

The image features a vast field of purple lavender flowers in the foreground, extending towards a horizon under a warm, golden sunset sky. The text is overlaid on the lower half of the image.

SURTECO

**Sustainable products.
Sustainable business.**

Sustainability report 2022

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|1| FOREWORD

Dear Readers,

In today's modern world, sustainability has become a key concern of many companies. As a result of the burgeoning knowledge about the impacts of our actions on the environment and on society as a whole, sustainability has been transformed into a key factor for the success of companies. The improvement of sustainability indicators is therefore not simply a high priority for moral reasons but also from a business perspective.

Our company has defined the goal of taking responsibility for the environment and society as a whole, and making sustainability an integral element of our business strategy. This is why we have formulated a new vision for sustainability: "Sustainable products. Sustainable business." We believe that it is possible to combine economic success and sustainability, and achieve success over the long term.

In addition to our internal efforts to promote sustainability, in 2022 we signed the commitment to support the ten principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption, and reaffirmed our commitment to them. This year, we also joined the Science Based Target Initiative, thereby reinforcing our commitment to the reduction of greenhouse gas emissions and making transparent our target of becoming a net-zero company.

Our intention with this sustainability report is to give you an insight into our efforts to promote sustainability in all areas of our company. We will highlight the details of our goals and measures directed towards improving our sustainability indicators. Our focus is on the areas of Environmental, Social and Economic.

The goal we aspire to is not simply to minimize the impacts of our own actions on the environment and society but also to raise the awareness of our customers and suppliers for the topic of sustainability. We are confident that we can join forces in order to succeed in bringing about a sustainable transformation and turn our world into a better place.

This sustainability report provides us with an important tool for documenting our progress and reviewing our goals. We are aware that sustainability is an ongoing process that needs to be continuously improved. We would like to drive this process forward together with our employees, customers and suppliers, and make a proactive contribution to environmental protection and to society itself.

We hope that this report will contribute to raising awareness for sustainability and provide ideas for further measures. We will be delighted to receive your feedback and we very much hope that we can join together and make a positive contribution to sustainability.

Wolfgang Moyses
Chairman of the Management Board

Andreas Pötz
Member of the Management Board

|2| SURTECO AT A GLANCE

General principles

SURTECO GROUP SE (Societas Europaea) is a company listed on the stock exchange under European law and is based in Bittenwiesen, Germany. The company is the ultimate parent company of the Group and is registered in the Company Register of the Local Augsburg Court (Amtsgericht Augsburg) under HRB 23000. The purpose of the companies consolidated in the SURTECO Group is the development, production and sale of coated surface materials based on paper and plastic. This sustainability report is a consolidated report about the SURTECO Group. The report has not been audited and it has not been subject to an audit review by an auditor. No single framework was used for purposes of drawing up the report. The group of consolidated companies for the sustainability report corresponds to the companies consolidated in the consolidated financial statements of the company. There are no significant changes to reporting. The reporting period is the business and calendar year 2022. The baseline year for achieving the goals related to sustainability is the business year 2019. The financial information has been given in the reporting currency euros (€). The Supervisory Board and the Management Board approved this report for publication on 13 April 2023.

The preparation of the sustainability report to a certain degree requires decisions of judgement, estimates and assumptions of the management. The significant facts which are affected by such decisions of judgement and estimates related to the definition of the risks and opportunities associated with sustainability. The quantitative information is the result of consolidated, regular surveys of the individual units within the Group. These data were prepared with due care and attention and following a process of thorough checking. When carrying out the surveys of the individual subsidiary companies, unintentional misrepresentations may be made in response to questions. One past example is of information being reported in the wrong unit of measurement. Whenever an error was discovered, the corresponding figure for the previous year was corrected in the report and identified accordingly. Data for VOC emissions were revised upwards for the business year 2021 by 74 metric tonnes because a relevant business location made incorrect assumptions about volatile organic compounds. These errors have since been clarified. The information on emissions presented in this report has been changed from CO2 to CO2 equivalents (CO2e) and the values for the previous year have been adjusted accordingly.

Secotors of activity

SURTECO produces a wide range of products for domestic use, for the trade sector and for the public arena. SURTECO products are used in virtually all areas of daily life. For example, they are applied on furniture, floors and doors in homes, in caravans and on cruise ships. The products manufactured by the group of companies are primarily processed by the international flooring, wood-based and furniture industries. They are also refined by cabinetmakers and artisan craft workshops. This involves coatings being provided for wood-based materials such as chipboard and fibreboard. These boards receive their final surface with appropriate visual, haptic and functional attributes. The skirtings offer a perfect transition between flooring and wall. The most important sales markets of the Group include Germany, the rest of Europe, and North and South America.

Edgebandings based on plastic and paper are the product with the highest sales at SURTECO. Plastic edgebandings are manufactured from the plastics ABS, PMMA, PP or PVC in a wide range of different dimensions and strengths to meet specific needs. Melamine edgebandings are created on the basis of printed lightfast specialist papers.

Finish foils made of plastic or paper are ideal for all areas of application. The paper-based foils provide innovative design and a natural haptic feel to create appealing furniture surfaces with outstanding technical properties. SURTECO has plastic foils in its product range for particularly attractive furniture surfaces, for further refinement into long-life carpets and for many industrial applications.

Decor papers are used to provide materials with decor elements in order to refine wood-based materials, for the furniture and flooring industry, and in interior design. The development of creative wood, stone and fantasy decors is carried out in cooperation with the Group's own design studios.

Skirtings complete the product range in the area of flooring. SURTECO is a reliable partner for specialist flooring wholesalers and for professional floor-layers. The spectrum of products comprises skirtings, stair edges, transition rails and all the accessories required for laying floors.

