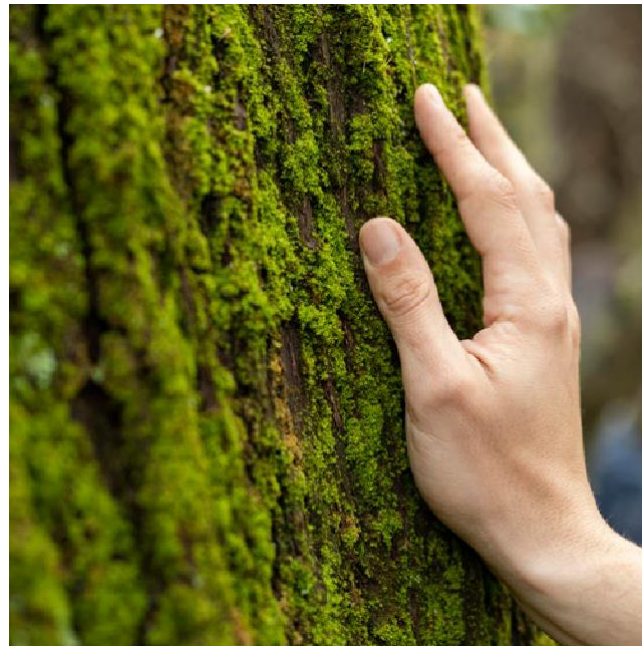


ESG REPORT for
Pfleiderer
FOR 2023



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01 INTRODUCTION





Dear Sirs,

We present to you the Sustainable Development Report of our company for 2023. It is a continuation of the assumptions and goals set by the management board a year earlier. Despite the economic and market consequences related to the war in Ukraine, we have tried to consistently implement actions to reduce the impact of our production activities on the natural environment, ensure job stability and development opportunities for our employees, and support important social initiatives.

Our company's technological process is based primarily on wood raw material. The composition of the wood raw material we use consists only in small part of wood coming directly from forests. The material comes from this source and is mainly a by-product of treatments and maintenance cuts. The vast majority of the raw materials we use are shavings, sawdust and other waste materials from sawmills and recycled wood. From year to year, we gradually increase the share of the last material in our production process.

We realized many years ago that reusing wood and recycling are the only economic models that can guarantee the sustainable production of high-quality wood-based products. Additionally, our industry is obliged to make a significant contribution to the fight against climate change by reducing carbon dioxide emissions. That is why we have implemented appropriate wood processing technologies in our plants.

Our high-quality furniture boards and worktops are ideal for a wide range of uses in interior design and furniture production. Our offer of mfp boards is of great importance in modern construction, where product safety and sustainable development related features are a fundamental aspect of choosing a supplier.

The Pfleiderer company attaches great importance to the quality standards of its products, but also to the design process itself. Our goal to meet the highest aesthetic and functional standards. Thanks to this, they will be an attractive alternative to natural wood and other noble materials.

We are successively building sustainable foundations for our business. We strive to be increasingly active in the transition to a low-emission economy in order to meet global challenges as quickly as possible.


The sustainable development of our company also means the well-being of the people it employs. Respecting human rights, decent working and pay conditions, and safety are our priorities. As a company, we want to be an active participant in social life, which is why we support and participate in various types of activities, especially local ones.

In many aspects of sustainable development, we set ourselves ambitious goals and are gradually achieving them.

Grzegorz Kulesza
Managing Director, Member of the Management Board



02 CORPORATE GOVERNANCE



Our mission is partnership in the development and building of common value by ensuring functional and reliable wood-based solutions for the home.

WHO WE ARE

Pfleiderer Polish companies supply solutions that use wood-based materials for the furniture, interior design and construction industries. We offer comprehensive services for furniture companies, carpenters, architects, designers and construction industry companies that provide their services to individual and institutional investors.

Our sales model is based on direct and indirect distribution carried out through an extensive network of authorized Pfleiderer Partner centres, construction networks, independent distributors in the construction industry and DIY chains such as Castorama, OBI, etc.

Pfleiderer Polska exports its products to the Western Europe, Scandinavia, the Baltic States and Southern Europe.

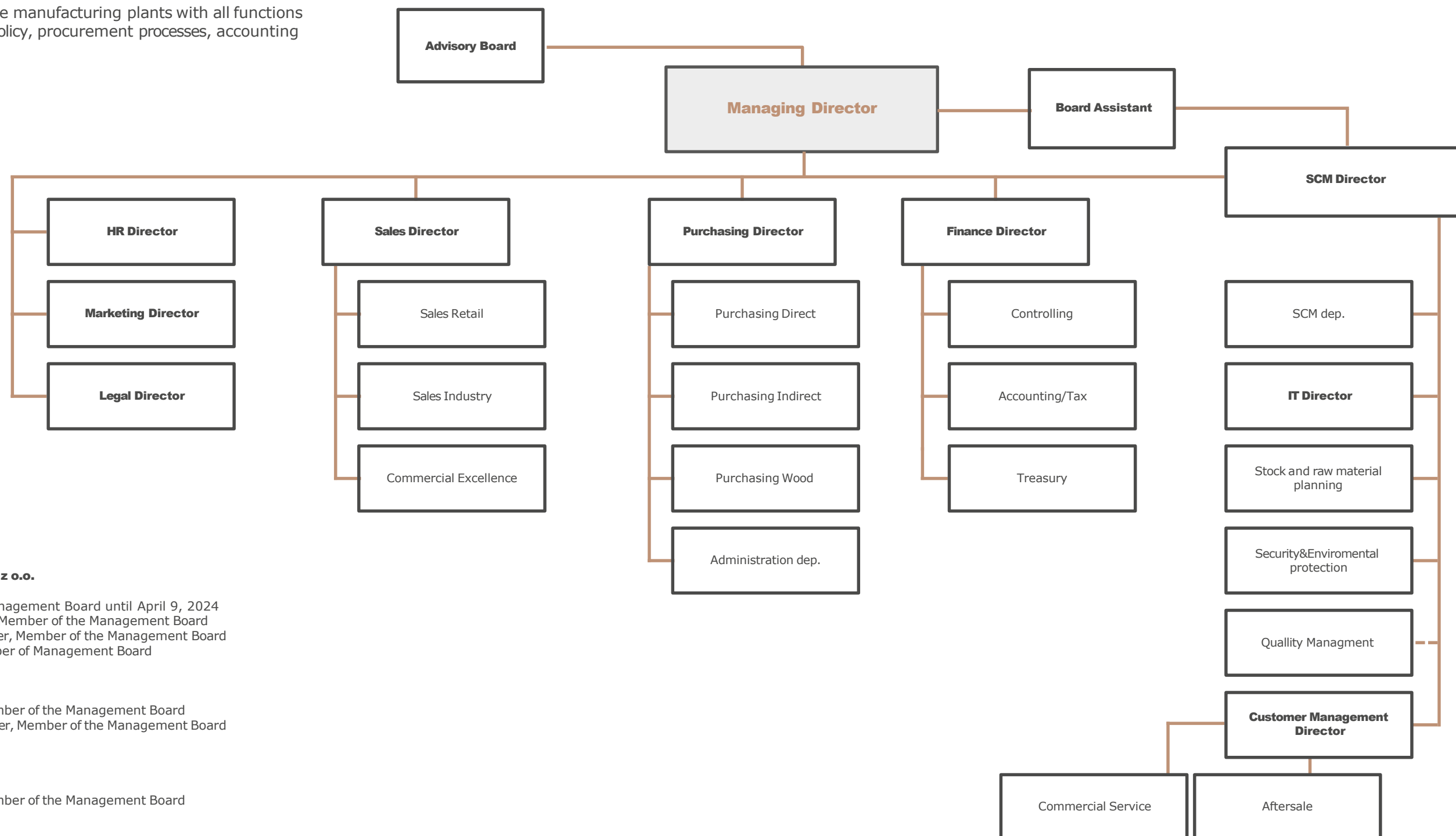


We have constantly and consistently implemented the concept of eco-development, supported by practical and creative solutions related to our offering and broadly understood service.

PFLEIDERER EAST

The structure of Pfleiderer Polska Sp. z o.o.

Pfleiderer East consists of Pfleiderer Polska Sp. z o.o. and 3 manufacturing plants: Pfleiderer Wieruszów Sp. z o.o., Pfleiderer Grajewo Sp. z o.o. and Pfleiderer MDF Grajewo Sp. z o.o. Pfleiderer Polska Sp. z o.o. provides the manufacturing plants with all functions related to product sales, marketing policy, procurement processes, accounting services, etc.



Management Board of Pfleiderer Polska Sp. z o.o.

- Zbigniew Prokopowicz President of the Management Board until April 9, 2024
- Grzegorz Kulesza Managing Director, Member of the Management Board
- Ewa Rytka Chief Financial Officer, Member of the Management Board
- Dorota Kostrzewa SCM Director, Member of Management Board

Pfleiderer Wieruszów Sp. z o.o.

- Andrzej Wojcieszak Plant Manager, Member of the Management Board
- Małgorzata Paczkowska Chief Financial Officer, Member of the Management Board

Pfleiderer Grajewo Sp. z o.o.
Pfleiderer MDF Grajewo Sp. z o.o.

