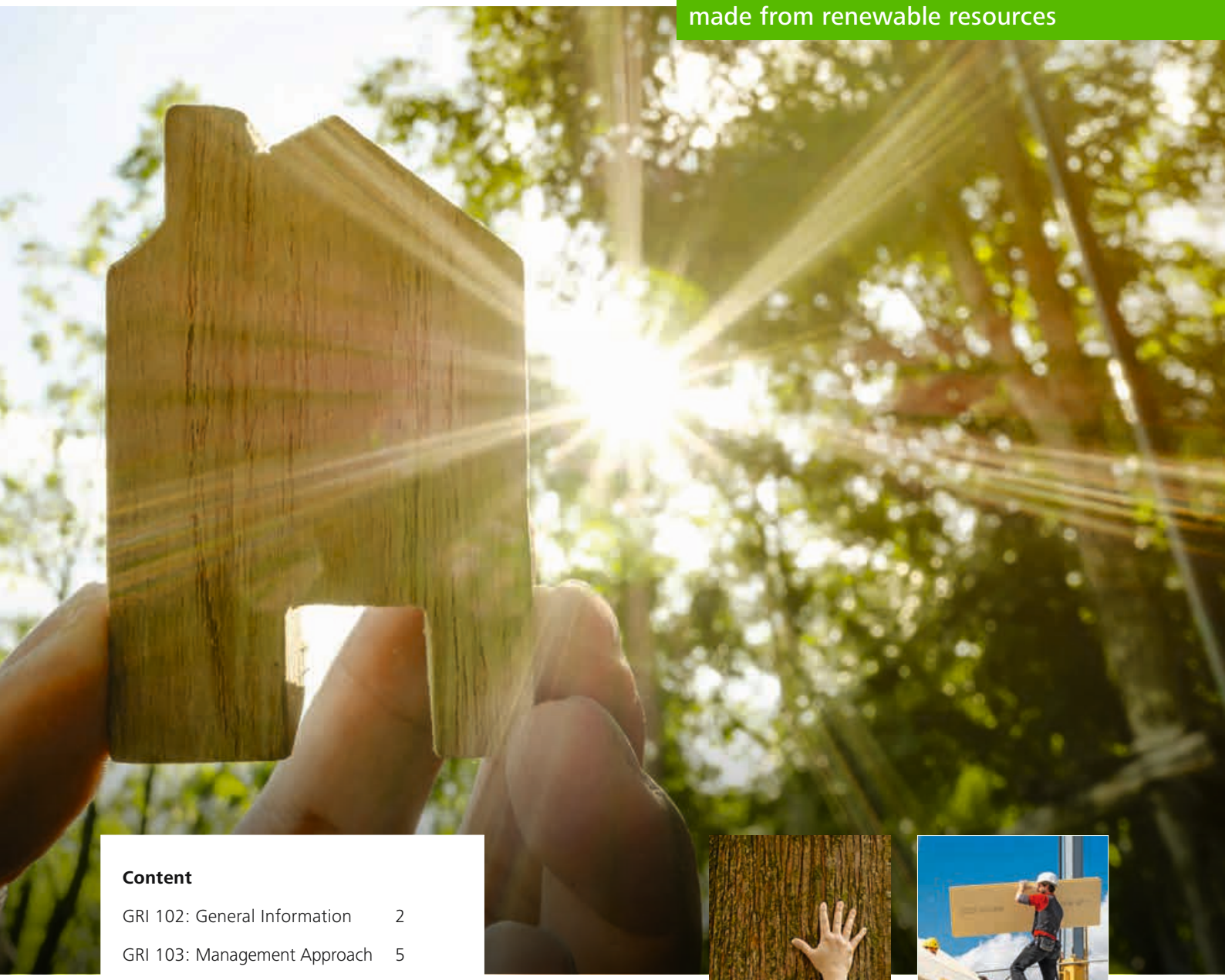
STEICO
Sustainability Report 2019

Environmentally friendly building products made from renewable resources



Content

STEICO
engineered by nature

A. INTRODUCTION

STEICO has always lived sustainability. This Sustainability Report, aims to provide transparent explanations of our business. We laid the foundations for regular reporting with publication of our first sustainability report for 2018. The many positive responses we have received have prompted us to further develop and restructure our sustainability report.

STEICO's Sustainability Report 2019 is the first report to be based on the Global Reporting Initiative (GRI) standards. The basis of reporting in accordance with GRI is transparency, and its goal is standardisation and comparability. Accordingly, the present report is structured differently than in the previous year and offers even more clarity and information.

I. GRI 102: GENERAL INFORMATION

1. ORGANISATION

102 General information

102-1 Name of the organization

STEICO

102-2 Activities, brands, products and services

STEICO develops, produces and markets ecological construction products made of renewable raw materials. STEICO is the European market leader in the wood-fibre insulation materials segment.

STEICO is positioned as a system provider for ecological residential construction and is the only manufacturer in the industry to offer an integrated wooden construction system in which insulation material and construction components supplement each other. These include flexible and stable wood fiber insulation panels, composite thermal insulation systems, insulation panels
with a reinforcing effect, as well as cavity wall insulation made of wood fibers and cellulose. The construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO group also produces fiberboard and operates in the wood trade.

The Munich-based company's products are used in new construction and when renovating roofs, walls, ceilings, floors and facades. STEICO's products allow the construction of future-proof, healthy buildings with a particularly high quality of living and a healthy atmosphere. STEICO's products offer reliable protection against cold, heat and also noise, and they permanently improve the building's energy efficiency.

