging material which is required to deliver raw materials.

However, a certain proportion of waste cannot be recycled and is disposed of at a cost. The increasing production capacity bears the risk that the proportion of non-recyclable waste incurred will also increase. Close cooperation with waste disposal companies and customers allow STEICO to have a high proportion of its waste recycled in order to avoid primary raw material use.



## Working for STEICO

GRI 401: Employment 2016, GRI 405: Diversity and equal opportunities 2016, GRI 406: Non-discrimination 2016

### Positive impact:

- + The company's growth creates new opportunities for employment for new and existing employees
- + Reinforcing young professionals in the timber industry
- + No cases of discrimination in 2022

### Negative impact:

- Gender ratio in executive positions is not yet balanced

STEICO is constantly able to acquire new talent, including via its involvement in promoting young professionals in the timber industry.

STEICO is actively involved in equal opportunities for all people. People from a wide variety of cultures work together at STEICO. The market structure and cooperation with customers around the world mean that people with a broad range of backgrounds work together at STEICO. Attention is paid to respectful behaviour and dealing appreciatively with all participants in all of these interactions. Last but not least, STEICO did not record any cases of discrimination in 2022.

With regard to its employees, STEICO has set itself the objective of keeping the long-term average of the ratio of temporary employees and limited-term employees to less than 5% through to 2026. In addition, at least 80% of temporary workers and limited-term employees are to be transitioned to long-term employment relationships STEICO aims to use these objectives to create and maintain verifiably sustainable jobs.

STEICO dealt with this issue in 2022 with its 2021 sustainability report. Project employees have now started their tasks and are defining the steps that have to be taken to bring about sustainable positive changes in the STEICO Group.

GRI 403: Occupational health and safety 2018

### Positive impact:

- + Low number of accidents thanks to active health and safety at work management.
- + Reinforcement of mental and physical health
- + Open communication with employees leads to early recognition of risk potential and opportunities to reduce risks.

### Negative impact:

- Each job can cause accidents due to a lack of attention or cases of burnout
- Industrial operations with heavy machinery can potentially lead to serious accidents

There are various offerings for employees at the sites (fruit, sport, vaccinations, pool, etc.) in order to promote good health. Employees can report situations in which they do not feel safe at any time. These reports are logged and reviewed. In the event of accidents, all of those involved work together and analyse any need for action. The analysis always reviews the background and underlying factors.

STEICO has implemented extensive concepts for health and safety at work for its production locations, in order to heighten the awareness of security for all parties. This program aims to improve health and safety at work from end to end, and to reduce the number of accidents over the long term. In order to review the effectiveness of the activities, the injury numbers are actively monitored and all accidents are analysed.

The company is interested in documenting the general health situation of all of its employees more precisely, and has defined the objective of recording days of absence throughout the group in a uniform manner, and keeping this figure as low as possible using suitable activities.

In this regard, STEICO plans to create a group-wide monitoring standard and, using this definition, to analyse the current situation. Group-wide targets will then be developed and activities to reduce this figure will be defined. These figures and activities will be monitored over the long term and adjusted if required.

The aim is to create further improvements through to 2026 based on the initial situation. The local HR departments at the sites and the group's head office will monitor the long-term ratios for days of absence. This will allow the best possible activities to be defined while observing the local situation, in order to address the key factors influencing the days of absence for the local companies. Progress in the introduction of the measurement system, analysis and implementation of the activities will be published in the future sustainability reports.

STEICO dealt with this issue in 2022 with its 2021 sustainability report. Project employees have now started their tasks and are defining the steps that have to be taken to bring about sustainable positive changes in the STEICO Group.

A further step to increase employee satisfaction is to systematically improve the situation at work by implementing employee suggestions. In this regard, routines which already exist locally for "Company suggestion schemes" are to be transitioned to a uniform group-wide system. This will allow even better use of employee knowledge and also for best practice approaches to be exchanged between the sites. Proposals and suggestions are evaluated by management. It is planned to report internally on which of the suggested activities are to be implemented and which activities should not be considered. Over the long term, the aim is to improve employee satisfaction by implementing greater co-determination rights for the workplace.

## GRI 404: Training and education 2016

### Positive impact:

- + Employees become receive additional training in their fields from experts and can acquire additional expert knowledge.
- + Training for new employees

### Negative impact:

- Still no group-wide standards on the scope of the continued professional development offerings

In order to highlight the importance of training and continued professional development, STEICO has set itself the strategic target of continuous and target-oriented employee development. In order to achieve this, a system is to be implemented which review and optimises the concordance between job requirements and existing employee qualifications. This allows specific activities for continued professional development to be identified which bring the greatest benefits for the individual employee.

Through to 2026 concordance between the requirements and qualification profiles of at least 80 % should be achieved. At least one working week per year should be spent on continued professional development, in order to guarantee the constant further qualification of all employees in their field of work.

These activities make STEICO a place of learning, where personal development and the acquisition of expertise are actively supported. This ensures that jobs can be filled faster with motivated employees who can make a key contribution to the company's success over the long term.

STEICO dealt with this issue in 2022 with its 2021 sustainability report. Project employees have now started their tasks and are defining the steps that have to be taken to bring about sustainable positive changes in the STEICO Group.

## Compliance at STEICO

### GRI 307: Environmental compliance 2016, GRI 419: Socioeconomic compliance 2016

#### Positive impact:

- + There were no cases of non-compliance for environmental or socio-economic issues in 2022 at STEICO.

#### Negative impact:

- Damage can occur for the environment or people if laws, regulations and agreements are not upheld.

During each investment project at the STEICO Group, environmental aspects are included during all of the project phases, and these are only allowed to go live if there are no concerns. In the case of older plants, the risk of non-compliance with environmental standards grows with age. Refits are used to compensate for this. Refitting older plants is a key activity at STEICO due to the increasing requirements. In 2022, excellently adapted risk management meant that all of the requirements were met.

There were no cases with a reporting requirement with regard to socio-economic compliance. STEICO adheres to all laws, regulations and agreements. The aim is to continue to have no cases occurring.

### GRI 402: Labor/management relations 2016, GRI 407: Freedom of association and collective bargaining 2016, GRI 408: Child labor 2016, GRI 409: Forced or compulsory labor 2016, GRI 411: Rights of indigenous peoples 2016

#### Positive impact:

- + No cases with regard to these subjects
- + Low risk that there will be violations of these subjects at STEICO or its suppliers

STEICO adheres to all statutory requirements and agreements with employees. Changes that relate to employees are communicated as early as possible. There is an excellent

relationship between STEICO's management and employee representatives. The STEICO Group's headquarters are located in Germany. It has other locations throughout Europe, which is why there is only a minor risk that the rights of STEICO's employees or suppliers could be restricted. This initial situation is also one of the reasons why the risk that the STEICO Group or its suppliers could violate ILO standards is regarded as being low. Child labour, forced or compulsory labour as well as upholding the rights of indigenous peoples are not a problem for STEICO.