- Seweryn Górzyński Plant Manager, Member of the Management Board

PFLIDERER MANUFACTURING PLANTS



1

Pfleiderer Wieruszów Sp. z o.o.
MFC and particle boards
Worktops
Back panels
mfp® construction boards



2

Pfleiderer Grajewo Sp. z o.o.
MFC and particle boards
Finish foils and edge bandings
mfp® construction boards



3

Pfleiderer MDF Grajewo Sp. z o.o.
Raw HDF
Lacquered HDF



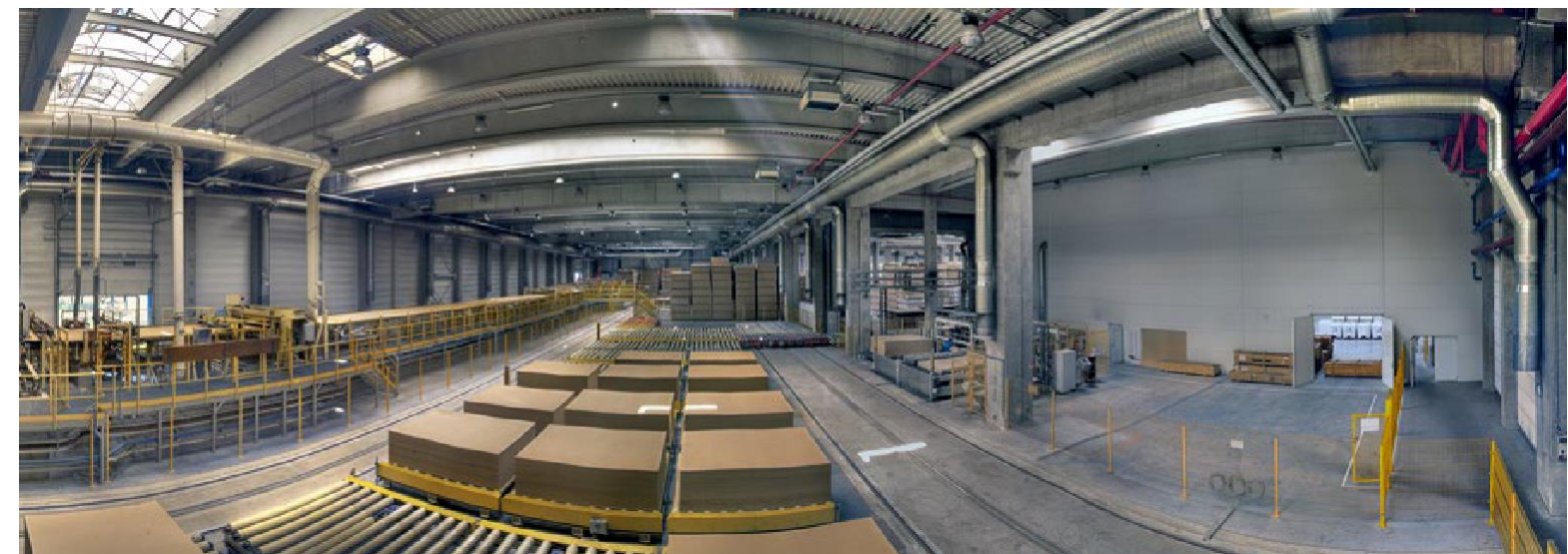
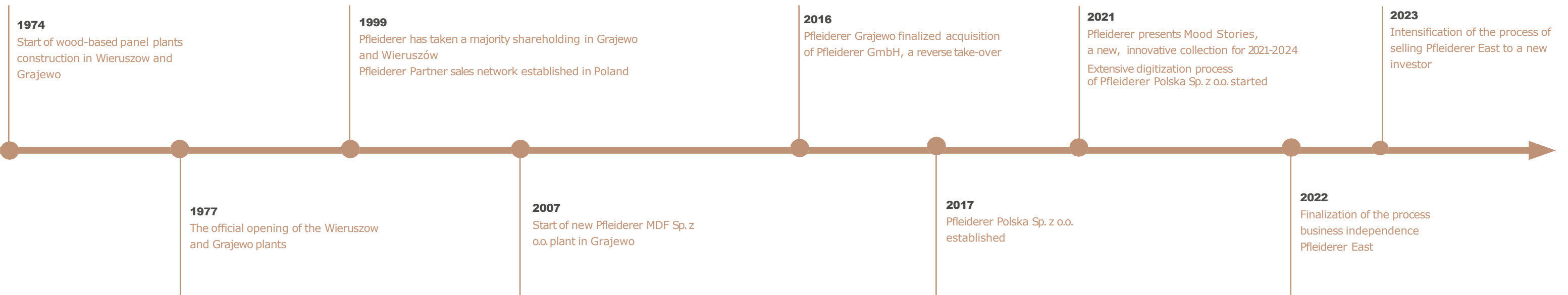
HISTORY - OVERVIEW OF KEY FACTS

Pfleiderer Polska has been the leader in the manufacture of wood-based boards on the Polish and international markets for more than 20 years. Pfleiderer Polska is renowned for the quality and innovative solutions. Our products are used in various industries, such as furniture and construction industries.

The history of Pfleiderer in Poland started in 1999, when a German company, Pfleiderer AG, purchased manufacturing plants in Grajewo and Wieruszów, which were established in 1970s. Since then, Pfleiderer Polska has invested in modern technologies, boosted its production and introduced innovative products to the market.



The history of Pfleiderer Poland is a story of success, built on a solid base of quality and innovation. Thanks to continuous investment and development of its products, the company has become one of the most important players on the market of wood-based panels, and its products enjoy the recognition and trust of customers at domestic and abroad.



WHAT WE OFFER

Materials for the furniture industry

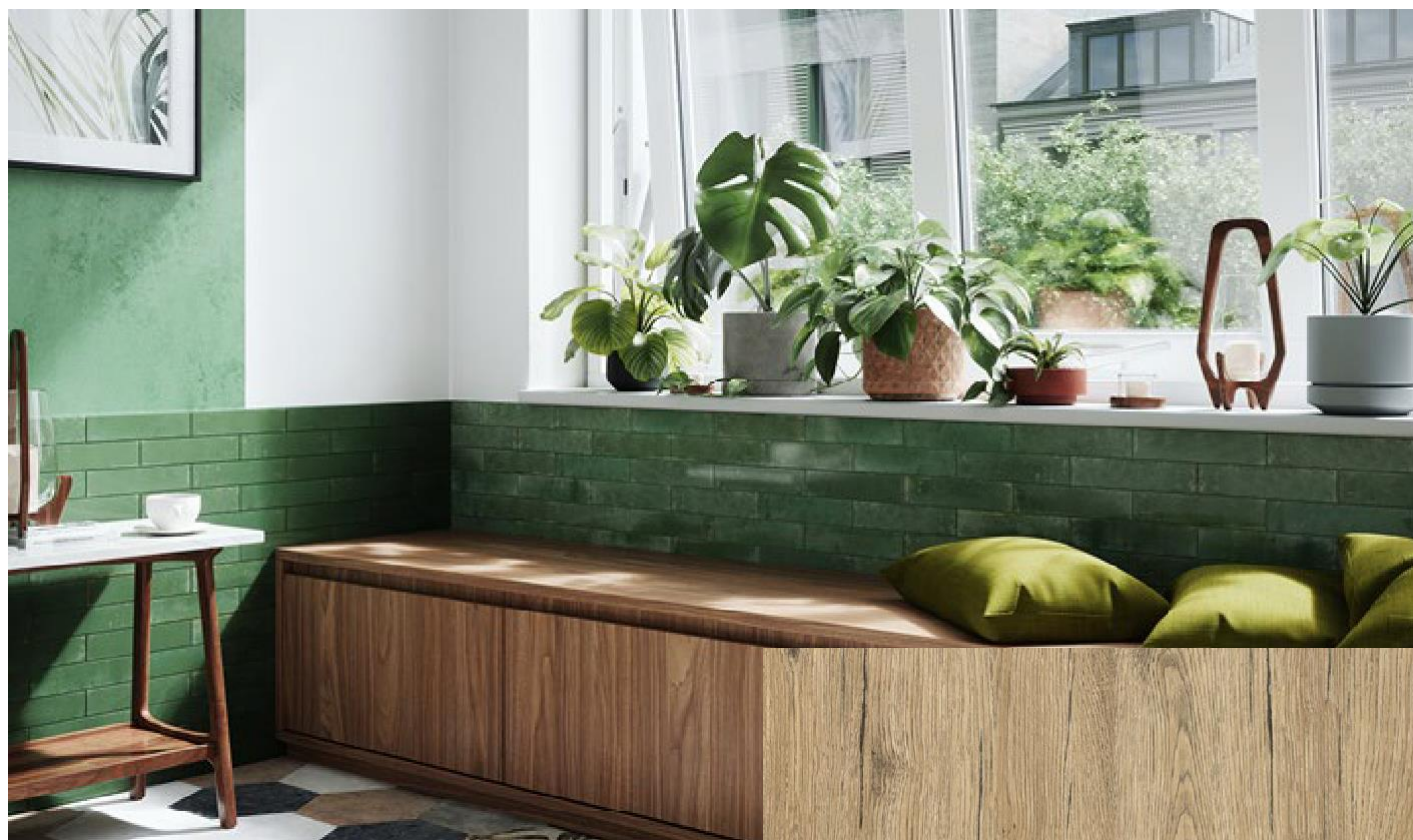
MOODSTORIES

Materials for the construction industry



ECO DESIGN

Our collection includes reproductions of unique types of wood. Digital technology allows us to recreate any wood pattern and give it a new visual quality. Our ecological furniture boards can successfully replace natural wood. Thanks to their aesthetic qualities and original surface structures, it enables every investor to create a space that is friendly and close to nature.



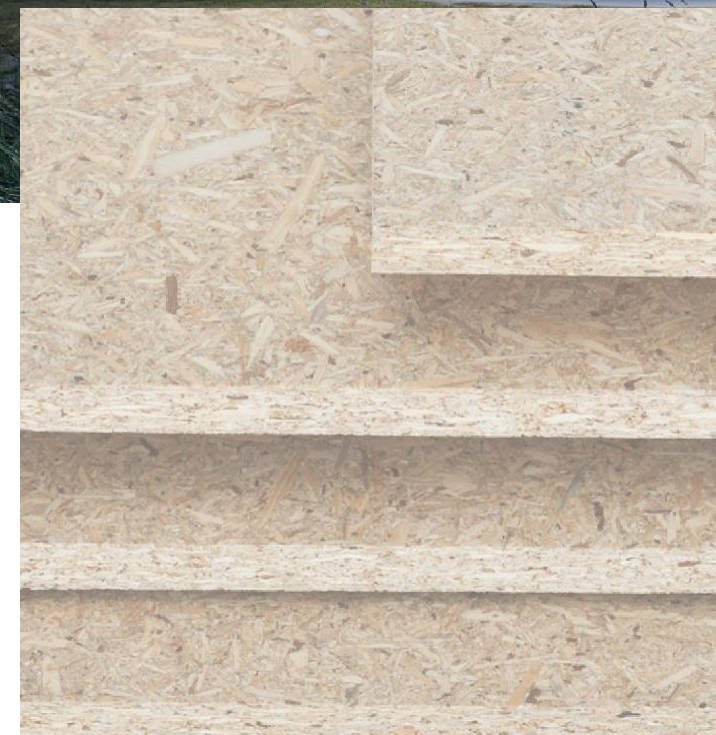
Awards and distinctions

Our Mood Stories collection has won numerous awards.