For further information see the STEICO 2019 annual report (Group management report A.I.2. The STEICO Group's products and services)

102-3 Location of headquarters

See the STEICO 2019 annual report (Notes to the consolidated financial statements I.1. Legal foundations)

102-4 Location of operations

See the STEICO 2019 annual report (Notes to the consolidated financial statements III.10. Parent company and group companies)

102-5 Ownership and legal form

The Group's parent company is a European public limited company (STEICO SE). 61.1% of the shares are held by Schramek GmbH and can be attributed to the company founder and chairman of the board of directors / CEO Mr. Udo Schramek. 38.9% of the shares are in free float and are traded over the counter.

102-6 Markets served

See the STEICO 2019 annual report (Group management report A.I.4. Sales and customers)

102-7 Scale of the organization

See STEICO's consolidated financial statements, included in the 2019 annual report.

102-8 Information on employees and other workers

As of 31 December 2019 (record date) the STEICO Group had 1,872 employees

	Germany	Poland	France	United Kingdom
Total	**140**	**1560**	**77**	**12**
Full time	109	1556	73	11
Part time	31	4	4	1
Permanent employees	140	1280	75	12
Temporary employees	0	280	2	0
Men	**89**	**1240**	**59**	**8**
Full time	87	1237	57	8
Part time	2	3	2	0
Permanent employees	89	1044	59	8
Temporary employees	0	196	0	0

	Germany	Poland	France	United Kingdom
Women	**51**	**320**	**18**	**4**
Full time	22	319	16	3
Part time	29	1	2	1
Permanent employees	51	236	17	4
Temporary employees	0	84	1	0

102-9 Supply chain

See STEICO 2019 annual report (Group management report A.I.3 Procurement).

102-10 Significant changes in the organisation and its supply chain

No significant changes occurred in the reporting period.

102-11 Precautionary approach or principle

The STEICO Group's actions today are economically, ecologically and socially responsible, and thus also form the basis for future growth. We understand sustainability as being a precautionary principle within the framework of an appropriate balance between economic success, ecological action and social responsibility, taking into account the needs of present and future generations.

This is reflected, among other things, by the purchase of sustainable raw materials (FSC and PEFC certification of the wood used), the use of biomass for the generation of process heat and steam and certification in accordance with the standards DIN EN ISO 9001:2015 and 14001:2015 (quality and environmental management system).

102-13 Membership of associations

Among others, the STEICO Group is a member of:

Germany

- VDNR: Verband Dämmstoffe aus nachwachsenden Rohstoffen (Association for insulation materials from renewable resources)
- Forum Holzbau (Forum for timber construction)
- Holzbau Deutschland, Bund deutscher Zimmermeister (Association of German carpenters)
- EPF: European Panel Federation
- DHV: Deutscher Holzfertigbau-Verband (German timber prefabrication association)
- IBU: Institut Bauen und Umwelt e.V. (Institution for construction and the environment)
- DGNB: Deutsche Gesellschaft für nachhaltiges Bauen (German society for sustainable construction)

France

- 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)
- Afcobois (Trade union for timber construction)
- BAB: Bâtiments Agricoles Bois (Timber-constructed agricultural buildings)
- Apiboi: Trade union for I-joist companies
- Fédération de la maison passive (Passive house association)
- FFB - Fédération Française du Bâtiment (French federation for buildings)
- Capeb - Confédération de l'Artisanat et des Petites Entreprises du Bâtiment (Trade union for construction craftsmen)
- FBC – Forum Bois Construction (Forum for timber construction)

United Kingdom

- Timber Trade Federation
- Trada: Timber Research and Development Association
- Structural Timber Association
- ASBP: Alliance for Sustainable Building Products
- Natural Fibre Insulation Group

2. STRATEGY

102-14 Statement from the senior decision-maker

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 "sustainable" as a core statement.

Our actions for our customers:

- Cooperation with our customers is characterized by fairness and respect
- Our products and services are innovative, economical, easy to use and offer added value for our customers

- We build relationships using system solutions and intensive dialogue
- We assume responsibility within our markets and contribute to the positive growth of the market and industry

Our actions for the company:

- We make a significant contribution to optimising buildings' energy consumption and thus to climate protection
- By using wood as a renewable raw material, we make an important contribution to preserving natural resources
- STEICO products contribute to the extensive binding of CO_2 and thus help to limit global warming
- We contribute to helping society avoid carbon by specifically avoiding the use of fossil fuels

Our actions for our employees:

- We see the commitment and expertise of STEICO's employees as a central pillar for long-term success
- We maintain a constructive, respectful cooperation
- We offer progressive working conditions, promote the development of our employees and are committed to combating inequality

Our actions are sustainable and geared to the long term - characterized by the balance between economic success, ecological action and social responsibility.

102-15 Key impacts, risks and opportunities

See STEICO Annual Report 2019, (Group Management Report C. Risks, Chances, Forecast)

3. ETHICS AND INTEGRITY

102-16 Values, principles, standards and norms of behavior

Our actions are characterized by honesty, respect, fairness and entrepreneurship. The interplay between these values forms the cornerstones of our corporate culture

4. CORPORATE MANAGEMENT

102-18 Governance structure

See STEICO SE'S articles of incorporation (Sections III and IV)

102-20 Executive-level responsibility for economic, environmental and social topics

The CEO, Udo Schramek is responsible for economic, ecological and social issues

102-22 Composition of the highest governance body and its committees

STEICO 2019 annual report (Notes to the consolidated financial statements V.7. Supervisory Board)

102-23 Chair of the highest governance body

STEICO 2019 annual report (Notes to the consolidated financial statements V.7. Supervisory Board)