### GRI 416: Customer health and safety 2016, GRI 418: Customer privacy 2016

#### Positive impact:

- + Customers receive free training sessions and practical instruction on STEICO's problems and systems
- + Free technical advice if there are any questions
- + Reduced number of accidents at work thanks to labelling
- + There was no theft of stored customer data in 2022.

STEICO offers training and practical instruction to those who use its products as part of the STEICO Academy. These training sessions provide information on the insulation material in general and also to the correct installation and use of this material. Accidents are extremely rare if the regulations are complied with, and not due to the product characteristics. In order to keep safety at the processing companies as high as possible, the products bear international warning notices in order to prevent accidents.

Production is constantly monitored and the products are reviewed using random samples in order to ensure that all of the requirements are upheld and that the quantity of additives is as low as possible. The IBR (Institut für Baubiologie Rosenheim) has also provided STEICO with assurance concerning the harmlessness of the products. Certification according to ISO 14001:2015 ensures that production processes are environmentally friendly, which has a positive impact on the surrounding communities.

Protecting customers not only applies to their health, but also to their personal rights. This is why STEICO protects the customer data it stores in accordance with industrial standards. During the period under review there were no cases of theft of customer data nor were there any dangerous attacks on the IT infrastructure.

Outside the reporting period, there was a cyber-attack on the IT infrastructure in March 2023, and some customer data was also stolen. Detailed information on this cyber-attack will be provided in the next edition of the sustainability report. Additional attacks will be prevented in future thanks to a new IT security concept.

## Topic-specific disclosures

## GRI 200: Economy

### GRI 201: Economic performance 2016

#### 201-1 Direct economic value generated and distributed

The 2022 annual report includes economic information on the STEICO Group's financial result in 2022.

#### 201-2: Financial implications and other risks and opportunities due to climate change

As a result of the unforeseen climatic development, the consequences of climate change are difficult to evaluate at the current time, not to mention ascertaining the financial consequences. Climate change is changing the variety of trees in Europe's forests and we are seeing a shift to trees which deal better with warmer temperatures and lower rainfall. As a result, the spread of spruce trees is slowing significantly. The significant role that this type of tree plays in the construction industry means that this could result in higher market pressure. This is leading to higher timber prices and innovational pressure.

As a result of the longer annual growth periods, coupled with higher temperatures and more sun, trees will grow faster, which will lead to a higher proportion of early wood in the tree rings. Late timber is the denser part of the annual ring, which is why the raw densities of timber are lower in younger wood, and more raw material is required to create the same thicknesses of STEICO's insulating materials.

Initiatives at various legislative levels reinforce timber construction, in order to cut energy intensity in the construction sector and to reduce the resulting emissions, which drive climate change. Renewable raw materials are comparatively efficient when it comes to greenhouse gas emissions when obtaining the raw materials. That is why requirements for renewable and sustainable insulation materials will increase. The use of insulation materials from renewable raw materials help to ensure a pleasant climate inside the building as outside temperatures rise, and at the same time they avoid emissions of greenhouse gases in production and disposal.

STEICO is consistently working to further develop the products it offers and the requisite production processes. This also applies to the more efficient use of raw materials as well as the use of alternative raw materials.

#### 201-3 Defined benefit plan obligations and other retirement plans

The STEICO Group's financial data can be found in the 2022 annual report.

#### 201-4 Financial assistance received from government

STEICO's production facilities in Poland have been incorporated into special economic zones. As a result, STEICO is exempt from income taxes at the Czarna Woda site until 2024 and at the Czarńków site until 2028.

At the Casteljaloux site, a subsidy from the public investment bank (BPI - Banque Publique d'Investissement) of around EUR 800,000 was granted for the construction of a further production line for wood-fiber insulation materials and the associated storage capacities. The pledged funds come from a fund set aside in the wake of the Corona pandemic for job security, as well as the long-term reduction of CO<sub>2</sub> emissions in the industry. In 2021 STEICO received funds totalling EUR 200,000 and the remaining EUR 600,000 in 2022.

In order to increase the efficiency of water use at the Casteljaloux site, the Adour Garonne Water Agency has agreed a subsidy of EUR 1.9 million. Through to the end of 2022 STEICO had received around EUR 1.6 million of this amount. STEICO expects to receive the rest of the subsidy in 2023. These funds are to be used to rebuild the water infrastructure. The plans include a split between rainwater and process water, as well as renewing the plant's own water purification plant.

### GRI 202: Market presence 2016

#### 202-1: Ratios of standard entry level wage by gender compared to local minimum wage

The STEICO Group complies with all local statutory requirements for the payment of minimum wages. The majority of employees are paid above the legal minimum wage. This can

be seen in the collective agreements, which apply for 84% of the STEICO Group's employees. The wages paid depend on professional experience and the area of activity.

### **202-2 Proportion of senior management hired from the local community**

The proportion of managers from local communities is very high at the production sites. It is often the case that the company's employees develop to become managers. The production locations are highlighted here, as these locations account for the largest proportion of the STEICO Group with regard to on-site employees.

## GRI 203: Indirect economic impacts 2016

### **203-1 Infrastructure investments and services supported**

In 2022 STEICO made donations to the local communities in Czarnków and Czarna Woda totalling around € 72,000. Around €2,100 of these donations were for the construction of a fence for a new playground near the industrial zone, and a donation of around €35,800 was also made to support the plans for a new roundabout in order to improve the flow of traffic. Around €5,400 were used for a local environmental project in Czarna Woda.

### **203-2 Significant indirect economic impacts**

As a result of the size of the STEICO Group, tax payments and the job creation make a positive contribution to the growth of the local communities. In addition to the natural positive impact that result from locating a large operating facility, STEICO also supports local institutions such as the fire brigade and sporting associations.

In order to reduce traffic at the production sites, a large proportion of employees come to work by bus, which STEICO makes possible by providing free bus travel. In addition, STEICO's products are transported by local transport companies. Using local service providers also helps the positive growth of local communities.

## GRI 204: Procurement practices 2016

### **204-1 Proportion of spending on local suppliers**

On average, timber is procured in a radius of 150km around the production sites. 99.9% of all goods come from the EU. Of the 0.1% which is purchased outside the EU, 90% is accounted for by replacement parts for repairs or renewals.

Services such as cleaning and maintenance of the fleet of machines are performed by service providers who are located in the regions surrounding the production sites. In total, 50% of goods and services are located in the Wielkopolska Voivodship and the Pomeranian Voivodship.

## GRI 205: Anti-corruption 2016

### **205-1 Operations assessed for risks related to corruption**

At present, no tests for corruption risks are taking place at STEICO. As a result of the Central European location of the production sites, the risk of corruption is to be regarded as being low. The STEICO Group's financial data are subject to a three-fold review: An automated feasibility check when the values are entered, an internal financial review prior to the auditor's review, and finally the official review by the auditor. As a result of this process, we do not expect corruption to exist at the STEICO Group.

### **205-2 Communication and training about anti-corruption policies and procedures**

At present, a system is being set up in the STEICO Group to combat and prevent corruption. Right now, regular training sessions for sales employees and employees in sensitive areas are held. Management regularly analyses risks that relate to the STEICO Group. In order to sufficiently prevent the risk of corruption, the Group has decided to implement an anti-corruption mechanism.