ECO BUILDING

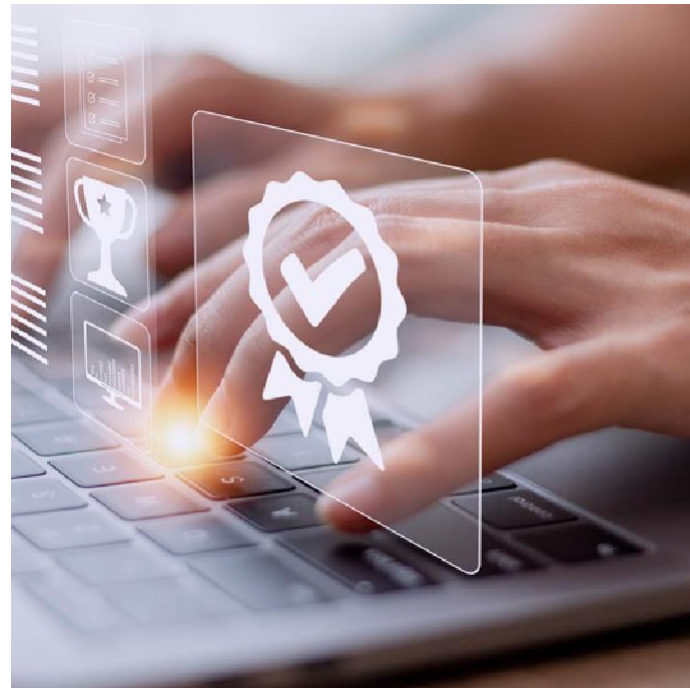
Our products are used in 'zero waste' compliant architectural designs. Wormhous is investor's dream come true for a house for the family of four, who want to live comfortably, close to the nature and in harmony with the nature. The design was prepared by a well-known architect, Piotr Kuczia, a proponent of the design that is environmentally friendly, energy efficient and ecological; Wormhous received the Excellent Communication Design award during German Design Award 2018 event. Among others, mfp® construction boards were used in the project.



Integrated Management System

All Pfleiderer companies located in Poland have an effectively implemented Integrated Management System based on certified international management systems: ISO 9001:2015 quality, ISO 14001:2015 environment, ISO 50001:2018 energy and ISO 45001:2018 safety.

In order to achieve the established company goals, processes have been managed in a sustainable manner. Quality assurance of our products and the satisfaction of our customers is achieved through the efficient use of energy and the protection of our employees and the surrounding environment.



Our goals and activities are subject to systematic reviews to continuously improve our processes in response to the dynamics of the changing market environment. Inspections of the effectiveness of system implementation are carried out during annual internal audits carried out by experienced internal auditors and during external audits carried out by an accredited unit - TUV Nord Polska sp. z o.o.

	CE LABEL*	ISO 9001	ISO 14001	ISO50001	ISO 45001
Wieruszów	*	*	*	*	*
Grajewo	*	*	*	*	*
MDF		*	*	*	*
PPL	*	*	*	*	*

*mfp construction board

Business Ethics

Code of Ethics

Responsible action is the foundation of our business. Each employee is obliged to follow the Pfleiderer Polska Business Conduct Guidelines.

We do not lose sight of what really matters: What is often referred to as "true north" – the fixed point on our compass of values. A clear understanding of values – aligned with adherence to basic ethical principles and legal regulations – ensures that we always act responsibly in all our activities, in business as well as towards our fellow human beings and our environment.

We respect law and order in all areas of our business. We know our responsibility and always observe all internal company guidelines and requirements and expect the same from our suppliers, customers and business partners.



In the area of compliance, regulations concerning, among other things, prevention of conflicts of interest, compliance with antitrust law, prevention of money laundering, prevention of corruption, anti-mobbing procedure, regulations for reporting violations and protection of whistleblowers, policy for giving and accepting gifts and making donations have been implemented.

The Pfleiderer Polska Group has a Compliance Committee, which is a decision-making and advisory body on compliance matters.

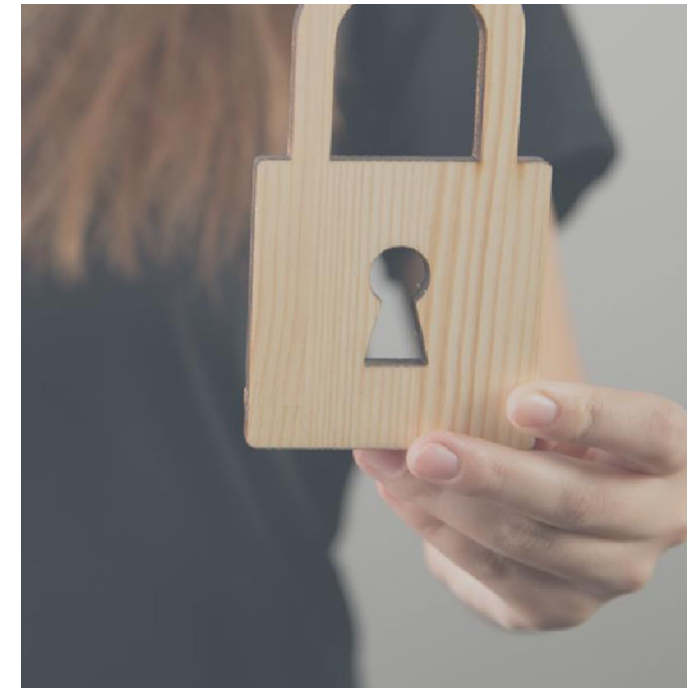
Whistleblowing System

In order to protect our company from threats and ensure compliance with the law, we have established the Internet Whistleblowing System to receive information about existing and potential violations as early as possible and be able to respond as quickly as possible.

Personal Data protection policy

The controllers of our customers', contractors' and collaborators' Personal Data are companies of the Pfleiderer Polska Group. Uniform internal regulations are applied within the Group to ensure compliance with data protection and privacy regulations, including the GDPR and all Polish laws and regulations on the protection of Personal Data.

For this purpose, procedures, among others, to cooperate with the supervisory authority, to realize the rights of data subjects and to report a breach of personal data protection have been implemented.



When processing personal data, the controller observes the following principles of personal data protection:

- The principle of compliance, reliability and transparency of data processing,
- The principle of limiting the purpose of data processing
- The principle of minimizing the amount of data processing
- The principle of correctness of data processing
- The principle of limiting the time of processing and the purposes for which the data may be stored
- The principle of ensuring that the data is processed in an integral and confidential manner
- The principle of accountability

Our Tax Strategy

Processes and procedures for managing and ensuring compliance with the tax obligations.

As regards fulfilment of tax obligations, our companies use support provided by Pfleiderer Polska Sp. z o.o., which acts as a centre of competence for Pfleiderer East, also with regard to accounting service

In their operations, our companies strive for the timely and correct fulfilment of the obligations related to tax settlements, including:

- correct calculation of taxes,
- timely submission of tax returns
- timely payment of taxes.

To achieve these objectives, we follow processes and procedures for managing the performance of obligations arising out of the tax law and ensuring their proper performance:

- CIT compliance process including:
 - the actions taken by the Company to carry out CIT settlements in a way that ensures technical and accounting correctness, along with the time limits for performance of such settlements,
 - competencies and responsibilities assigned to individual jobs,
- VAT compliance process including:
 - the actions taken by the Company to carry out VAT settlements in a way that ensures technical and accounting correctness, along with the time limits for performance of such settlements,
 - competencies and responsibilities assigned to individual jobs
- The process of verifying the contractors that use Polish NIP (tax identification number) in transactions with our companies, including:
 - verification of registration of contractors for VAT purposes on the basis of the so-called white list of VAT taxpayers maintained by the Head of the National Revenue Administration in accordance with Article 96b(1) of the VAT Act.
 - verification of the bank account of contractors on the so-called white list of VAT taxpayers maintained by the Head of the National Revenue Administration in accordance with Article 96b(1) of the VAT Act.
- The process that ensures correct and timely fulfilment of the obligation to provide information on tax schemes within the meaning of Chapter 11a of the Tax Ordinance,
- Document workflow process,
- Procurement procedures for the purchase of materials and services in the operating areas of the Company.

MEMBERSHIP IN ASSOCIATIONS

By being engaged in the work of regulatory and advisory bodies, we work on key sustainability issues in our industry. At the European level, we are a member of the European Panel Federation (EPF), and at the national level we are a member of the Association of Wood-based Panels Producers in Poland (SPPD) and Polish Chamber of Furniture Manufacturerers (OIGPM).

As a member of the Wooden Houses Association (SDD) and the Association of Energy-Saving Ready Houses (EDG) we research the potential of new wooden house industry to create a valuable, additional absorbent of carbon dioxide. We are looking for the new potential in the technologies that promote this type of construction in Poland.

EDG is an association of companies which, by watching the development of wooden construction in the world, have extensively promoted this technology in Poland. As a member of the association, we actively support development of wooden construction industry, energy efficient construction and the so-called passive buildings. Since we appreciate advantages of prefabricated products, we have bet on building the awareness and attention to quality and workmanship based on standardized technical guidelines based on applicable laws.

This is in line with the Green Deal European programme intended to reduce emissions from buildings over their life cycle and ensure that they are more sustainable, based on principles of circularity applied to renovation of buildings in order to reduce emissions of greenhouse gases related to construction materials.



Sustainable Development Goals

The Sustainable Development Goals (SDGs), established by the United Nations (UN) in 2015, are a global roadmap for people, planet and prosperity by 2030. They consist of 17 goals that cover a wide range of social, economic and environmental issues, with the aim of eradicating poverty, protecting the environment and promoting peace and justice around the world. These ambitious goals bring many challenges, but also enormous opportunities. Through international cooperation, technological innovation and the involvement of local communities, the SDGs can contribute to creating a more sustainable, just and secure future for all people. The Sustainable Development Goals (SDGs) were launched by the United Nations in 2015 with ambitious goals to solve the most important global problems - from ending poverty to combating climate change.