102-30 Effectiveness of risk management procedures

See STEICO annual report (Report by the Supervisory Board)

102-31 Review of economic, environmental and social topics

STEICO 2019 annual report (Report by the Supervisory Board)

102-32 Role of highest governance body in sustainability reporting

STEICO 2019 annual report (Report by the Supervisory Board)

102-33 Communicating critical concerns

STEICO SE has appointed a compliance officer and also created the option of submitting concerns anonymously. If necessary, the compliance officer brings critical concerns to the attention of the Supervisory Board

102-35 Remuneration policies

STEICO 2019 annual report (Notes to the consolidated financial statements V.7. Supervisory Board)

5. INCLUSION OF STAKEHOLDERS

102-40 List of stakeholder groups

The STEICO Group endeavors to take the interests of key stakeholders into account in all areas of day-to-day activities. These include:

- Customers
- Employees
- Investors (e.g. banks, shareholders)

- Economic and industry organisations
- Public institutions at local, regional and national level
- Suppliers (e.g. for wood procurement)
- Consumer and shareholder protection organisation
- Environmental protection organisations

102-41 Collective bargainings agreements

94% of all employees in the STEICO Group are covered by collective agreements.

6. REPORTING PROCEDURE

102-45 Entities included in the consolidated financial statements

STEICO 2019 annual report (Notes to the consolidated financial statements V.10. Group of consolidated companies)

102-49 Changes in reporting

The Sustainability Report 2019 is based on the GRI standard for the first time.

102-50 Reporting period

The reporting period covers the calendar year 2019.

102-51 Date of most recent report

The last report is dated April 2019.

102-52 Reporting cycle

STEICO’s sustainability report is updated annually. This reporting cycle may be changed in future.

102-53 Contact point for questions regarding the report

Sustainability@steico.com

102-54 Claims of reporting in accordance with the GRI standards

This report was prepared in accordance with the "Core" option of the GRI standards.

102-56 External assurance

No external audit of this report was performed.

II. GRI 103: MANAGEMENT APPROACH

The STEICO Group meets market challenges with a strategy of innovation and growth. The aim is to offer customers innovative timber construction products and systems with an increasing range of products and vertical integration. The high capacity utilization of the production facilities that accompanies this growth leads to economies of scale and improved profitability, which in turn strengthens STEICO's competitive position.

In recent years the focus has been on the development of innovative design products, however the growth strategy for the future will be determined by the expansion of the system concept and serial element production.

III. GRI 200: ECONOMIC

GRI 201 Economic output

The STEICO Group has recorded steady growth in recent years. Acting sustainably and while being aware of values is a key part of our success.

- Larger production sites can be operated more efficiently. The energy used decreases in relation to the output quantity.
- Growth enables investments in energy-efficient production facilities.
- Larger companies that demand certified timber are strengthening efforts towards sustainable forest management.
- STEICO insulation materials are environmentally friendly in and of themselves, as they save considerably more energy during their product life than is required for their manufacture. That is why growth in this area does not lead to an increasing burden on the climate.
- Growth creates jobs. With an average of 1,864 employees, the STEICO Group employed 179 more people in 2019 than in 2018 (1,627 employees).

201-1 Direct economic value generated and distributed

See STEICO's consolidated financial statements, included in the 2019 annual report.

201-2 Financial implications of climate change for the organisation and other risks and opportunities associated with climate change

Opportunities

The global political course is consistently aimed at decarbonising the economy and society in order to counteract further global warming by reducing greenhouse gas emissions. As a manufacturer of insulating materials and structural components made of wood, this presents the STEICO Group with the following opportunities.

- Wood itself acts as a CO_2 storage medium, and this also applies to products made from wood. The stored carbon remains bound during the entire life of the products and is removed from the atmosphere during this time. Wood products for the construction sector are expected to have a particularly long useful life, which is assumed to be between 80 and 100 years for detached houses.
- The manufacture of timber building products is significantly more resource-efficient than many mineral building products such as concrete. As a renewable raw material from sustainable forestry, wood and wood products also help to combat the scarcity of resources.
- Wood fibre insulation materials make a significant contribution to increasing the energy efficiency of buildings. This allows far-reaching and lasting energy savings to be achieved, both in winter (reduction of heating energy) and in summer (reduction of cooling energy).

The above-mentioned points should also lead to sustained high demand for STEICO products in future. The probability of this happening is considered high.

Risks

Global warming and the associated extreme weather events (heat waves, drought, storms, etc.) pose challenges for the forest ecosystem in many regions. A number of coniferous tree species traditionally used to produce timber for construction are considered vulnerable to such rapid climatic changes. This could lead to a reduced availability of wood as a raw material in the future.

A warm, dry climate has always dominated in Poland and in Southern France (STEICO's plants' locations). The forests there are much more robust in terms of climate change than in other regions of Europe. As a result, the STEICO Group believes that the probability of a shortage of raw materials is low.

201-4 Financial support from the public sector

STEICO's production facilities in Poland have been incorporated into special economic zones. STEICO is exempt from Polish income tax until 2024 at its Czarna Woda site and until 2028 at its Czarnków site.

202 Market presence

202-1 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.

204 Procurement practices

204-1 Percentage of spending on local suppliers

The STEICO Group procures the wood for manufacturing its products locally within a radius of up to approx.150 km of the production plants in Poland and France

205 Combatting corruption

Integrity and fairness in business transactions are the cornerstones of STEICO's corporate culture. STEICO pursues a strict zero-corruption policy and has created structures and rules throughout the group to prevent corruption. This includes staff training and controls as well as the creation of special structures, e.g. for the award of contracts. A compliance officer has been appointed to whom violations of corruption rules can be reported.