### **205-3 Confirmed incidents of corruption and actions taken**

There were no incidents of corruption in the STEICO Group in 2022.

## GRI 206: Anti-competitive behavior 2016

### **206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices**

In 2022 no legal proceedings were initiated against STEICO based on anti-competitive behaviour, and no fines were imposed.

## GRI 207: Taxes 2019

### **207-1: Approach to tax**

In all countries in which the Group operates, STEICO upholds all of the regulatory requirements from tax legislation. In the case of intercompany transactions, these are regulated using contractual agreements so that they comply with the OECD transfer price guidelines. As part of the transfer price documentation, the method and the approach are regularly reviewed together with local tax advisers, and these are adjusted if necessary.

As part of major investment decisions linked to the creation of new jobs, STEICO uses opportunities to set up special economic zones. STEICO receives a temporary income tax waiver in these special economic zones, depending on the amount of the investment.

### **207-2: Tax governance, control, and risk management**

STEICO ensures tax compliance via its central management, governed by the CFO for the company's management and the financial officers at the local sites. Other than the special economic zones that have been officially applied for, there are no initiatives to influence taxation issues.

Local tax advisers help us to prepare and also audit the respective tax returns, and these are validated in joint meetings.

STEICO does not yet have an independent reporting system for concerns on unethical or illegal tax practices. At present a whistleblower system is being implemented, in order to give stakeholders the opportunity to report concerns on this and other compliance issues.

### **207-3: Stakeholder engagement and management of concerns related to tax**

In cooperation with the tax authorities, STEICO regularly works together with local tax advisers. In individual cases, or cases in which taxation is disputed, binding tax information is also obtained in order to avoid risks in later tax audits. STEICO does not hold any independent position on tax policy.

### **207-4: Country-by-country reporting**

At present the STEICO Group is not yet subject to a requirement for country-by-country reporting, which is why no information is provided on this subject.

## GRI 300: Ecology

### Timber as a CO<sub>2</sub> sink

As wood grows, the climate-damaging gas carbon dioxide (CO<sub>2</sub>) is extracted from the atmosphere. During photosynthesis, trees split CO<sub>2</sub> into carbon (C) and oxygen (O<sub>2</sub>).

Carbon is stored in the wood and oxygen is released into the atmosphere. One cubic metre (m<sup>3</sup>) of wood therefore contains around 1 tonne (t) of CO<sub>2</sub>. This CO<sub>2</sub> also remains bound in processed wood products, e.g. in STEICO wood fibre insulating materials and construction products.

Assuming that around 100m<sup>3</sup> of wood is used for a single-family house built using timber construction, this corresponds to around 100t CO<sub>2</sub> which is removed from the atmosphere (whereby the positive effects of wood fibre insulating materials on the reduction of heating energy have not yet been taken into account).

Particularly when wood is used as a building material, CO<sub>2</sub> is removed from the atmosphere for a particularly long time – namely during the entire service life of the building, e.g. around 60 to 100 years. Only at the end of the building's service life is the CO<sub>2</sub> released back into the atmosphere when the wood decomposes or is burned. For example, the use of wood products in construction is not a panacea for the climate – but it is an essential contribution to gaining time for the climate-friendly transformation of our society.

### GRI 301: Materials 2016

#### 301-1 Materials used by weight or volume

In total, 767,167 of raw materials were used by STEICO in 2022 as input for production processes. Of this amount, 95 % of materials were sustainable and 5 % were not sustainable. The bulk of the sustainable materials was accounted for by timber and timber products from sustainable forestry. One can see that timber is the most important raw material in the fact that it accounts for 95 % of the total production materials – or 100 % of sustainable production materials.

23,620t of raw material was used in packaging. 86 % of the total quantity was sustainable, 14 % was not sustainable. The proportion of timber used in the packaging materials used is 84 %. Plastic packaging accounts for 14 %.

#### 301-2 Recycled input materials used

In 2022 around 0.6 % of the total quantity of production materials used were accounted for by recycled paper for the production of STEICO*floc* cavity insulation. In the case of wooden products, the use of recycled materials is avoided in order to avoid contaminating the insulation materials or construction products with ingredients that could damage health and which stem from previous types of use.

#### 301-3 Reclaimed products and their packaging materials

As a result of the long life of the products and the STEICO Group's young age, during the period under review no buildings in which STEICO's products were used was demolished, which is why the products cannot yet flow into recycling.

STEICO supports a project to simplify the return of cut-offs and construction site waste. German customers can order BigBags from STEICO, fill these with cut-offs and waste at the construction site, and then return these to STEICO.



## GRI 302: Energy 2016

### 302-1 Energy consumption within the organisation

Table 7 shows how the use of fossil fuels has been reduced over the years and how the use of renewable materials as fuel has been increased.

Table 7: Energy sources and their changes 2020 - 2022

Energy source	2020 [MWh]	%	2021 [MWh]	%	Change [%]	2022 [MWh]	%	Change [%]
Coal	322,555	21	200,367	12	-38	93,225	6	-53
Electricity	243,172	16	264,736	15	9	245,117	16	-7
Gas	192,640	13	214,950	13	12	178,986	12	-17
Biomass	723,238	46	892,338	52	26	842,547	56	-6
Wood pellets	68,563	5	146,290	9	113	149,595	10	2
<b>Total</b>	<b>1,537,625</b>	<b>100</b>	<b>1,718,681</b>	<b>100</b>	<b>12</b>	<b>1,509,470</b>	<b>100</b>	<b>-12</b>

### 302-2 Energy consumption outside of the organization

The energy consumption at the STEICO Group’s customers and suppliers is not recorded. Energy consumption outside the system’s boundaries in production is relatively low, as the preceding timber harvest and timber transport do not constitute energy-intensive areas of work. Processing and installing the final products are also relatively uncomplicated processes.

### 302-3 Energy intensity

In 2022 the energy intensity of all of the STEICO Group’s products was 3.21 Mwh per ton of final product. This constitutes a reduction of 5.3 % year-on-year (3.39 MWh/t of final product).

The European Sustainability Reporting Standards (ESRS) requires information on the energy intensity of revenues. In 2021 this figure was 4.43 MWh per €1,000 of revenues, and in 2022 this totaled 3.39 MWh per € 1,000 of revenues. The energy intensity of revenues thus fell by 23.4 % year-on-year.

### 302-4 Reduction of energy consumption

STEICO made various investments in 2022 in order to increase the group’s energy efficiency.

As was the case in previous years, active filters were installed in order to compensate for fluctuations in voltage. This process will also continue in the coming years, in order to obtain greater energy efficiency.

Energy efficiency will be constantly increased, for example by using more efficient drives and engines, compounding production lines and improving capacity uptake in the production lines.

### 302-5 Reductions in energy requirements of products and services

STEICO sells products for which the positive effects are achieved passively. As the products do not have any active energy requirements, it is not relevant to reduce energy requirements during use.