03 OBJECTIVES

RAW MATERIAL AND PRODUCT:

OBJECTIVE 1:

Increase in the share of recycled timber from 30% by 2025

OBJECTIVE 2:

Verification of 100% compliance of wood used for production with the minimum requirements of FSC Controlled Wood in accordance with FSC-STD-40-005

OBJECTIVE 3:

100% production and sales of low-emission wood-based products from May 30th 2026

PEOPLE:

OBJECTIVE 1:

Effective human capital management by creating conditions for the development and improvement of competencies by our current employees and creating conditions for attracting new people to the Pfleiderer team

OBJECTIVE 2:

Reduction in the number of accidents affecting employees and subcontractors and achievement of the LTA of 0.4 by 2025

ENVIRONMENT:

OBJECTIVE 1:

Reduction of CO₂ emissions by 2025 (Scope 1) by 20% compared to 2021

OBJECTIVE 2:

Reduction of thermal energy consumption by 20% in the Wieruszów manufacturing plant

OBJECTIVE 3:

Reduce total particulate matter emissions by 50% below 2020 emissions by 2025

OBJECTIVE 4:

Reduction of total water consumption by 30% by 2025 compared to 2020 consumption as the base period

OBJECTIVE 5:

Increased water retention at plants by retaining rainwater in reservoirs

OBJECTIVE 6:

Industrial water discharge into the environment and sewage system to be eliminated by 2025

OBJECTIVE 7:

Reduction of the amount of municipal sewage by 20% by 2025 compared to 2020

OBJECTIVE 8

By 2025, all generated waste to be recovered, which includes recycling

OBJECTIVE 9:

Achieve 200,000 tons of recycled wood waste by 2025

04 MATERIALS



CIRCULAR ECONOMY

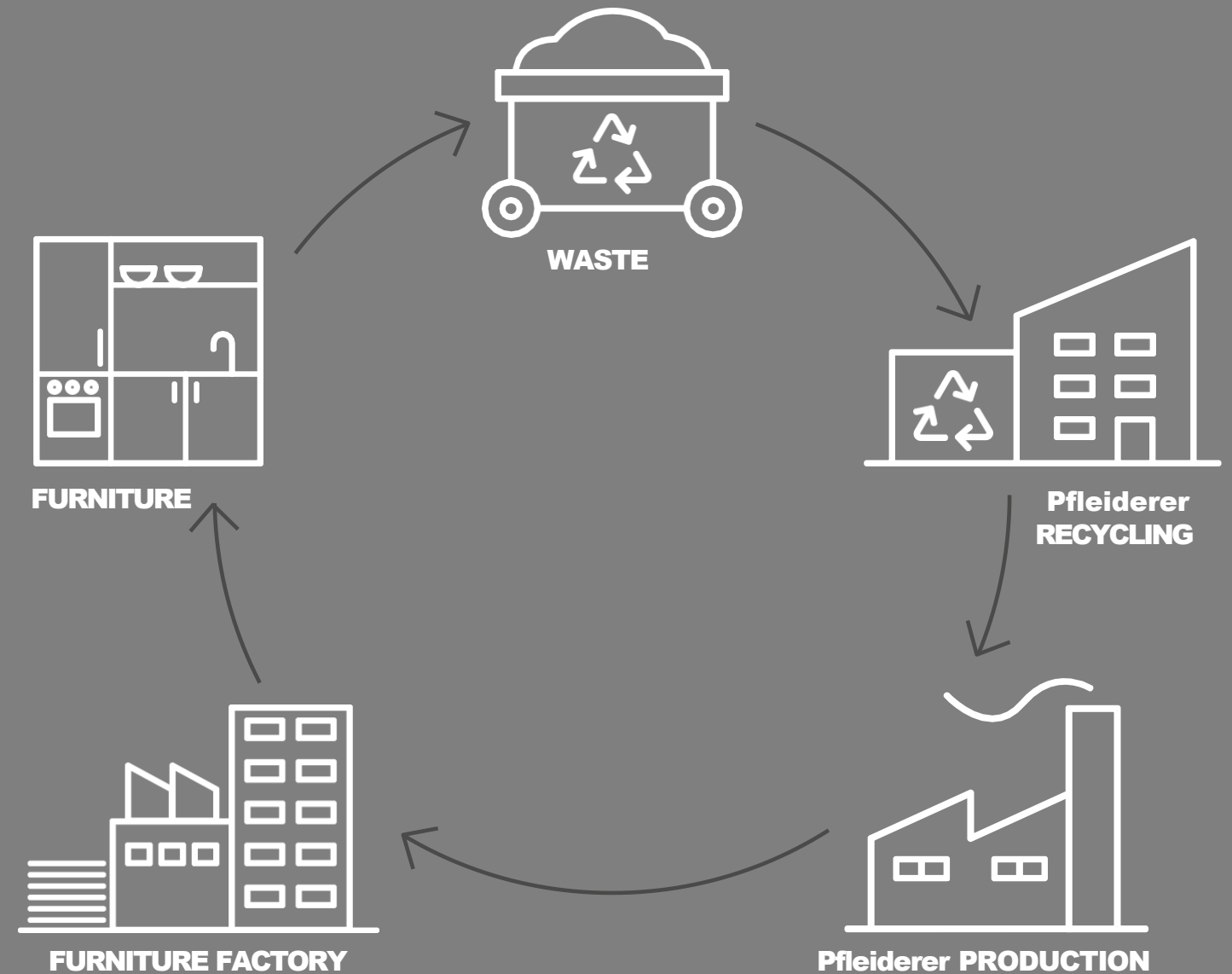
The technology of production of wood-based panels fits perfectly into the idea of the circular economy.

Wood raw material is a material with a very high potential for sustainable development. It is a renewable resource that stores large amounts of CO2. By recycling this material, we give it a "second life".

In addition, we use waste raw materials from sawmills in the form of cuttings and shavings. Thanks to this, the material does not remain.

transformed into an energy raw material that can be burned.

By acting in this way, we not only reduce the amount of waste, but also use resources in a more efficient and environmentally friendly way. The production process of wood-based boards based on recycling and re-use of raw materials allows for reducing the negative impact on the natural environment and contributes to saving resources. As a result, we support efforts to build a more sustainable future, where environmental protection goes hand in hand with an innovative approach to the production and use of raw materials.



We have the status of a recycler, which guarantees proper waste management and the ability to confirm all documents required by law.

RAW WOOD

OBJECTIVE 1:

Increase in the share of recycled timber from 30% by 2025

Our results and target	2018	2019	2020	2021	2022	2023	Target 2025
Recycled wood (in kt)	151	142	132	159	146	185	
Total wood (in kt)	1071	972	924	997	931	790	
Percentage increase	14%	15%	15%	16%	16%	23%	30%

What raw material do we recycle?

Our manufacturing plants in Wieruszów and Grajewo purchase the recycled raw material via wood recycling centres.



MFC and particle board waste



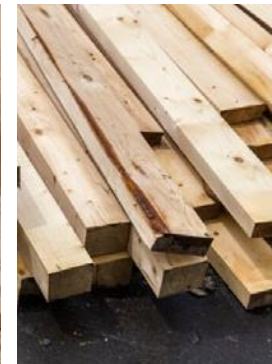
Plywood waste



Sawdust



Construction board waste



Construction wood waste



Used pallets



MFC and particle board furniture

OBJECTIVE 2:

Verification of 100% compliance of wood used for production with the minimum requirements of FSC Controlled Wood in accordance with FSC-STD-40-005

We co-operate with more than 600 active suppliers on a regular basis, from pallet manufacturers to lumber mills, trade enterprises, logistic companies, recyclers, etc. Every year, we process around one million ton of wood raw material, therefore its origin is of particular importance to us.

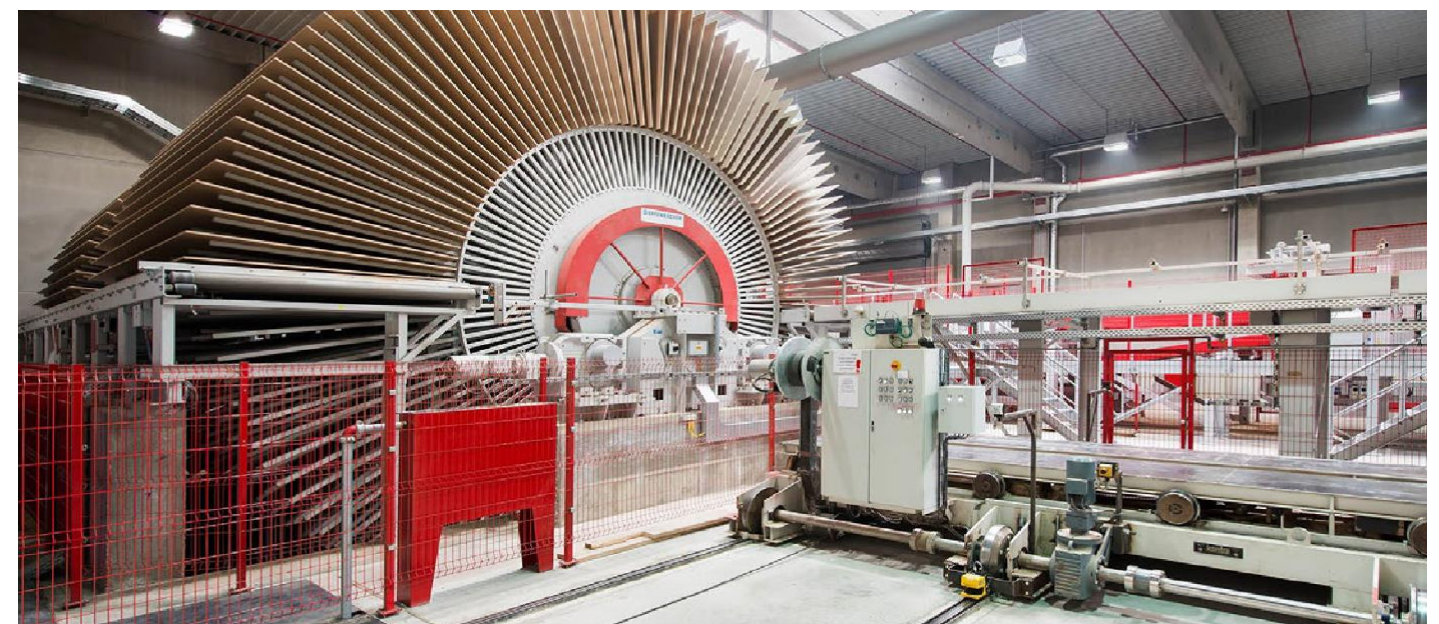
We make every effort to ensure that the raw materials we process come from properly managed and certified forest areas and controlled sources. We want to inspire our suppliers to make an effort to obtain FSC and PEFC certification, which is an important step towards promoting sustainable forest management, protecting the natural environment, as well as improving the working conditions of employees in the supply chain. Chain of Custody certification provides a mechanism to validate a sustainable approach from acquisition through to the end user.