206 Anti-competitive behaviour

There are no known cases of anticompetitive conducts or violations against competition law in the STEICO Group.

IV. GRI 300: ECOLOGY

The most important raw material for STEICO products is fresh, untreated softwood. STEICO does not use any waste or recycled wood as this could be contaminated with chemicals.

STEICO’s production plants are located in wooded areas, so that we can keep transport distances short, usually less than 150 km. For our wood fibre insulating materials and Natural Fiber Boards (hard fibre boards) we do not need special wood qualities, because the wood is defibered in production. This so-called low-quality timber accumulates for example during forest maintenance and is not suitable for processing in sawmills.

Various log diameters are used for the production of laminated veneer lumber, and the logs are mainly delivered in short lengths. This provides the forestry offices with an optimal opportunity to supply the highest quality timber that is produced.

1. ENVIRONMENTALLY FRIENDLY INSULATION MATERIALS

Insulation materials play a key role in determining a building's energy efficiency. Due to their insulating effect, they significantly reduce the amount of heating energy required. STEICO wood fibre insulation materials and cellulose insulation 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 (λ). With λ_D 0.036, the flexible wood fibre insulation mat STEICO*flex* has the lowest thermal conductivity of natural insulating materials. With λ_D 0.037 the facade insulation board STEICO *protect 037* has the lowest thermal conductivity for stable wood fibre insulation boards. The cellulose insulation STEICO*floc* with λ_D 0.038 also offers one of the best values in its category.

As part of the STEICO construction system, the main STEICO insulating materials are certified as components suitable for passive houses. This means that they are suitable for use in buildings which, due to their high energy efficiency, can cover their heating requirements without traditional heating.

The STEICO Group currently produces about 2.7 million m³ ecological insulating materials. Assuming a quantity of about 75 m³ of insulating material required for state-of-the-art insulation for a single-family house in timber construction, more than 36,000 single-family houses can be insulated per year. 75m³ wood fibre insulation permanently stores 28 tons of CO_2. According to the German Federal office for Environment (Umweltbundesamt), the average annual CO_2 emissions per person are 11,6 tons. Thanks to the carbon stored in its insulation, a house owner can offset his carbon footprint for over two years. Moreover, the energy saved thanks to the insulation also reduces his CO_2 emissions, the quantities depending on the house. STEICO is thus making a contribution to the energy revolution and to a climate-neutral building stock.

2. I-JOISTS

STEICO's I-joists have the shape (geometry) of an H beam or a double T beam. In contrast to a solid 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 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 a higher energy efficiency of the entire component. By using STEICO I-joists, the energy efficiency of a component can be improved by up to 15% (compared to the use of solid wood cross sections).

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

3. LAMINATED VENEER LUMBER

Laminated veneer lumber is an industrially produced wood-based material with a particularly high load-bearing capacity. The use of energy in its production is offset by the particularly efficient use of wood as a raw material. When producing laminated veneer lumber, formats can be produced that cannot be reproduced by naturally grown wood (boards up to 2.5m wide, 90mm thick and 18m long). In addition, the high strength of laminated veneer lumber allows a particularly slender design of the load-bearing structures, which means that construction can be carried out with less material overall.

301 Materials

301-1 Materials used, by weight or volume

Use of fresh wood

Only untreated softwood is used to produce STEICO insulation and construction materials. The volume of wood processed during the reporting period was 1,023,026 m³.

Material requirements for laminated veneer lumber

Approximately 2.3m³ of roundwood is required for the production of 1m³ laminated veneer lumber. The round wood is peeled into veneers, from which the laminated veneer boards are made. During the processing of round wood, around 0.6m³ of bark and non-recyclable wood components are produced. These are used to produce steam and heat in the biomass boiler. Since not every veneer ribbon is suitable for the production of laminated veneer lumber, 0.5m³ of unusable veneer is produced, which can, however, be further processed into wood fibre insulation materials at the same location. The trunk's core cannot be peeled into veneer for technical production reasons. A round core of 0.2m³ remains. This residual

wood is sawn into strips on our own plant, and used to make STEICO transport pallets.

In this way, STEICO ensures 100% use of its wood resources. At the same time, the energy from the by-products can be used to cover the energy requirements of the Czarna Woda production site to such an extent that regular operation on a biomass basis will be possible from July 2020. Coal will only be kept as a reserve energy source.

301-2 Recycled input materials used

For the cellulose insulating material STEICO*floc*, STEICO obtains defined waste paper qualities which are converted into insulating flakes. Since most of the energy consumed is already used in the production of the paper, the production of cellulose insulation material is particularly environmentally friendly. During the reporting period, 7,335 tonnes of waste paper were used for the production of blow-in insulation.

301-3 Reclaimed products and their packaging materials

Recycling of production residues

Wood components that are unsuitable for production, e.g. the bark, are used to generate energy in the plant's own biomass boilers. Products that are outside the specifications can be returned to the production process. Otherwise, they can also be used to generate energy in the biomass boilers.

Recycling of scrap material

Scrap material arising during the production process, such as faulty production, cuttings, milling and grinding chips, etc. is fed back into the production process.

This allows STEICO to use 100% of its wood resources. No packaging materials are produced during these processes.

302 Energy

Like every manufacturing company, STEICO needs energy in its production. As the energy consumption in the production plants is considerably higher than at the sales and administration locations, the focus is on the production locations. Electricity as well as heat and steam are required in particular for the production of STEICO products. STEICO relies on large, integrated locations that enable high production efficiency. For example, several production plants can be supplied with heat and steam via a few central boiler plants. To avoid heat loss, the pipes are insulated. Waste heat is used to heat the administrative buildings. In this way we ensure that the heat generated is used as efficiently as possible.