## GRI 303: Water and sewage 2018

### 303-1 Interactions with water as a shared resource

The water that is required at the production sites either comes from nearby rivers or from the water network, depending on the quality requirements that have to be met. STEICO uses the water sourced from rivers to create steam, which is used at many points to produce wood fibre insulation materials. Steam transports heat for drying processes, and it is also required directly as steam or hot water in other processes. After use in production the water is returned to the atmosphere as steam or it is condensed and returned to the cycle.

Czarnków and Czarna Woda already have closed water cycles, and a bio-chemical water preparation plant is to be installed in CAJ, in order to prepare the process water required and to then feed this into the river in line with the licensing requirements.

Waste water is purified before it is returned to the respective river, in order to avoid any negative impact on the environment. STEICO monitors this process constantly in order to avoid any negative impact on the surrounding areas.

STEICO has its own water preparation plants in its production sites which ensure that no hazardous materials or pollution from production finds its way into the rivers. There are quality requirements for the water that is returned to the rivers. These quality requirements are constantly monitored. This is why STEICO has never contaminated any local bodies of water. In order to ensure that there is also no pollution in future, this monitoring process is audited several times per year by the responsible environmental authorities and the waste water is inspected by independent reviewers, in order to verify STEICO's measurements.

### 303-2 Management of water discharge-related impacts

Before waste water is returned to the rivers it passes through water treatment processes, in order to guarantee that it is of sufficient quality. The waste water is treated in the processing plants so that the prescribed threshold values are upheld and the water can be fed into the river.

STEICO has special licenses from the local authorities for this water which prescribe the exact quantities of ingredients that have to be upheld after water treatment. These requirements are based on applicable water law and the requirements of the ministries for the environment. The respective environmental authorities stipulate which maximum quantities of various substances the waste water may contain, and how much water can be fed back into the rivers. The environmental authorities regularly inspect the STEICO Group's various sites in order to ensure that the water profiles are not impacted by the activities and the introduction of waste water.

### 303-3 Water withdrawal

In 2022 the STEICO Group consumed a total of 1,436,491 m<sup>3</sup> of water. 96% of this water came from the rivers surrounding the production sites, and 4% came from the local water supply networks. All water that the STEICO Group uses is fresh water. In order to avoid possible deposits in the water provision infrastructure, river water is specially treated prior to use.

None of the production sites are situated in areas that are affected by water shortages, which is why industrial water use does not have any negative impact on the local availability of water. The water sources are the river "Netze" in Czarnków, the river "Wda" in Czarna Woda and the river "Avance" in Casteljalous.

### 303-4 Water discharge

The STEICO Group fed 1,440,677 m<sup>3</sup> of water into production in 2022, of which 1,373,917 m<sup>3</sup> (95%) came from nearby rivers. During the period under review, a total of 42,846 m<sup>3</sup> was treated and returned to the rivers. Part of the water continues to remain in the production processes. STEICO reduced the quantity treated and returned from 105,593 m<sup>3</sup> in 2021 to 42,846 m<sup>3</sup> in 2022. The new water treatment plant in CAJ has played a key role in this regard.

Before it is returned to the rivers, the water is treated as described above, in order to uphold the requirements and avoid a negative impact on the environment.

### 303-5 Water consumption

In 2022 STEICO consumed a total of 1,436,491 m<sup>3</sup> of water. There are no water shortages in any of the production regions. The total amount of water consumed was cut by 6% year-on-year. This is linked, in particular, to the lower production quantities.

## GRI 304: Water and effluents 2018

### 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

There are several natural regions under special protection in the vicinity of the production sites, but not in their immediate vicinity.

Czarnków borders on the Natura 2000 areas Dolina Noteci PLH300004 and Nadnoteckie Legi PLB300003. The site is approximately 100 ha in size.

The entire village of Czarna Woda lies within a Natura 2000 area, the Bory Tucholskie PLB220009 bird protection zone. The site covers approximately 80 ha.

The Casteljalous site covers an area of approximately 34 ha and is located 4 km from the nearest Natura 2000 site, Vallée de l'Avance FR7200739. The ZNIEFF region Vallées de l'Avance et de l'AVANCEOT and associated wetlands is around 2 km away.

### 304-2 Significant impact of activities, products and services on biodiversity

STEICO exclusively purchases timber that is certified according to PEFC standards. As the standards not only deal with the productivity of the forests, but also consider ecological aspects, this has a positive effect on the associated forests. There are requirements on deadwood, in order to support the growth of rare plants and animals. Lying or standing dead wood has an enormous impact to increase biodiversity in forests, as insects and mushrooms use this wood and need it to survive. These organisms attract species which depend on them and which would not be found in pure managed forests. In addition, there are requirements for the number of older trees which have to be located in a certain area, in order to promote a certain age structure which also has a further positive impact on biodiversity and resistance to storms.

### 304-3 Habitats protected or restored

An area of around 53 hectares has been re-naturalised on the company's site in Czarna Woda. Until the end of the 1990s, this site was mostly used to transport treated waste water from the plant, to clean the filter tanks and for the natural irrigation of additional green spaces. With strong investments, it has been possible to implement a closed water cycle with optimised waste water treatment within the plant.

The filter area, which was previously used with increasingly diminishing intensity, has been fit for re-cultivation since 2017 and has been left to develop naturally. STEICO has paid great attention to put activities in place that correspond to the natural development of this area. This project is being supported by environmental monitoring by an external service provider. The aim is to develop this area towards the situation which most closely corresponds to the natural, untouched situation.

### 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations

Although STEICO's activities do not have any direct impact on the surrounding nature protection areas, this chapter presents the species which have been verified in the respective areas and which require particular protection due to the low numbers of individuals. The IUCN has classified these species as endangered or threatened and these can be found on the red list. Some of these species are already extinct in many regions.

The European Mink has been found in the Vallée de l'Avance. The mink ranks among the most threatened mammal species in Europe. In addition, several endangered species of bat have been found in this region.

In the Natura-2000 zones in Dolina Noteci and Bory Tucholski, endangered kingfishers have been found and also types of goose that the IUCN has classified as being threatened, and curlews, which are also endangered.

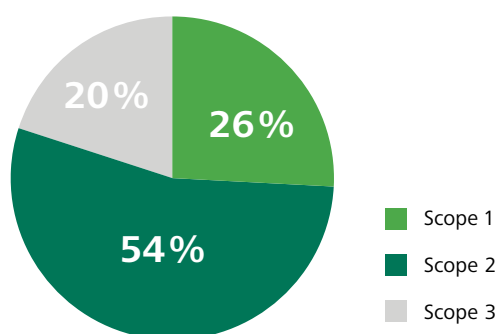
The Violet Copper has been found in the Nadnoteckie Legi Natura 2000 region.

## GRI 305: Emissions 2016

### 305-1 Direct (Scope 1) GHG emissions

In total, the STEICO Group was responsible for 284,656 t of CO<sub>2</sub> equivalents in 2022. Compared to the previous year's figure of 373,197 t of CO<sub>2</sub> equivalents, this constitutes a downturn of 24%. 75,828 t (26% are due to Scope 1, whereas 152,502 t (54%) are to be classified as Scope 2 and 56,326 t are covered by Scope 3. Figure 1 shows this breakdown.