RAW MATERIAL AND PRODUCT

OBJECTIVE 3:

Production and sales 100% low-emission wood-based products from May 30th 2026

Our results and targets	2019	2020	2021	2022	2023	Target 2027
Annual target	70%	75%	80%	85%	86%	100%
% share of production and sales of low-emission products	76%	85%	86%	86%	87%	

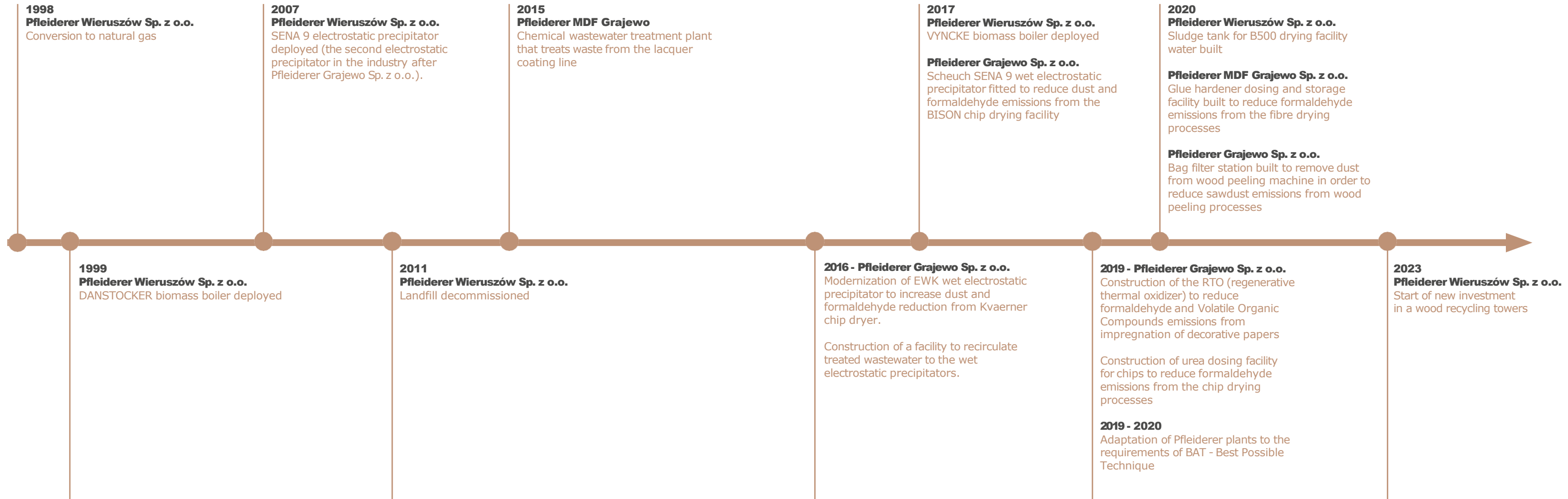


05 ENVIRONMENT

The care for the natural resources of our planet and environmental sensitivity are an important aspect of our activities

ENVIRONMENTAL PROTECTION - MILESTONES

Over the recent dozen or so years, we have successively implemented investments in our companies that have effectively reduced the burden placed by our manufacturing operations on the natural environment.



KEY ENVIRONMENTAL INVESTMENTS

Pfleiderer has promoted environmental protection and implementation of ecological designs for years. The purpose of our investments is to minimize the environmental impact of our operations and at the same time contribute to improving the quality of life of the people.

2015 i 2020

Construction of the wastewater treatment plant to treat wastewater from the hdf lacquer coating line and mechanical rainwater and thaw water treatment plant. (4A i 4B)

Investment: Wieruszów, Grajewo
Investment cost: PLN 5.2 million

2018

Building a wet electrofilter for the Bison dryer. (5)

Investment: Grajewo
Investment cost: PLN 38 million

from 2019

Introduction of the programme of water consumption reduction and recirculation of production water. (6)

Investment: Wieruszów, Grajewo
Investment cost: PLN 500,000



(1)



(2)



(3)



(4A)



(4B)

2018/2019

Construction of the RTO to reduce formaldehyde and Volatile Organic Compounds emissions from impregnation of decorative papers. (1)

Investment: Wieruszów, Grajewo
Investment cost: PLN 10 million

2019

Construction of urea dosing facility for chips to reduce formaldehyde emissions from the chip drying processes.(2)

Investment: Wieruszów, Grajewo
Investment cost: PLN 5 million

2019/2020

Bag filter system built to remove dust from wood peeling machines and mills to reduce sawdust emissions from chip peeling processes.(3)

Investment: Wieruszów, Grajewo
Investment cost: PLN 3 million

2016 i 2020

Construction of a system to recirculate wastewater to the electrostatic precipitators.

Investment: Wieruszów, Grajewo
Investment cost: PLN 1.5 million



(5)



(6)

GREENHOUSE GAS EMISSIONS

OBJECTIVE 1:

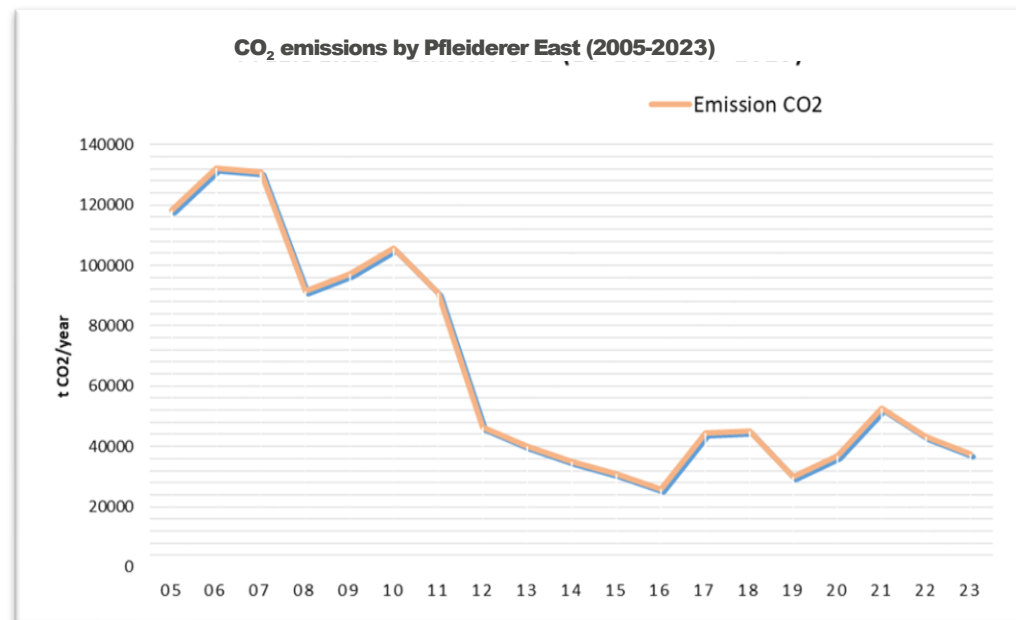
Reduction of CO2 emissions by 2025 (Scope 1) by 20% compared to 2021.

2023 was another year of reducing direct CO2 emissions in our plants.

In 2023, our companies reduced CO2 emissions by a total of 13% compared to 2022. This strategy of increasing the share of biomass as a 'zero-emission' fuel at the expense of fossil fuels (gas, coal, oil) is yielding positive results. Thanks to it, it was possible to increase the share of renewable fuels in thermal energy production once again from 84.8% to 85.2% in 2023. The combustion of fine coal in the boiler room in Wieruszów and in the HDF board production plant was minimized to the necessary minimum. Also noteworthy is the record low oil consumption at our Grajewo plant.

In the coming years, we will continue the process of eliminating fossil fuels, using, among other things, wood pellets as a substitute for fine coal in the plant boiler room in Wieruszów. We are an important link in the circular management of natural resources. After all, we produce recyclable wood products that store carbon dioxide. The sustainable cascading use of wood resources and investments in new technologies allow us to use less and less fossil fuels every year.

Pfleiderer is committed to the Paris Agreement to limit global warming to 1.5°C. We have set ourselves ambitious short- and medium-term emission reduction targets. Achieving these will enable Pfleiderer to successfully transform itself into a net zero carbon company.

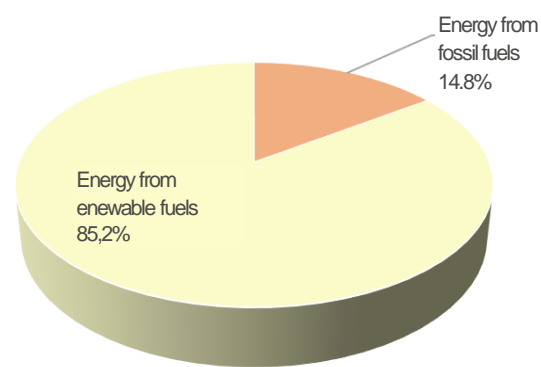


ENERGY CONSUMPTION

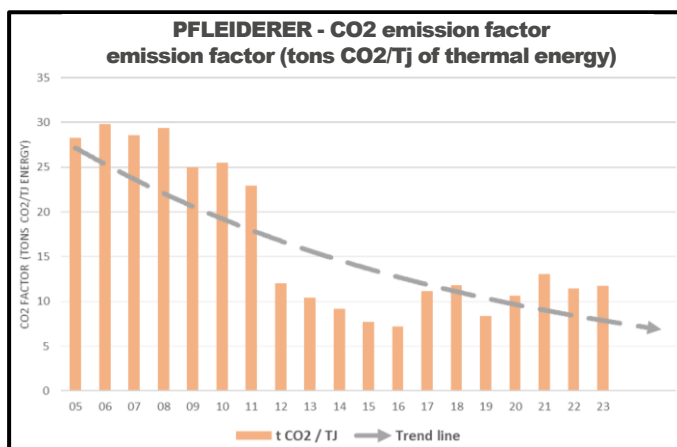
OBJECTIVE 2:
Reduction of thermal energy consumption by 20% in the Wieruszów manufacturing plant

In 2023, an average of 85% of our thermal energy comes from biomass combustion and this is an increase of another percentage on the previous year. In 2023, there was a 10% decrease in electricity consumption in all Polish companies compared to 2022.