STEICO maintains appropriate boiler systems to generate heat hand steam. These can be operated with biomas and/or gas and coal. Since the beginning of 2020, biomass has been used for the regular operation of production, while fossil energy sources are only used as reserve energy sources. Production residues are mostly used as energy sources for the biomass boilers, and only a small percentage is bought in. At least one biomass boiler is currently in operation at each site.

Electricity is purchased at the respective locations and its production corresponds to the national electricity mix of the country of production. At the Czarnków site, we are currently installing an additional electric turbine on a biomass boiler, which will enable us to generate some of the electricity we need ourselves in future.

STEICO is constantly working on reducing energy consumption. STEICO is taking a two-pronged approach in this regard:

- Use of regenerative energy sources such as biomass, use of fossil fuels only for peak load coverage or to bridge maintenance periods
- Increasing energy efficiency by optimising processes

302-1 Energy consumption within the organisation

In the energy mix, most of the energy is used to generate heat and steam.

STEICO Group: Energy consumption and changes

Energy source [MWh]	2017 Share [%]	2018 Share [%]	2019 Share [%]	Change 2017 to 2019 [%]
Electricity	16 %	16 %	16 %	+13%
Coal	52 %	40 %	36%	-21%
Gas	7 %	7%	8 %	+39%
Biomass	25%	36 %	40 %	+84%

In comparison to 2017, 2019 was a year in which the STEICO Group was able to **reduce energy generation from coal by 21%**. At the same time, energy production from **biomass** was **increased by 84%**.

In addition to the increased use of biomass, **energy efficiency was increased by 7%**.

302-3 Energy intensity

Energy intensity is the energy efficiency related to the finished product. We reduced energy intensity by 7% between 2017 and 2019.

302-4 Reduction of energy consumption

Reduction of electricity consumption

Numerous investments were made in the Polish plants during the reporting period to reduce the amount of electricity

required. Among other things, numerous electric motors and pumps have been replaced by more energy-efficient models and the lighting in the production halls is gradually being converted to an LED system.

Biomass from production waste

In order to reduce the need for biomass, a pelleting plant was installed at the Czarna Woda site during the reporting period. This will be used to turn waste wood from LVL production into pellets. This will allow us to use biomass even more efficiently.

Abandonment of fossil energy sources

At the polish sites, where more than 90% of value added is generated, extensive investments were made in 2019 to switch from coal to biomass. Since the beginning of 2020, biomass has been used as an energy source for standard production. Coal is to be used only as a reserve energy source. The Casteljaloux site has always completely dispensed with the use of coal, using only biomass and gas.

Energy consumption in administration

In the administration area, STEICO is also making extensive investments to reduce energy consumption. The headquarters in Feldkirchen, for example, are built using STEICO's own construction system and are characterised by their high energy efficiency, which almost corresponds to the passive house standard. An additional building was added here in 2019. The integrated photovoltaic modules mean more energy is generated over the year than the building needs (so-called plus-energy house).

302-5 Reductions in energy requirements of products and services

During the period under review, it was possible to save steam, heat and electricity by exploiting optimisation potential in the timber defibration and other processes in production, so that the energy requirement per product has fallen.

303 Water and sewage

Water is a valuable commodity that is needed for our production. At STEICO, we therefore strive to make the best possible use of water as a resource, to avoid waste water and to reduce water consumption. Investments are being on an ongoing basis to close the water cycles and treat unavoidable wastewater in the best possible way.

303-1 Water as a shared resource

STEICO is working on closing the water cycles at all of its production sites.

Closed water cycles have already been established at STEICO's Polish plants. At the Czarna Woda site, the water cycle was closed in 2019. In the first step, fresh water is used for the production of steam and heat, which are fed directly into the production process. The resulting industrial water is then used to produce wood fibre insulation materials. Some of the water evaporates during the drying process and is replenished with industrial water from steam and heat production, so that all the water that we obtain for our production is reused several times and fed back into production again and again.

The plants in Czarna Woda and Casteljaloux also recycle a large part of the water used in production.

303-3 Water withdrawal

STEICO has official approval to extract water from the rivers adjacent to the plants at its production sites in Poland and France. Water for the administrative locations comes from the local supply networks, while rainwater is also used for flushing toilets at the Group headquarters.

303-4 Water return

In both Polish production sites, which account for more than 90% of the value added, closed water cycles in the production have been established. At the same time the efficiency of the resource water has been increased by 14% in relation to the production volume.

305 Emissions

By analysing the carbon footprint (CO_2), it is possible to identify potential for reductions, develop appropriate activities and define climate protection targets. The STEICO Group’s corporate carbon footprint includes seven locations in four different countries. In Germany and the United Kingdom these are purely administrative locations, in Poland and France they include both administrative locations and plants. The emissions of the sales employees in the external sales force in all countries are also included in the calculation.

CO_2 storage wood

As wood grows, the climate-damaging gas carbon dioxide (CO_2) is extracted from the atmosphere. During photosynthesis, trees split CO_2 into carbon (C) and oxygen (O_2). Carbon is stored in the wood and oxygen is released into the atmosphere. One cubic metre (m^3) of wood therefore contains around 1 tonne (t) of CO_2. This CO_2 also remains bound in processed wood

products, e.g. in STEICO wood fibre insulating materials and construction products.

Assuming that around 100 m³ of wood is used for a single-family house built using timber construction, this corresponds to around 100 t CO_2 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_2 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 for single-family houses. Only at the end of the building's service life is the CO_2 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.