Figure 1: Percentage emissions from Scope 1-3 in the STEICO Group



Scope 1 includes emissions that are directly caused within the company preparing the accounts. At STEICO this includes heat generation from fossil and bio-fuels, as well as fuel consumption and the use of coolants in air conditioners.

As was the case in previous years, the analysis is based on the financial year which has come to an end, in order to allow a link between the figures in the annual report and the CO<sub>2</sub> footprint. That is why all of the seven business units that are also included in the annual report are included in the calculation.

The greenhouse gases included correspond to the seven that are named as being relevant in the Kyoto protocol:

- Carbon dioxide (CO<sub>2</sub>)
- Methane (CH<sub>4</sub>)
- Nitrous oxide (N<sub>2</sub>O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF<sub>6</sub>)
- Nitrogen trifluoride (NF<sub>3</sub>)

942 t of CO<sub>2</sub> equivalents of the total of 72,828 t of CO<sub>2</sub> equivalents emitted are biogenic emissions.

The calculations are prepared according to the requirements in the GHG (Greenhouse Gas) protocol. The values for emissions of generic, country-specific electricity compositions come from recognised data sources such as the GEMIS database (Global Emission Model Integrated Systems) and the UBA database (Umweltbundesamt – German Environment Agency).

### 305-2 Energy indirect (Scope 2) GHG emissions

In total, the STEICO Group caused 152,502 t of CO<sub>2</sub> equivalent greenhouse gas emissions in 2022 that are to be regarded as Scope 2. This corresponds to 54% of the total quantity of emissions. The percentage in the previous year was slightly lower at 51%. This change in the composition is linked to the reduced quantity of Scope 1 emissions which mean that Scope 2 and 3 carrier a heavier weighting.

Scope 2 includes emissions which result at energy suppliers as a result of energy generation for electricity, heat, cooling and steam. They emissions play a key role for STEICO, as the purchased electricity in Poland is mostly generated in coal-fired power plants. That is why the CO<sub>2</sub> values for the purchased electricity are unfavourable and there is great motivation within the company to reduce the quantity of electricity purchased over the long term using various activities.

### 305-3 Other indirect (Scope 3) GHG emissions

Scope 3 emissions include CO<sub>2</sub> emissions caused by products and services that STEICO purchases. This includes, for example, business travel, travel to work, waste disposal, print orders or consumables used in production.

A theoretical amount of 56,327 t of CO<sub>2</sub> were emitted in 2022, which corresponds to an increase of 1,678 t (+3%) year-on-year, which has already been explained. STEICO does not separately declare the biogenic CO<sub>2</sub> emissions included in Scope 3.

### 305-4 GHG emissions intensity

If the CO<sub>2</sub> emissions are compared to production quantities, we obtain a figure of 0.61 t of CO<sub>2</sub> equivalents per ton of final product. Compared to the previous year's figure (0.75 t of CO<sub>2</sub> equivalent/t of final product) the CO<sub>2</sub> intensity of the production processes has been cut by around 19%.

As the European Sustainability Reporting Standards (ESRS) will require a declaration of GHG intensity in terms of revenues, this value is stated for the first time here. For every

€1,000 of revenues recorded by STEICO, in 2021 0.96 t of CO<sub>2</sub> equivalents were emitted and 0.64 t in 2022. This corresponds to a reduction in greenhouse gas intensity of -33%.

**305-5 Reduction of GHG emissions**

Table 8 offers a precise presentation of the CO<sub>2</sub> emissions caused in 2022.

In total these figures are very positive. CO<sub>2</sub> emissions which were caused by heat in Scope 1 have been cut greatly, as the STEICO Group constantly works towards reducing the use of fossil fuels.

Table 8: Change in CO<sub>2</sub> emissions from 2020 to 2021

		2022	2021	Change	
		[t CO <sub>2</sub> eq.]	[t CO <sub>2</sub> eq.]	[t CO <sub>2</sub> eq.]	%
Scope 1	Heat	72,185	124,482	-52,297	-42
	Vehicle fleet	3,606	3,231	375	+12
Subtotal Scope 1		127,895	-52,067	75,828	-41
Scope 2	Electricity	152,502	190,653	-38,151	-22
Scope 3	Pre-chain heat and electricity	42,910	48,275	-5,365	-11
	Other Scope 3 emissions	13,416	6,373	7,043	+111
Subtotal Scope 3		56,326	54,648	1,678	+3
Total		284,656	373,197	-88,541	-24

**305-6 Emissions of ozone-depleting substances (ODS)**

STEICO does not publish concrete annual reports on emissions of ozone depleting substances. The depletion potential for the stratospheric ozone layer is a declared value which is included in each EPD (Environmental Product Declaration) for STEICO’s products, in order to provide an overview of the environmental impact of the individual product groups.

**305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions**

No information on extended air emissions is currently published. STEICO upholds all of the exhaust emission figures and works closely together with the authorities in order to ensure optimum monitoring.

**GRI 306: Effluents and waste 2016**

**306-1 Waste water feeding according to quality and feed location**

The topic of waste water is dealt with in Section GRI 303: Water and sewage 2018.

**306-2 Waste by type and disposal method**

23,843 t of waste were incurred in the STEICO Group in 2022. This accounts for an increase of around 17% compared to the 20,298 t generated in 2021.

All waste incurred at STEICO is professionally sorted and added to the recycling system. This waste is then disposed of using specialist companies if STEICO initiates a report. For cost reasons this only takes place if the amount collected allows efficient disposal. As a result, the waste that can be disposed of at the end of the year can lead to increases or decreases in the annual waste quantities due to slight shifts.

The most important category of waste was ash, as was the case in previous years. In 2022 STEICO disposed of 14,725 t of ash from its boilers, or 62% of the total quantity. Timber waste took second place, with 4,518 t or 19%. These two waste categories together account for 81% of the total quantity.

In 2022 specialist companies disposed of 107 t of hazardous waste for STEICO, 74 % of the previous year's quantity. As a result, 0.5 % of waste was hazardous waste in 2022, the remainder was non-hazardous. Hazardous waste mostly comprises chemicals which are used in production, lubricants and cleaners and cleaning materials.

In 2022 STEICO recycled 17,977 t of waste or around 75 % of waste, compared to 78 % of waste recycled in 2021. 22 % of waste was burned, with timber waste (19 %) taking first place. Of the 3 % of waste which was taken to the landfill, 70 % was building rubble.

### 306-3 Significant spills

No harmful substances leaked in 2022.

### 306-4 Transport of hazardous waste

In 2022 specialist waste disposal companies transported and disposed of 101 t of hazardous waste for STEICO.

STEICO did not transport any waste across national borders or disposed of this abroad.

### 306-5 Water bodies affected by water discharges and/or runoff

The topic of waste water is dealt with in Section GRI 303: Water and sewage 2018.