Sources of thermal energy in Pfleiderer plants in 2023



- Biomass energy (ZERO CO₂) - TJ/year
- Coal, oil and gas energy - TJ/year



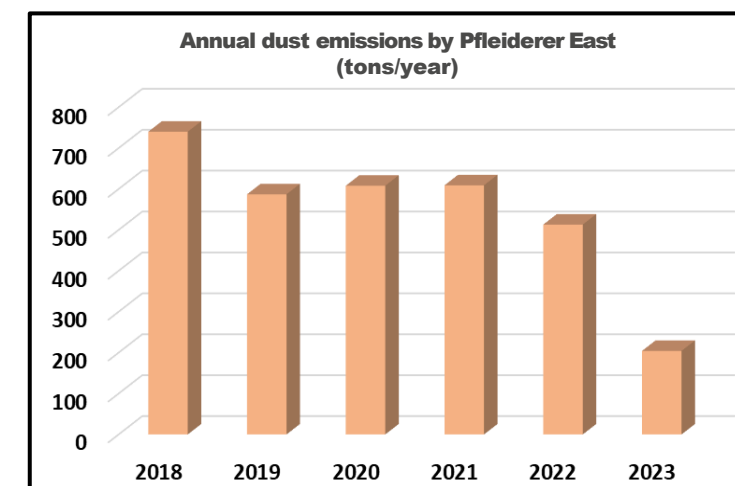
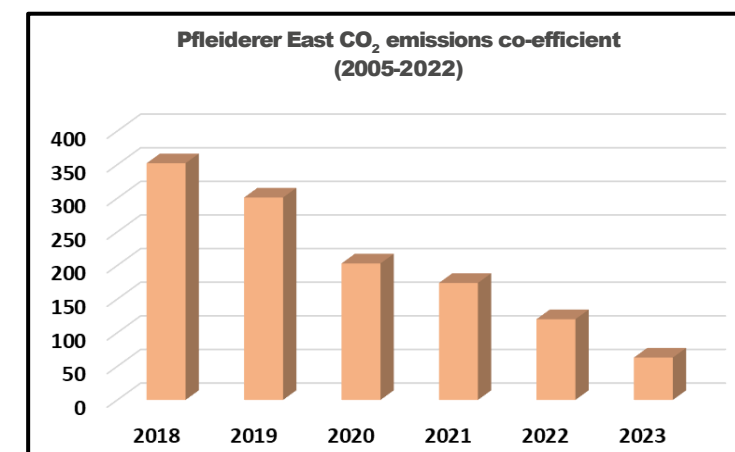
CO₂ emission factor per unit of heat production Pfleiderer East (2005-2023)

EMISSIONS MANAGEMENT

OBJECTIVE 3:
Reduce total particulate matter emissions by 50% below 2020 emissions by 2025.



2023 was another year of significant reductions in gas and dust emissions into the air from Pfleiderer plants. Thanks to the highly efficient dust emission reduction equipment used, a record low total dust emission of 63 tonnes/year in total was achieved for all plants. At the same time, the lowest ever annual emissions of NO_x, i.e. 204 tonnes/year.

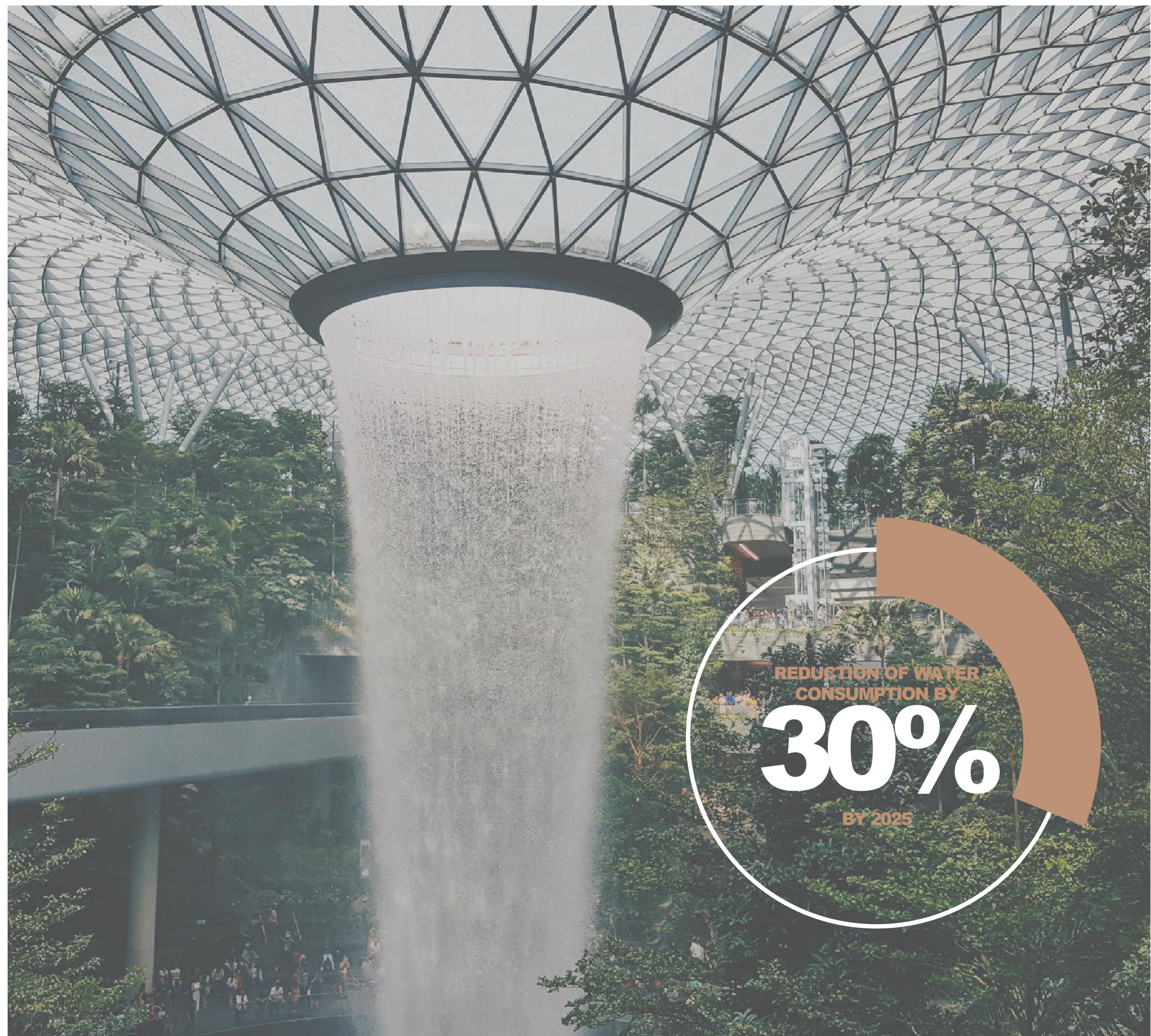
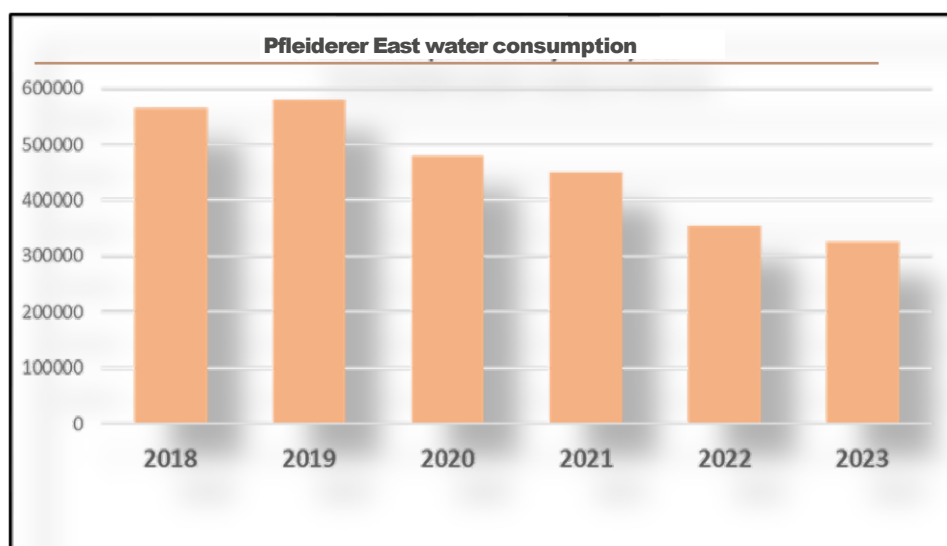


NATURAL RESOURCES: WATER CONSUMPTION

OBJECTIVE 4:
Reduction of total water consumption by 30% by 2025 compared to 2020 consumption as the base period.

The decrease in total water consumption in Pfeiderer East in 2022/2023 was 8%. Such a large decrease was possible thanks to the increase in the amount of recycled sewage and its reuse. Currently, 100% of industrial water is recycled in all production plants. Moreover, we also use rainwater in the flue gas purification processes in wet electrostatic precipitators.

Since 2019, we have been taking intensive steps to gradually reduce water consumption in our plants. To this end, we have carried out many activities that allowed us to completely eliminate the discharge of industrial sewage into the environment and reuse 100% of industrial water for production purposes. The modernization activities undertaken include: renovation of filters removing manganese and iron, modernization of cooling water circulation systems, sealing of boiler water filters, installation of closed water circulation systems with drinking water filters, return of water from washing electrostatic precipitators, return, return of water from sewage treatment.



REDUCTION OF WATER CONSUMPTION BY

30%

BY 2025

WATER RESOURCES MANAGEMENT

OBJECTIVE 5:

Increased water retention at plants by retaining rainwater in reservoirs



We achieved the above goal by building a new rainwater tank in Wieruszów and modernizing the water drainage system to the biological pond in Grajewo. In 2023, we reduced the total groundwater consumption by approximately 32% compared to 2020.