In 2019, the STEICO Group processed around 1,023,026 m³ of fresh wood from sustainable forestry. This means that almost a million tons of CO_2 are stored and removed from the atmosphere in STEICO's annual production.

305-1 + 305-2 Direct greenhouse gas emissions (scope 1) and indirect energy-related greenhouse gas emissions (scope 2)

In 2019, STEICO's business activities caused a total of 563,881 tons of CO_2 emissions throughout the Group. Of this total, 386,762t are direct CO_2 emissions (scope 1) and 177,119 t of CO_2 are indirect emissions from grid-bound energy (scope 2).

The largest source of emissions is the energy source for the production of steam and heat for the production process (68.0%). The second largest item is emissions from electricity with 34.1%. Emissions from the vehicle fleet came in third place with 0.6%. 99.8% of the STEICO Group's emissions are generated in the plants, while the administrative locations are only responsible for a small proportion of the emissions.

The headquarters in Feldkirchen, for example, have been built using STEICO's own construction system and are characterised by their high energy efficiency, which almost corresponds to the passive house standard. The integrated photovoltaic modules and a heat pump for heating mean more energy is generated over the year than the building needs (so-called plus-energy house). There are no emissions.

2019: CO_2-emissions

	Emission source	t CO_2	[%]
Scope 1	Heating energy vehicle fleet	383,169 t 3,593 t	68.0 % 0.6 %
Sub-total Scope1		**386,762 t**	**68.6 %**
Scope 2	Electricity	177,119 t	31.4 %
Total		**563,881 t**	

The calculation was based on the guidelines of the Greenhouse Gas Protocol.

Scope 1

Scope 1 shows all CO_2 emissions that can be controlled directly by the company drawing up the balance sheet (direct CO_2 emissions). This includes the combustion of fossil fuels (mobile and stationary), CO_2 emissions from chemical and physical processes and refrigerant leaks from air conditioning systems.

Scope 2

Scope 2 shows indirect CO_2 emissions caused by the combustion of fossil fuels during the production of electricity, heat, cooling and steam by external energy suppliers. Disclosing these in a separate category avoids double counting when comparing CO_2 emissions from different companies.

CO_2 emissions from production are offset by CO_2 storage in the wood used in STEICO products.

2019: Comparison of CO_2 emissions / CO_2 storage

CO_2 emissions Scope 1+2	Wood used	CO_2 storage in wood used	Positive difference
563,881 t	1,023,026 m³	1,023,026 t	**459,156 t**
55 %		**100%**	**45%**

The wood used in annual production for STEICO products stores almost twice as much CO_2 as was released during manufacture. Positive effects of CO_2-avoidance through the use of STEICO insulating materials are not taken into account.

305-4 Intensity of greenhouse gas emissions

The intensity of the emissions in relation to the output of the production was 1.8t CO_2 per ton finished product in 2019. Compared to the previous year, this figure was reduced by 8%.

306 Waste

A central concern in STEICO's production processes is to keep the volume of waste as low as possible and to prevent waste from being generated in the first place. In order to additionally increase the recycling rate, the company will continue to switch to recyclable material, if this has not already been done.

Dealing with waste

Waste is treated in accordance with country-specific laws and regulations. All waste is separated according to type and is recycled if possible. STEICO itself does not process any waste; this is carried out by local specialist disposal companies. All Group companies are constantly working to increase the proportion of recyclable material.

Disposal according to waste code

STEICO also assumes responsibility with regard to the packaging materials for our products: From processing residues to materials arising during dismantling: STEICO wood fibre insulating materials, I-joists and laminated veneer lumber can be disposed of in the same way as untreated wood (waste code AVV / EAK 030105 / 170201). STEICO cellulose insulation can be disposed of in the same way as waste paper (waste code AVV / EAK 170604 / 170904).

Return of processing residues

A return system for processing residues and dismantling material will be put into operation in the second quarter of 2020. As a result, material produced by the processors can be fed into production as a secondary raw material. The model is initially to be applied in Germany.

Recycling of transport packaging

A certain amount of transport packaging is required in order to protect the goods as best as possible from transport damage. In Germany, STEICO offers its customers a collection service for packaging material used in cooperation with a national waste disposal company. A further starting point for reducing the volume of waste is the optimisation of transport packaging.

307 Environmental compliance

It goes without saying that STEICO complies with the respective applicable environmental protection laws and regulations at all of its operating sites, and in addition attempts to reduce the impact on the ecosystem as far as possible.

As a result, the STEICO Group has appointed an environmental officer at each production location who is responsible for ensuring compliance with statutory environmental requirements and internal guidelines. The activities are pooled by the central Quality & Sustainability Management Department, which reports these to the Board of Directors.

FSC and PEFC certifications

In addition, STEICO is committed to further voluntary certifications. All of the wood that STEICO uses in production originates from sustainably managed forests, which are mostly certified according to the well-known organisations FSC® (Forest Stewardship Council) or PEFC® (Programme for the Endorsement of Forest Certification Schemes). This not only ensures that the forests are managed sustainably, but also that social standards are adhered to through certification.

STEICO does not use any wood of unclear origin or from protected forests and complies with all EUTR (EU Timber Regulation) rules.

All STEICO products (wood fibre insulating materials, cellulose insulating materials, I-joists, laminated veneer lumber) carry at least one of the certifications mentioned or are available according to both standards.

Environmental Product Declarations (EPD)

We prepare Environmental Product Declarations (EPDs) for our products to make the environmental impact of STEICO products traceable. The environmental product declaration provides information on quantified environmental impact along the product life cycle and allows comparisons between products with the same function.