## GRI 307: Environmental compliance 2016

### 307-1 Non-compliance with environmental laws and regulations

There were no violations of environmental protection laws and regulations in 2022.

## GRI 308: Supplier environmental assessment 2016

### 308-1 New suppliers that were screened using environmental criteria

At STEICO, all of the potential suppliers are evaluated based on a classification system with points for various aspects. Suppliers for all materials and services are evaluated according to their implementation of a verifiable environmental management system.

As set out in GRI 301: timber is the most important raw material and as a result this is only procured from certified sustainable sources. With regard to timber products, only certified suppliers come into question for STEICO. As the state forest in Poland accounts for 80 % of forest ownership the number of potential suppliers is low as a result of the centralised market structure.

### 308-2 Negative environmental impacts in the supply chain and actions taken

In 2022 no negative environmental impact at suppliers was brought to STEICO's attention. As a result, no business relationships with suppliers were changed or ended as a result of the environmental evaluations.

92 % of the production materials consumed were timber and timber products from certified sustainable forestry. The bulk of suppliers thus bears a low environmental risk.

In the case of all of the other suppliers, STEICO also has a low environmental risk as the majority of suppliers are located in Europe and subject to strict regulations. Over the course of the coming years, STEICO will implement evaluation systems which take into account environmental aspects and also social aspects, in order to validate the low risk of the supply chains.

## GRI 400: Social affairs

### GRI 401: Employment 2016

#### 401-1 New employee hires and employee turnover

In 2022 the STEICO Group hired 248 new employees. Of this total, 189 (76 %) are men and 59 (24 %) are women. Most of the new employees were hired in STEICO's four companies in Poland. These companies employ 191 (76 %) of the new employees. 34 (12 %) of the new employees were hired at STEICO France SAS and STEICO Casteljaloux SAS in France, followed by STEICO SE in Germany with 26 (10 %) and STEICO UK Ltd with two new employees. The proportion of age groups in the new hires falls as ages increase. 140 (56 %) of the new employees are younger than 30, 86 (35 %) are between 30 and 49 years of age. Newly hired employees over the age of 50 account for a low proportion of 9 % (23 new hires).

The fluctuation rate for men is 11% in the entire STEICO Group, whereas this totals 8 % for women. The total exits of all employees for the entire STEICO Group equates to an employee fluctuation of 10 %. In a country-by-country comparison, employee fluctuation was the highest at STEICO UK at 13 %, while this was lowest at STEICO SE in Germany at 6 %.

#### 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

At STEICO, full-time and part-time employees receive the same company benefits. Limited-term employees receive the majority of company benefits, however there is no company pension scheme for limited-term employees.

#### 401-3 Parental leave

Male and female employees at all of the STEICO companies are entitled to the statutory parental leave. As the duration of the respective local leave regulations differs in Poland, France, Germany and the UK, this report does not further deal with the precise duration and the different services provided.

126 employees took parental leave in 2022. Of this total 36 (29 %) were women and 89 (71 %) were men. 99 employees, 13 women (13 %) and 85 men (87 %) returned from parental leave, while 7 employees planned to return from parental leave but did not do this in 2022. These seven employees comprise six women and one man.

### GRI 402: Labor/management relations 2016

#### 402-1 Minimum notice periods regarding operational changes

STEICO upholds the minimum statutory notification periods in all cases. In most cases, employees are informed of changes as soon as these arise, in order to give them the longest possible period to adapt.

In collective agreements, which are prepared together with employee representatives, no minimum notification periods are stipulated. All changes are coordinated with the unions before these are implemented. Minutes of the changes discussed are taken. After minutes have been taken, the accepted changes are then signed by representatives of the STEICO Group and employees, before these are transferred to the labour authorities. After review, STEICO and the unions present the officially passed changes to the employees. In total, an average of 30 days are required for a change process.

### GRI 403: Occupational health and safety at work 2018

#### 403-1 Occupational health and safety management system

There is an employee at each of STEICO's locations who is responsible for monitoring the implementation of statutory requirements for health and safety at work and also upholding STEICO's internal guidelines. The Polish Labour Code applies to the production sites in Poland, where the majority of value is created. This forms the basis for health and safety at work instructions, which apply to the STEICO Group's regular employees and also for all external employees and service providers (cleaners, service employees, etc.) who are present at STEICO's sites.

In France the requirements are primarily based on DUERP (Document Unique d'Evaluation des Risques Professionnels). During the review by government authorities for health and safety at work, this document is used to record all risks and potential unsafe situations at the workplaces.

In addition to these country-specific requirements, employees are regularly informed of hazards and questioned on their personal experience. In addition, depending on their

workplace, they are checked by an occupational physician at regular intervals in order to recognise any health impact and to change working conditions if required.

The requirements that the STEICO Group makes of its employees and services providers cover all of the relevant aspects of health and safety at work. For example, activities to prevent accidents, fire protection and hygiene are discussed. Accident prevention and fire prevention are generally to be found in many regulations.

#### **403-2 Hazard identification, risk assessment and incident investigation**

STEICO aims to avoid accidents to the greatest possible extent by identifying risks at an early stage, analysing and preventing these. All employees receive instructions on the applicable regulations and the activities implemented to prevent accidents. These include, for example, activities to minimize risk behaviour rules for any extraordinary situations that may arise (accidents, fire, disruptions) and environmental protection principles.

Each of STEICO's plants has its own physician as a contractual partner, who performs both medical investigations and also administrative and operating tasks, and who plays a key role in identifying and preventing risks. Audits are performed in cooperation with the labour authority. These serve to review health and safety at work.

In the event of an incident, a formal analysis is performed after the risk has been removed. All of the persons affected and their managers are included in this process. Whenever possible, such incidents are used to bring about across-the-board and long-term improvements to working conditions, by putting corrections in place. All employees in the same position receive training after any incidents, in order to avoid similar incidents in future.

In order to obtain an end-to-end view of the health and safety at work situation in the STEICO Group, management is presented with a monthly report which shows accidents, including the resulting loss of working hours and the requisite improvement activities. These activities are then included in the discussions with the plant managers in order to ensure that the steps required to implement these are taken.

#### **403-3 Occupational health services**

The STEICO Group observes local regulations for occupational health services. In order to uphold current requirements and to ensure that further developments are observed, STEICO has internal experts who deal with these tasks and who receive hands-on external support from partner organisations.

For example, STEICO SE has a company doctor in Feldkirchen and also uses a health and safety at work specialist.

At STEICO's production locations, employees regularly undergo a mandatory inspection by a physician in order to ensure that the work performed is harmless. The employer must authorise the medical requirements for a change of workplace for the affected employees or a reduced amount of work. All of the employees are informed on a regular basis of offerings and obligations. One example is the annual offering of a flu vaccination in the company, which protects the employee's own health and also that of the other employees.

The plant management holds talks on social and economic issues at the plants. If required a company doctor is present in order to ensure that medical aspects are correctly treated.