WASTE MANAGEMENT

OBJECTIVE 6:

Industrial water discharge into the environment and sewage system to be eliminated by 2025

OBJECTIVE 7:

Reduction of the amount of municipal sewage by 20% by 2025 compared to 2020

POST-PRODUCTION WASTE

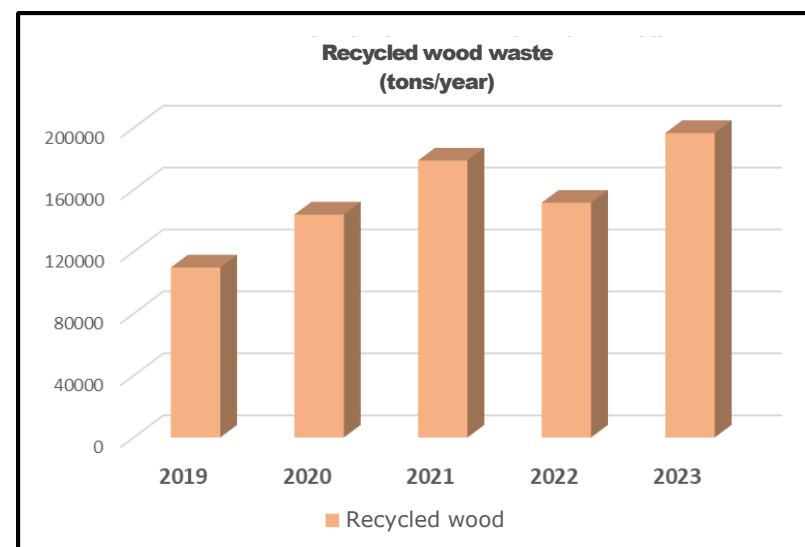
OBJECTIVE 8:

By 2025, all generated waste to be recovered, which includes recycling

OBJECTIVE 9:

Achieve 200,000 tons of recycled wood waste by 2025

In 2023, over 80% of production waste generated was sent for recovery and recycling. 196 thousand tons of wood waste were recycled (according to BDO).



Our environmental policy is one of the main pillars of the integrated management system and is implemented through:

1.

Ensuring compliance of our operations with legal requirements



2.

Systematic review of environmental goals and tasks

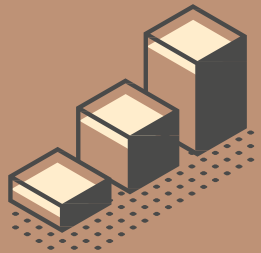


3.

Prevention of environmental pollution

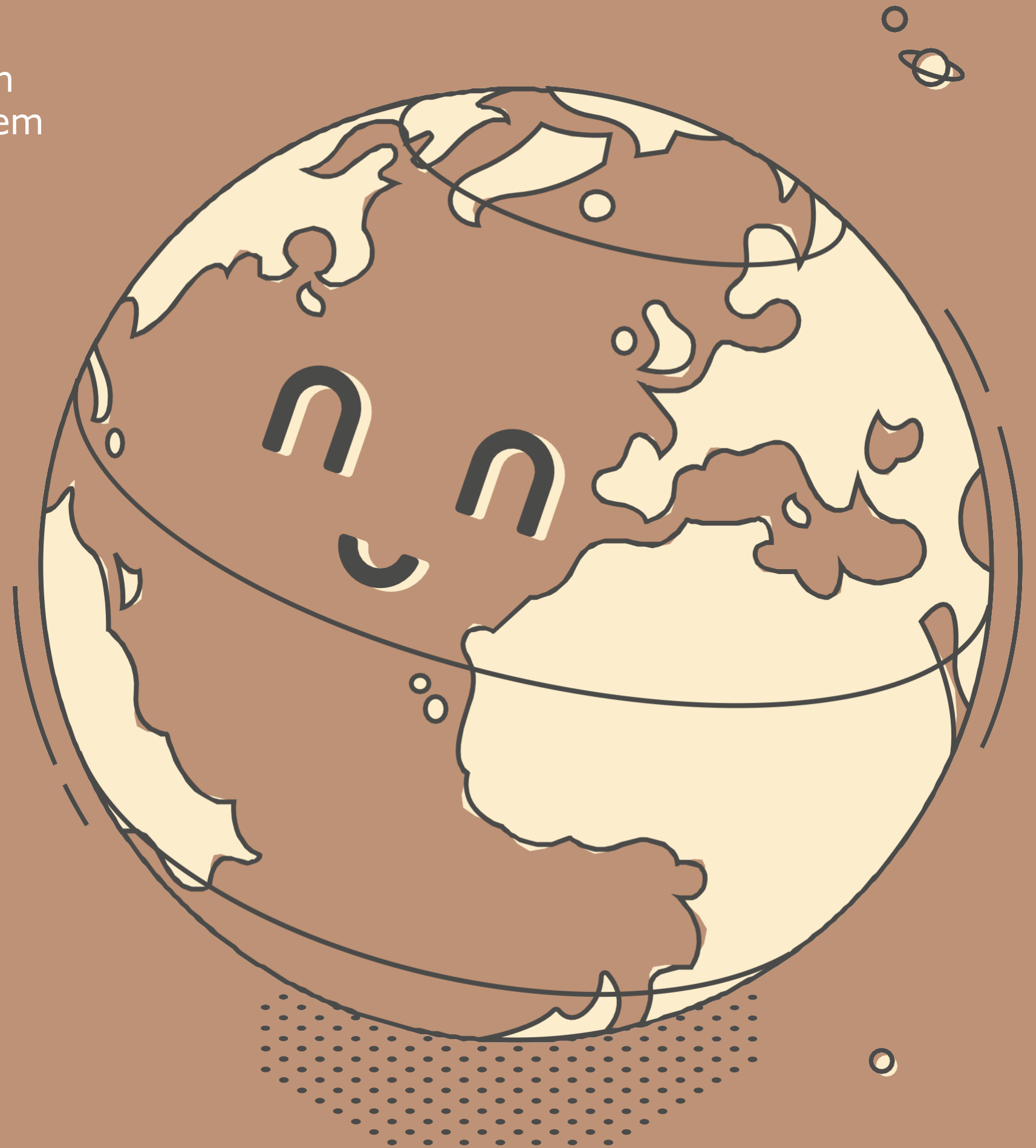
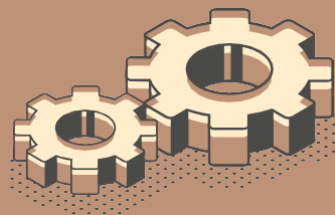
4.

Regular improvement of environmental impact



5.

Use of the best practices technology



06 PEOPLE



EMPLOYMENT

OBJECTIVE 1: Effective human capital management by creating conditions for the development and improvement of competencies by our current employees and creating conditions for attracting new people to the Pfleiderer team

Our approach to human resources is based on respect for diversity, maintaining high standards of work and efficiency. Based on these foundations, we intend to provide every employee with access to opportunities to develop their careers and competencies and improve their qualifications. We care about good working conditions and a sense of safety, which is the foundation for building commitment. We want to create attractive conditions for the future candidates so that we can be the employer of the first choice.

WORKING ATMOSPHERE AND SUPPORT IN DEVELOPMENT

A good working atmosphere has an extremely important impact on the wellbeing of employees. This aspect is very important to us and is supported by various mechanisms for involvement in daily work through mentoring or coaching, openness to initiatives, teamwork, development opportunities in interdisciplinary projects, and participation in extra-work activities often linked to support for social and charitable initiatives.

We promote a 360 feedback culture, in line with the 70- 20-10 principle of development through experience. We share knowledge and experience with pupils and students taking part in the work and student placements we organise.

We create an inclusive working environment - free from discrimination - and operate in line with our Equality, Diversity and Fairness Policy. Employees stay with us because of how we work and who we are.



We are committed to promoting equality, diversity and fairness among our employees and eliminating all forms of discrimination.

Our goal is for our employees to genuinely respect all social groups and respect our business partners and for each employee to feel respected and appreciated.

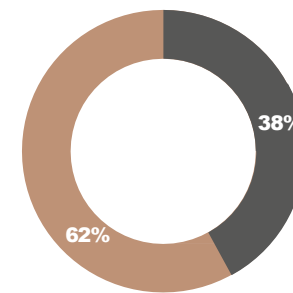
An additional objective of this Corporate Policy is to prevent any types of discrimination. In particular, discrimination based on origin, sexual orientation, philosophical beliefs, religion, general beliefs, disability, impairment or age is completely prohibited.

The principle of diversity can be considered in terms of gender, age, employment of people with disabilities or employees of other nationalities.

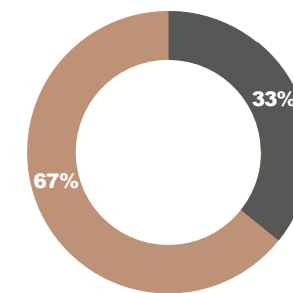
We are committed to:

- encouraging respect for the principles of equality, diversity and fairness in the workplace,
- creating an atmosphere and organizational culture that ensures respect for diversity,
- observing the principles of equal treatment and diversity management in the workplace, with particular emphasis on the areas of recruitment, access to training and promotions, remuneration, reconciliation of professional duties with private and family life, protection against mobbing and protection against unjustified dismissal,
- introducing anti-discrimination and anti-mobbing monitoring, as well as providing regular education on prevention of discrimination and mobbing in order to raise awareness and knowledge on this subject,
- engaging in a dialogue with employees on the implementation of this Policy and informing external business partners about the application of the diversity management model and the results of such an approach,
- creating a work environment that is free from bullying, harassment, victimization and discrimination, that promotes dignity and respect for everyone, where the individual differences and contribution of all employees is recognized and appreciated.

DIVERSITY ON THE MANAGEMENT BOARDS OF COMPANIES



DIVERSITY IN TOP MANAGEMENT



● Men ● Women

EMPLOYMENT STRUCTURE IN POLISH PLANTS BY GENDER

Gender	2018	2019	2020	2021	2022	2023
Men	1099	1062	1011	1014	978	932
Women	267	251	217	216	209	193
Total	1366	1313	1228	1230	1187	1125

EMPLOYMENT STRUCTURE IN POLISH PLANTS BY AGE

Age	2018	2019	2020	2021	2022	2023
<30 years of age	207	175	132	139	125	92
30 to 50 years of age	722	703	657	659	652	608
>50 years of ag	437	435	439	432	410	425
Total	1366	1313	1228	1230	1187	1125
Disabled staff	18	16	14	16	13	14
Nationalities	2	2	2	2	2	1

EMPLOYMENT ROTATION

In 2023, the average employment turnover rate in Poland was 21%. In our company, this rate was 8,28% of which 1,67% accounted for voluntary leaves.