The STEICO Group has EPDs for veneer laminated veneer lumber and the insulating material STEICO*flex* from French production. Further EPDs are in preparation and will be published in 2020.

Environmental management system DIN EN ISO 14001:2015

Since 2019, the environmental management system at the Polish sites has also been certified in accordance with DIN EN ISO 14001:2015. The environmental management system ensures the continuous monitoring of more than 300 environmental indicators and the analysis of process risks.

V. GRI 400: SOCIAL

401 Employment

The STEICO Group creates an attractive, fair working environment for its employees. These include fair pay, additional company benefits, flexible working hours models that are adapted to the employees' respective needs and individual offers that make it easier to reconcile work and private life.

Committed employees are a vital key factor for STEICO's economic success. That is why we are particularly concerned to keep our staff's motivation and health at a high level and to establish a strong bond with the company in order to secure its long-term success.

401-1 New employee hires and employee turnover

Staff turnover

Country	2019 [%]	2018 [%]
Poland	13.7%	9.9%
Germany	10.1%	11.2%
France	5.1%	2.4%
United Kingdom	7.7%	0.0%

Experienced employees make a valuable contribution to the company's success. As a result, the STEICO Group endeavors to create working conditions that allow employees to enjoy long-term growth. This is reflected in a low fluctuation rate, which is well below the industry average in all countries.

401-2 Benefits provided to full-time employees only, but not to temporary or part-time employees

In our companies, full-time and part-time employees receive the same company benefits. The temporary staff employed by our companies (approx. 1% of the workforce) receive a large part of the company benefits.

401-3 Parental leave

The duration and scope of parental leave are adapted to employees' needs in line with legal requirements. To make it easier for women in particular to return to work after parental leave, the STEICO Group offers individual working time models that are tailored to the needs of the individual and take family requirements into account.

403 Occupational Health and Safety

Safety at work and employee health are particularly important to STEICO. Only healthy employees can reach their full potential. The company wants to fully meet its responsibility and duty of care towards its employees and therefore focuses on systematic occupational health and safety.

403-1 Occupational health and safety management system

An occupational health and safety officer has been appointed at each of STEICO's location. This officer is responsible for ensuring that the statutory requirements and internal policies are complied with. Regular visits by the works doctor ensure a high level of health protection. Depending on the location, STEICO offers various occupational health and safety programs, e.g. first aid courses.

403-2 Hazard identification, risk assessment and incident investigation

Hazards and risks to health and safety at work are identified and countermeasures initiated by regular plant inspections, including by external and independent experts.

403-3 Occupational health services

All Group companies comply with local legal and occupational health regulations. Internal representatives have been appointed for this purpose, who are additionally supported by external partners. At the Group's headquarters, company medical services and a specialist for occupational safety are used for this purpose, among others.

Employees are regularly informed in general terms and, if necessary, individually about the possibility of using the services.

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

STEICO is always open to suggestions from the workforce to enhance work safety and health protection at the respective workplace. STEICO has created structures for employee input and named contact persons for improving occupational safety. Communication channels have also been set up to provide employees with reliable information on occupational health and safety.

403-5 Worker training on occupational health and safety

Employee training courses on occupational health and safety are held regularly.

403-6 Promotion of worker health

STEICO has appointed health officers in all Group companies to promote employee health. The activities are continuously expanded and adapted to the changing circumstances.

403-9 Work related injuries

In 2019, 34 industrial accidents occurred in the STEICO Group. Only in one case the person concerned did not recover within six months. There were no fatal accidents.

404 Training and further education

All employees of the STEICO Group have access to a wide range of opportunities for personal and professional development. This offer ranges from selective further training measures to extensive education and continued professional development programmes. In addition, the STEICO Group is extensively involved in vocational training.

405 Diversity and equal opportunities

STEICO is an international group and employs people from different cultural backgrounds. It maintains business relationships in many countries. In doing so, we actively strive for respectful interaction and mutual understanding of intercultural differences.

Many careers in the construction industry are still mostly dominated by men. STEICO sees an equal relationship between the sexes as a matter of course and promotes the development of women at all hierarchical levels.

Proportion of women (as of 31 Dec. 2019)

Country	Total number of employees	Number of women	Total percentage of women [%]
Poland	1643	336	20.5%
Germany	140	51	36.4%
France	75	18	23.4%
United Kingdom	12	4	33.3%
Total	**1872**	**409**	

Women in management positions (as of 31 Dec. 2019)

Country	Total management positions	Women in management positions	Proportion of women in management positions [%]
Polen	77	14	18.2%
Deutschland	24	3	12.5%
Frankreich	6	4	66.7%
Großbritannien	7	1	14.3%
Gesamt	**114**	**22**	

406 Equal opportunities

A non-discriminatory working environment is an important prerequisite for employee satisfaction. Supervisors are instructed to actively address any conflicts that may arise and, if necessary, to involve human resources management at an early stage.

407 Freedom of association and negotiations

At all our locations, we offer employees the opportunity to participate actively in the development of the company, e.g. through a company suggestion scheme. There is a works council at our production sites which represents the interests of the workforce.

408 Child labour and 409 Forced or compulsory labour

STEICO excludes child labour as well as forced or compulsory labour at all of its operating sites.

411 Rights of indigenous peoples

No indigenous peoples are affected by the STEICO Group's business activities.

413 Local communities

STEICO’s products are building materials of the future due to their organic nature, and they enable ecological building as part of the sustainable development of our society. The STEICO Group's sustained growth is associated with job creation and prosperity.