#### **403-4 Worker participation, consultation, and communication on occupational health and safety**

STEICO aims to reinforce health and safety at work and health protection at the plants to the best possible extent. A key part of the system that is to be used to reach this objective, is internal reporting and the opportunity for employees to report problems. There are contact persons for all employees who are responsible for improving health and safety at work. Specialist staff are informed of activities to improve working conditions at regular intervals and if required, for example if behavioural rules have changed, in order to reduce potential risks.

The elected works councils, which represent the employees at the production sites in France and Poland, are also responsible for security and hygiene. Talks are held every two months between employee representatives and management, in order to deal with employee's safety concerns and past events. Employees' safety concerns are taken very seriously and are observed and checked at all levels.

#### **403-5 Worker training on occupational health and safety**

STEICO holds regular training courses on occupational safety and health protection at all of STEICO's locations in line with local regulations. The hazard potential at a workplace determines the frequency and topics of the training.

#### **403-6 Promotion of worker health**

There is a health officer at all of the group's companies, and these officers review the activities implemented to ensure that they are effective and they further expand the offering. A key part of promoting health at the STEICO Group is



physical activity for employees. For example, there is a beach volleyball court in Feldkirchen and two fitness studios which employees can use free of charge. There are similar facilities in Poland and during the summer months all of the employees in Czarnków receive a free entry ticket for the open-air pool. Employees at Feldkirchen also receive free drinks and fruit. At all of the locations there are relaxation areas, first aid courses and, if needed, ergonomic workplace equipment. In order to structure further developments in line with employee needs, internal communication channels can be used at any time to submit suggestions as to how the offering can be improved.

#### **403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**

STEICO only purchases timber that is PEFC certified. The audits are performed by the certification bodies at the forestry companies, however they not only aim to ensure sustainable harvests in the forests. A further aspect that the auditors review is occupational health and safety. By purchasing certified timber, STEICO thus contributes to improving the working conditions and occupational safety along the supply chain.

Processing companies who use STEICO's products can improve their knowledge free of charge by participating at the STEICO Academy. The training courses offered promote theoretical and practical knowledge for correct specialist use of STEICO's products. STEICO thus contributes to avoiding accidents at construction sites.

#### **403-8 Workers covered by an occupational health and safety management system**

STEICO does not have any externally certified management system for health and safety at work. The health and safety at work concept that has been implemented corresponds to statutory requirements and serves to sensitise employees and to systematically improve health and safety at work.

#### **403-9 Work-related injuries**

In 2022, 36 industrial accidents occurred in the STEICO Group. This figure totaled 25 in 2021, which corresponds to an increase of 44%. 2 of the accidents led to injuries from which those concerned were not able to recover after six months. As was the case in the previous years, there were no accidents which resulted in death.

#### **403-10 Work-related ill health**

Two employees at the STEICO Group suffered from burnout in 2022. Work activities can have a significant impact on this syndrome occurring.

### **GRI 404: Training and education 2016**

#### **404-1 Average hours of training per year per employee**

As set out in the management approach for GRI 404, STEICO has set itself the target of allowing employees to engage in continued professional development for one week per year, in order to perfectly align job requirements and qualifications. This reduces systematic obstacles, in order to allow employee constant, personalised continued professional development.

For 2022 there were neither uniform definitions of continued professional development nor target values which should be achieved.

#### **404-2 Programs for upgrading employee skills and transition assistance programs**

STEICO's employees have the opportunity to receive specialist or personal training. Continued professional development courses are offered internally or these can also be pursued outside the company, in order to provide employees with the competence they require. As a result of the STEICO Group's constant growth and ongoing expansions to production capacity, production employees regularly have to become acquainted with new technologies and processes. Sales employees have to know the fundamental opportunities for the use of the products as well as their limits. This thus guarantees the specialist competence required in all areas of activities, and which characterises the STEICO Group. In addition, technical employees who are promoted to executive positions receive training on management competences and organisational skills in management training sessions.

STEICO takes over the costs for external training courses if participation is seen to make sense. In the case of multi-day training sessions, employees use days of vacation to visit the course, while STEICO covers the costs.

If an employee retires, STEICO offers active support on entering this new chapter in their life. Individual working hours allow older employees to reduce their weekly working hours in order to protect their health. On the other hand, employees do not need to stop working abruptly, but can continue to use and pass on their knowledge in a reduced number of working hours.

**404-3 Ratio of basic salary and remuneration of women to men**

STEICO believes that the personal and professional development of its employees is a key aspect in the employment relationship. In order to offer employees the opportunity of further development in the desired direction, to manage their progress, to accompany them and provide them with specialist support, each employee is entitled to at least one annual discussion with their manager.

GRI 405: Diversity and equal opportunities 2016

**405-1 Diversity of governance bodies and employees**

The STEICO Group’s Board of Directors comprises three men and one women, and 25 % of this executive body is thus female.

Table 10: Diversity among leadership personnel 2022

Executives	Women	Men	Under 30	30-49	Over 50
Germany	29%	71%	0%	55%	45%
Poland	15%	85%	1%	78%	21%
France	15%	85%	1%	69%	27%
UK	17%	83%	0%	17%	83%
<b>Total</b>	<b>18%</b>	<b>82%</b>	<b>2%</b>	<b>69%</b>	<b>29%</b>

Table 11: Employee diversity 2022

Employees	Women	Men	Under 30	30-49	Over 50
Germany	39%	61%	18%	54%	28%
Poland	22%	78%	26%	47%	26%
France	17%	83%	12%	63%	25%
UK	38%	62%	23%	23%	54%
<b>Total</b>	<b>23%</b>	<b>77%</b>	<b>25%</b>	<b>49%</b>	<b>27%</b>

**405-2 Comparison of basic salaries and remuneration for female employees with the basic salaries and remuneration for male employees**

STEICO does not collect any information on gender-specific remuneration differences. Payment is above the minimum wage in all cases. The same wage conditions apply to men and women. Remuneration for production employees is set out in conditions which have been anchored in collective agreements in cooperation with the trade unions.

GRI 406: Non-discrimination 2016

**406-1: Incidents of discrimination and corrective actions taken**

There were no incidents of discrimination in the STEICO Group in 2022.

## GRI 407: Freedom of association and collective bargaining 2016

### 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

The STEICO companies are located in central and western Europe. These are regions in which employee rights tend not to be threatened. The STEICO Group has not been made aware, either externally or internally, of any restrictions of employee rights in any of the companies. The STEICO Group's management maintains excellent relationships with employee representatives and observes all agreements that have jointly been agreed.

The timber suppliers are Polish state forests, which have excellent supervision thanks to their structure, and in France these are timber-processing companies in the region. As there is no information available for these organisations with regard to any failure to observe the corresponding rights, the risk is low that any such cases occur. In addition, PEFC certification means that their work processes are ecologically and socially sustainable.

## GRI 408: Child labor 2016

### 408-1 Operations and suppliers at significant risk for incidents of child labor

As a result of the geographic location in Europe, where strict statutory regulations apply and independent controls are performed, the risk of child labour in the STEICO Group is negligible.

## GRI 409: Forced or compulsory labor 2016

### 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

There were no signs of forced or compulsory labour in the STEICO Group or at its direct European suppliers.