**FREEDOM OF ASSOCIATION**

We have 5 trade unions. Trade unions actively participate in the work on the shaping of the remuneration policy and participate in creating safe working conditions. In 2023, the association rate in Pfeiderer was 53% of all the employees.

SKILL IMPROVEMENT

We offer numerous career opportunities to our active and qualified employees. This process is supported by training courses that improve language skills, expert competencies (in the field of IT, negotiations, labour law, financial law, etc.), leadership competences, and project management. Our employees can also benefit from subsidies for post-graduate studies or MBA. The number of training hours per employee in our companies in 2023: Pfeiderer Polska – 16.9 h, Grajewo – 7.3 h, MDF Grajewo – 9.7 h, Wieruszów – 11.1 h

WORK SAFETY



OBJECTIVE 2:

Reduction in the number of accidents affecting employees and subcontractors and achievement of the LTA of 0.4 by 2025.



OUR RESULTS AND OBJECTIVES	2019	2020	2022	2023	OBJECTIVE 2025
Lost Time Accident (LTA)* Frequency Rate.	0,7	0,89	0,50	0,42	0,4

*Accidents per 200,000 hours of work.

In our company, occupational safety is crucial. Our long-term objective is to eliminate accidents at work. With the organizational, educational and preventive measures we implemented several years ago, we have seen favourable changes in this aspect each year. In 2023, our LTA ratio decreased by another 0.08 compared to 2022.

Safety should be ensured at all times. Our safety culture is supported by preventive risk assessment and occupational health and safety management systems that are ISO45001 certified at all plants. The specific nature of the manufacturing process requires that we act in accordance with the failure prevention programme. The purpose of the programme is to eliminate situations that endanger health and life of our employees and the property at the plants. Our safety policy complies with Article 261a of the Act on the Environmental Protection Law.

OHS TRAINING

All newly hired employees undergo a comprehensive training in occupational safety. Occupational health and safety training is organized in the form of physical courses as well as online. With online training, the employee can access the OHS knowledge base resources at any time. We also require and enforce safe conduct from our contractors in our plants and offices.

OUR NEAR-MISS SYSTEM

Our near-miss system allows us to identify potentially hazardous situations. The solution allows us to prevent incidents that could expose our employees and contractors at risk of losing health or life in the future. In the event of an accident at work, the accident is thoroughly analysed to introduce changes that would eliminate the causes of similar events in the future.

HEARING PROTECTION PROGRAMME

To protect the health of our employees, at the turn of 2021/2022 we implemented hearing protection programme at our plants. As part of the programme, hearing tests were administered, consultations with a hearing aid technician were carried out, and employees were issued with individual hearing protectors. At the same time, we also implemented other technical measures intended to reduce noise (noise-suppressing covers, insulation of sources of noise or control room noise suppression/insulation).

A series of measures intended to improve working conditions were implemented by reducing exposure to formaldehyde (which is carcinogenic) - in this field, technical and organizational measures have been implemented and employee and supervisory staff awareness was built. We have been constantly working on improvement and our activities have been rolled into new areas. This is actually the priority for 2024.

VEHICULAR SAFETY AT MANUFACTURING SITES

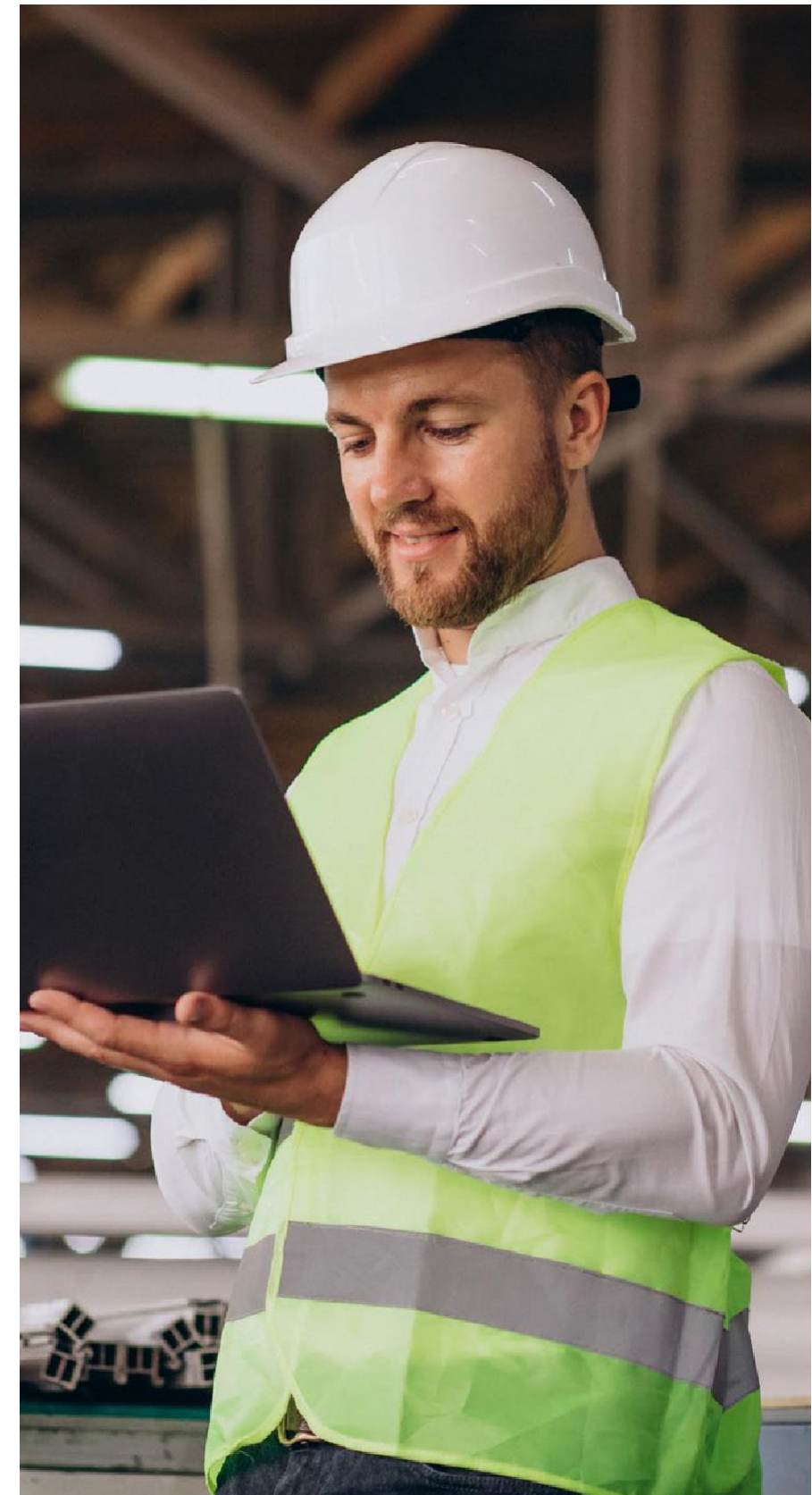
We are always looking for solutions that minimize the hazards posed by vehicles used for manufacturing purposes, such as trucks, loaders or motorized carts. In addition to health and safety training and appropriate traffic signs on our sites, our equipment is constantly equipped with additional systems that prevent collisions and increase visibility of our vehicles.

RULES OF SAFETY DURING BUSINESS TRAVEL

Employees who use a car as one of the working tools and employees who use company cars during business trips are regularly trained in safe driving. We invest not only in skills but also motivate people to drive safely. Company car users take part in a competition that rewards safe and economical use of company cars.

RULES OF SAFETY FOR SUPPLIERS

We promote rules of safety among our contractors. Detailed information on observing the rules of safety is compiled in the form of a Safety Book that is available on our website.



Safety is a key aspect of our work.

ACTIVITIES FOR THE COMMUNITY - CSR

We support various types of social activities on a local and nationwide scale. In 2023 a total of over PLN 127,000 was spent on such support.

Our employees have also initiated initiatives to raise funds for nationwide campaigns such as the Great Orchestra of Christmas Charity or the Noble Gift.

Some of our activities



Employees taking part in corporate run to support of Everest Foundation children
 Since 2021 our employees have taken part on the Corporate Run organized by the Everest Foundation. Proceeds from the run are donated to disabled children and their families who are cared for by the Foundation.

In 2023 almost 11 thousand participants, including our 40 employees, took part in the run.
 We were collecting donations for those in need. Results, statistics and achievements are not that important. What really matters, is the commitment, social conscience, and willingness to help the others.



Support for the charges of the Football Association for Disabled People "Amp Futbol" by participation in the ALL4Kids Charity Race 2023
 In the event organized by ALL4Kids Foundation for the third time, we collected funds through various sports activities for the Football Academy for children with disabilities – Futbolowa Banda campaign. Together with other companies, we managed to cover 218.734 km. 17 Pfeiderer teams rode, ran or swam a total of 19.997 km, which, together with entry fee, resulted in nearly PLN 23.000,00 donation to the Assotiation.

In December 2023, we supported the ALL4Kids Christmas Gifts campaign with the amount of PLN 4.000,00. Thanks to this, over 800 children under care of the chosen for this campaign three Foundations received their dream christmas gifts



Help for Ukraine
 In 2022 we opened our hearts to refugees coming to our small local communities from the war-torn Ukraine. In 2023, thanks to collected funds, we spent PLN 11.300,76 on providing basic equipment and apartment rental for a three-person family and one time financial support for an employee hosting Refugees.
 By donating PLN 4.000,00 to the Society of Friends of the 9th Mounted Rifle Regiment, we supported the organization of summer holidays for children from Ukraine and activities aimed at integrating Refugees with the local community in Grajewo.

IN 2023 we have also supported targeted campaigns for local schools, hospitals, fire brigades and nursing schools. Our employees activated each other to provide support for the Great Orchestra of Christmas Charity, Noble Gift, etc.



2023

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