The STEICO Group supports local communities by making donations to non-profit institutions such as kindergartens, schools, universities, firefighting and police facilities as well as sports communities. For example, STEICO has constructed a school building using the STEICO timber construction system for the municipality of Czarna Woda, in which around 100 pupils can be taught.

In addition, STEICO is also active in promoting young talent in the industry.

The amount of grants to local communities during the reporting period was approximately € 50,000

415 Political influence

415-1 Party donations

The STEICO Group did not make any party donations during the period under review.

416 Customer health and safety

STEICO's products are environmentally friendly construction products and thus do not pose any risks to customer health and safety. In many areas the products make a positive contribution to customer health and safety.

As diffusion-open and moisture-regulating insulation materials, STEICO products help to prevent mould and structural damage in buildings.

All STEICO building products have international and/or national building authority approvals, which confirm their long-term functional safety.

All STEICO wood fibre insulating materials carry the independent seal of approval from the IBR (Institute for Building Biology Rosenheim), which confirms that they are harmless to building biology.

Fire protection certificates are available for a large number of constructions using STEICO products, thus supporting the safety of buildings.

417 Marketing and labelling

Customers and end users need understandable and appropriate information about the positive and negative effects of products and services. The STEICO Group pursues a transparent information and labelling policy that aims to be understandable and truthful.

417-1 Requirements for product and service information and labelling

- EPDs (Environmental Product Declaration) are available for key products.
- DOPs (Declaration of Performance) are available for all products.
- Product safety data sheets are available for all relevant products.
- Key information on the transport, storage, processing and disposal of STEICO products can be found in many places in STEICO's information material as well as directly on the product packaging.
- STEICO does not use any anti-competitive marketing activities

418 Protection of customer data

See STEICO's data protection declaration (www.steico.com/int/service/privacy-policy/)

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

No proceedings were initiated against the STEICO Group in connection with data protection violations during the period under review.

419 Socio-economic compliance

419-1 Non-compliance with socio-economic laws and regulations

No proceedings were initiated against the STEICO Group during the period under review.

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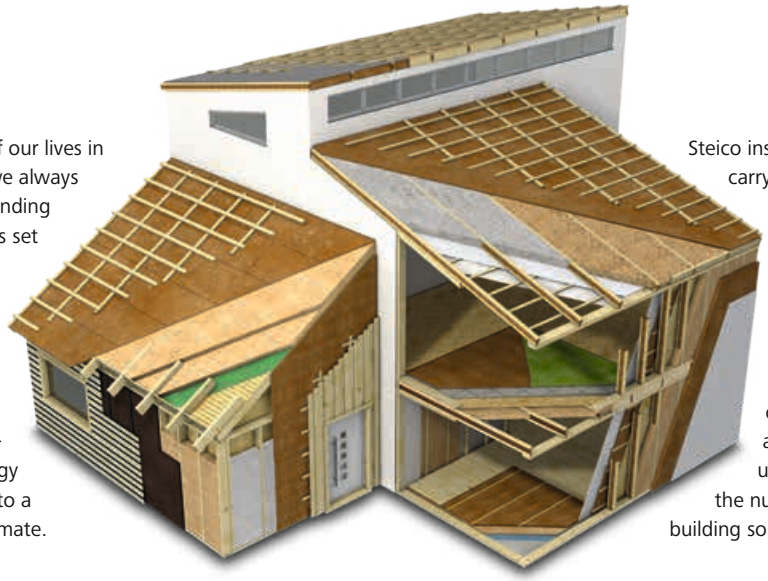
We spend approx. 80 % of our lives in enclosed rooms. But are we always aware what we are surrounding ourselves with? STEICO has set itself the target of developing building products which consider the needs of both man and nature. Our products are therefore produced using sustainable natural materials. They help reduce energy use and add considerably to a natural healthy internal climate.



Steico insulation and construction materials, carry a number of distinguished 'seals of approval' which is a sign of high quality, healthy and functional building products. The raw materials used in Steico products are certified by FSC® (Forest Stewardship Council®) and PEFC® (Programme for the Endorsement of Forest Certification®), ensuring a traceable and fully sustainable usage of the raw materials. STEICO, the number 1 choice for your sustainable building solutions.

Natural Insulation and Construction Systems for New Builds and Renovations – Roof, Ceiling, Wall and Floor

- Renewable raw materials without harmful additives
- Excellent cold protection in winter
- Excellent summer heat protection
- Energy Saving and increased property worth
- Weather tight and breathable
- Excellent Fire Protection
- Excellent sound protection
- Environmentally friendly and recyclable
- Light and easy to handle
- Insulation for healthy living
- Strong quality control
- Compatible insulation and structural building systems

Date 05/2019

CE

FSC www.fsc.org FSC® C126750 Das Zeichen für verantwortungsvolle Waldwirtschaft

PEFC PEFC/04-31-2500 Förderung nachhaltiger Waldwirtschaft www.pefc.de

Institut Bauen und Umwelt e.V.

Geprüft und empfohlen IBR Produkt geprüft auf VOC-, Biozid-, Schwermetalle und Radioaktivität

ZERTIFIZIERTE KOMPONENTE Passivhaus Institut

ÖKO-TEST STEICO zell Holzfaser-Einblasdämmung sehr gut Ausgabe 08/2017

FORUM HOLZBAU PREMIUM PARTNER

Quality Management ISO 9001:2015

Environmental Management ISO 14001:2015

STEICO
engineered by nature

STEICO SE • Otto-Lilienthal-Ring 30 • 85622 Feldkirchen (GER)
Tel.: +49-89-99 15 51-0 • Fax: +49-89-99 15 51-700
Internet: www.steico.com • E-Mail: info@steico.com