## GRI 410: Safety practices 2016

### 410-1 Security personnel trained in human rights policies or procedures

At STEICO, security work is exclusively performed by sub-contractors. These are from the regions of the

respective STEICO plants in Europe, which is why they are subject to strict European requirements and are tested at regular intervals.

## GRI 411: Rights of indigenous peoples 2016

### 411-1 Incidents of violations involving rights of indigenous peoples

STEICO does not have any points of contact with indigenous peoples and no incidents in which the rights of indigenous peoples could be impaired.

## GRI 412: Human rights assessment 2016

### 412-1 Operating facilities at which an audit of the upholding of human rights or a subsequent estimate for human rights were performed

STEICO does not perform any human rights screening either internally nor at its business partners. As a result of the operating facilities within Europe, there is a negligible risk of human rights violations at STEICO. Only the UK facility is located outside the EU. Due to the advantageous human rights situation which prevails in Europe, no audits were performed on this subject.

As of 1 January 2024, the Lieferkettensorgfaltspflichtgesetz (German Act on Corporate Due Diligence Obligations in Supply Chains) will come into force for STEICO in Germany. At the latest on this date, STEICO will need a system which allows the harmlessness of suppliers with regard to human rights to be reviewed. At present, STEICO is working on implementing such a system.

### 412-2 Training for employees on human rights policy and processes

As a result of the human rights situation in Central and Western Europe mentioned above, there are no topic-related training sessions. Employees such as the compliance officer, who come into contact with human rights issues, receive corresponding training so that they are aware of the current status of requirements and best practices.

### 412-3 Substantial investment agreements and contracts that include human rights clauses

The suppliers which supply STEICO with material, are not reviewed for human rights issues. In 2022 no contracts were concluded which included clauses with regard to respecting human rights.

## GRI 413: Local communities 2016

### 413-1 Sites with local community involvement, impact assessments and support programmes

STEICO cooperates directly with local authorities in the communities in which the production sites are located. Open communication accounts for a key part of this cooperation. The plant managers in Poland and France have close relationships with the respective mayors and keep them informed of their production activities and possible challenges.

Information discussions with the local council representatives in the case of larger projects. These allow the plant managers to answer questions and present the pending activities. To date there have lawsuits from the government or residents due to problematic cases, which is why the balance is positive.

### 413-2 Business activities with a significant or potential negative impact on local communities

Emissions go hand-in-hand with an industrial operation of this size. These include, in particular, noise, dust and smells. STEICO upholds the corresponding thresholds and thus minimises the potential negative impact on the local community. The arrival and departure of lorries can impact local traffic if there are a large number of deliveries or collections on the same day.

## GRI 414: Supplier social assessment 2016

### 414-1 New suppliers assessed based on social criteria

At the STEIC Group, no separate review is performed for suppliers with regard to social compliance. As almost all of the suppliers are located in Europe and only 0.4% are located outside the EU, the risk that new suppliers do not uphold requirements and regulations for social criteria is relatively low. The non-European suppliers are responsible, in particular, for the supply of chemicals for production and some other subordinated products. As a result of these connections, the STEICO Group has not yet implemented an evaluation system of this type.

### 414-2 Negative social impact in the supply chain and activities put in place

As the STEICO Group is mostly supplied by European companies, there is only a slight risk that suppliers' activities could have a negative social impact on their environment. The majority of suppliers supply STEICO with material that is FSC and PEFC certified. These certification systems also take working conditions into account as well as relevant social issues, as forests not only supply wood, but also have a key social function. This allows STEICO to ensure that at least its timber suppliers do not cause any negative social impact.

## GRI 415: Public policy 2016

### 415-1 Party donations

The STEICO Group did not make any party donations in 2022.

## GRI 416: Customer health and safety 2016

### 416-1 Assessment of the health and safety impacts of different categories of products and services

All of STEICO's products have been tested for harmlessness with regard to health and safety. The IBR (Institut für Baubiologie Rosenheim) has confirmed that the wood-fibre insulation materials are harmless for building biology. This means that they do not have any negative health impact. All of the construction products and insulation materials that STEICO produces have been declared as being harmless via national and international construction supervision licenses.

### 416-2 Violations related to the effects of products and services on health and safety

There were no violations in connection with health and safety in 2022.

## GRI 417: Marketing and labelling 2016

### 417-1 Requirements for product and service information and labelling

All of STEICO's products are 100% PEFC certified or comprise certified recycled material. This allows the origin of the timber to be verified, and also the sustainable forestry work in their forests of origin. In addition, there are EPDs (Environmental Product Declarations) for these products which describe the production processes required to produce these products

and how these impact the environment. In addition, safety sheets are available for all products which set out the possible risks stemming from STEICO's products and how people using these should deal with these risks.

**417-2 Violations related to product and service information and labelling**

In 2022 there were no violations of regulations for product information or labelling.

**417-3 Violations related to marketing and communication**

In 2022 there were no violations related to marketing and communication.

GRI 418: Customer privacy 2016

**418-1 Well-founded complaints regarding breach of protection and loss of customer data**

In 2022 there were no well-founded complaints or suspicions that could show any loss or theft of customer data.

GRI 419: Socioeconomic compliance 2016

**419-1 Non-compliance with laws and regulations in the social and economic field**

In 2022 there were no cases of non-compliance with laws and regulations in the social and economic field.



FORUM  
HOLZBAU  
PREMIUM  
PARTNER



## We love wood.

STEICO engineered by nature for renovation and new builds

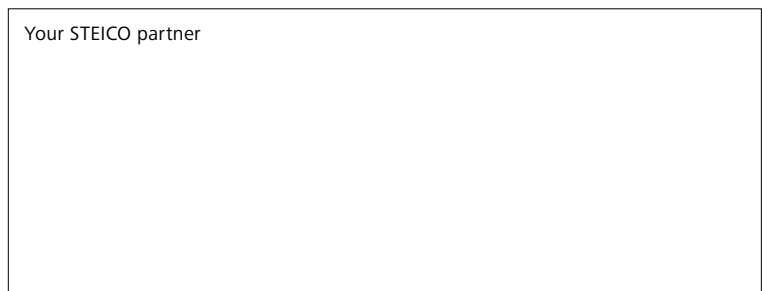
The STEICO Group is the world market leader in the production and sale of ecological wood fibre insulation materials and a leading supplier of innovative timber construction products. STEICO occupies a unique position on the market with the industry's largest product range of ecological insulation materials and an innovative construction systems for timber construction. Almost the entire load-bearing and insulating shell of a building can be constructed with STEICO products.

Sustainable products – sustainable production

The STEICO Group is committed to sustainable forestry – the wood used comes from forests certified according to the strict rules of the PEFC. All products have the necessary building authority approvals. In addition, independent product testing by the IBR® (Institute for Building Biology Rosenheim) guarantees the high quality of the products. The STEICO Group also sets standards in environmentally friendly production and uses, for example, CO<sub>2</sub>-neutral biomass as an energy source.



Your STEICO partner



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