Decorative **impregnated products** from SURTECO are found everywhere, for example on furniture or laminated flooring. They have tough, abrasion-resistant surfaces that are extremely resistant to mechanical, thermal and chemical influences. Overlays with a laminate structure from SURTECO give an additional coating for areas subject to heavy wear and tear, and provide special optical effects. Complementary to this, **release papers** from SURTECO are widely used in the wood-based material industry. The product lends the surface its final visual look and provides a haptic feel. Release papers from SURTECO are also used to give texture to other materials such as leatherette.

Technical extrusions made of all common plastics manufactured for the construction sector and many other industrial sectors complete the product portfolio.

All products from the SURTECO Group can be subsumed under the sector "Building Products & Furnishings".

Sales by product group	2021	2022
in € 000s		
Total	757,060	747,698
Edgebands	286,441	282,002
Finish foils	132,430	136,657
Decor papers	105,545	99,267
Impregnated products / Release papers	62,220	55,384
Skirtings and related products	78,531	82,141
Technical extrusions	52,490	56,188
Other	39,403	36,059



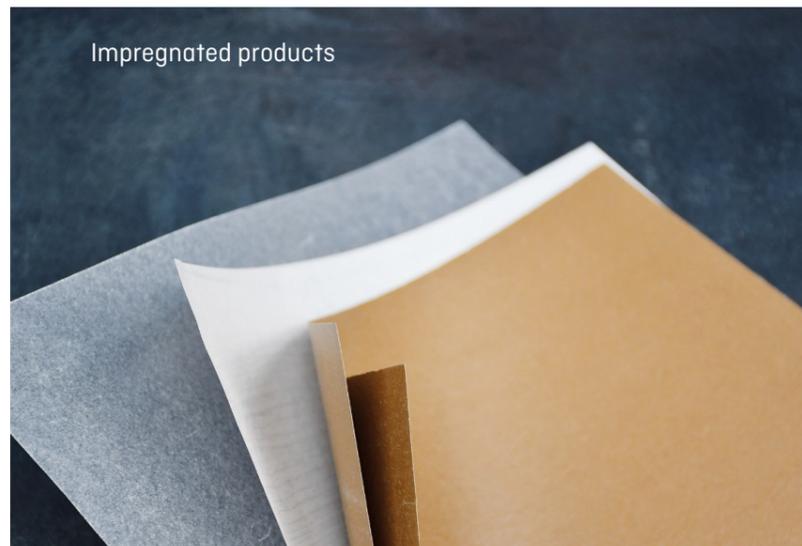
Decor papers



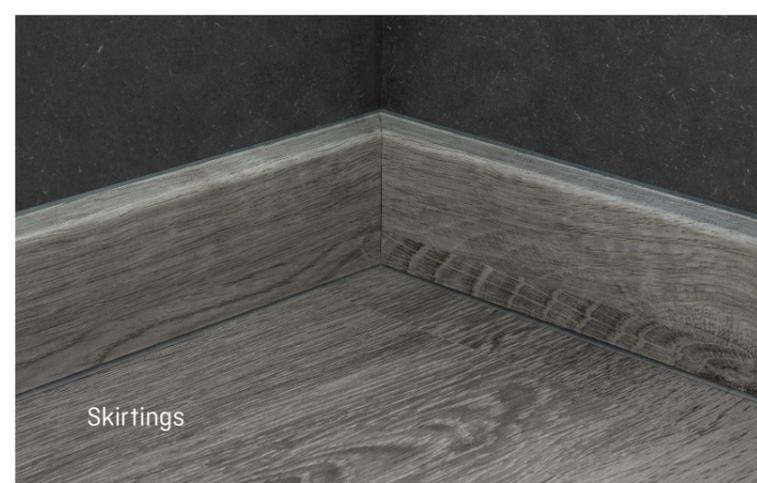
Edgebands



Release papers



Impregnated products



Skirtings



Finish foils



Roller-shutter systems



Technical extrusions

Global presence

Closeness to customers is important to SURTECO. This guarantees short delivery channels that conserve resources, while also enabling individual responses to different regional preferences and trends. SURTECO operates in almost all countries and maintains 22 production locations in Germany, the United Kingdom, Sweden, Portugal, Canada, USA, Brazil, Indonesia and Australia. At the same time, the global presence and the comprehensive product range make the company less susceptible to sales fluctuations in individual countries and sectors.

Geographical breakdown of SURTECO Group				
	Sales in € 000s		Employees	
	2021	2022	2021	2022
Total	757,060	747,698	3,165	3,052
Germany	192,999	182,407	1,698	1,627
Europe (without Germany)	357,863	337,852	701	657
America	139,727	158,042	558	553
Asia / Australia	59,461	63,837	208	215
Other	7,010	5,560	-	-

Value chain

Truly sustainable companies have to ensure responsible business practices within their own organization and throughout the entire value chain – in upstream and downstream areas.

SURTECO procures raw materials, packaging materials, production goods, services and other input factors such as energy throughout the world. Generally speaking, SURTECO purchases directly from the corresponding manufacturers and the company is not particularly dependent on any single supplier. The cost of materials ratio at 52 % in 2022 indicates that the procurement of raw materials constitutes the biggest expense item for SURTECO. Around 78 % of the total cost of materials is attributable to the three most important raw materials paper, plastics and chemical additives. Insofar, plastics manufacturers, paper producers and the chemicals industry are the most important supplier groups.

In order to maintain its social and environmental responsibility as part of a holistic approach, SURTECO defines its values through a Code of Conduct for suppliers – Sustainable Procurement ("Code of Conduct") with 17 principles based on ethical business conduct, social and environmental standards. [The code is based on inter-

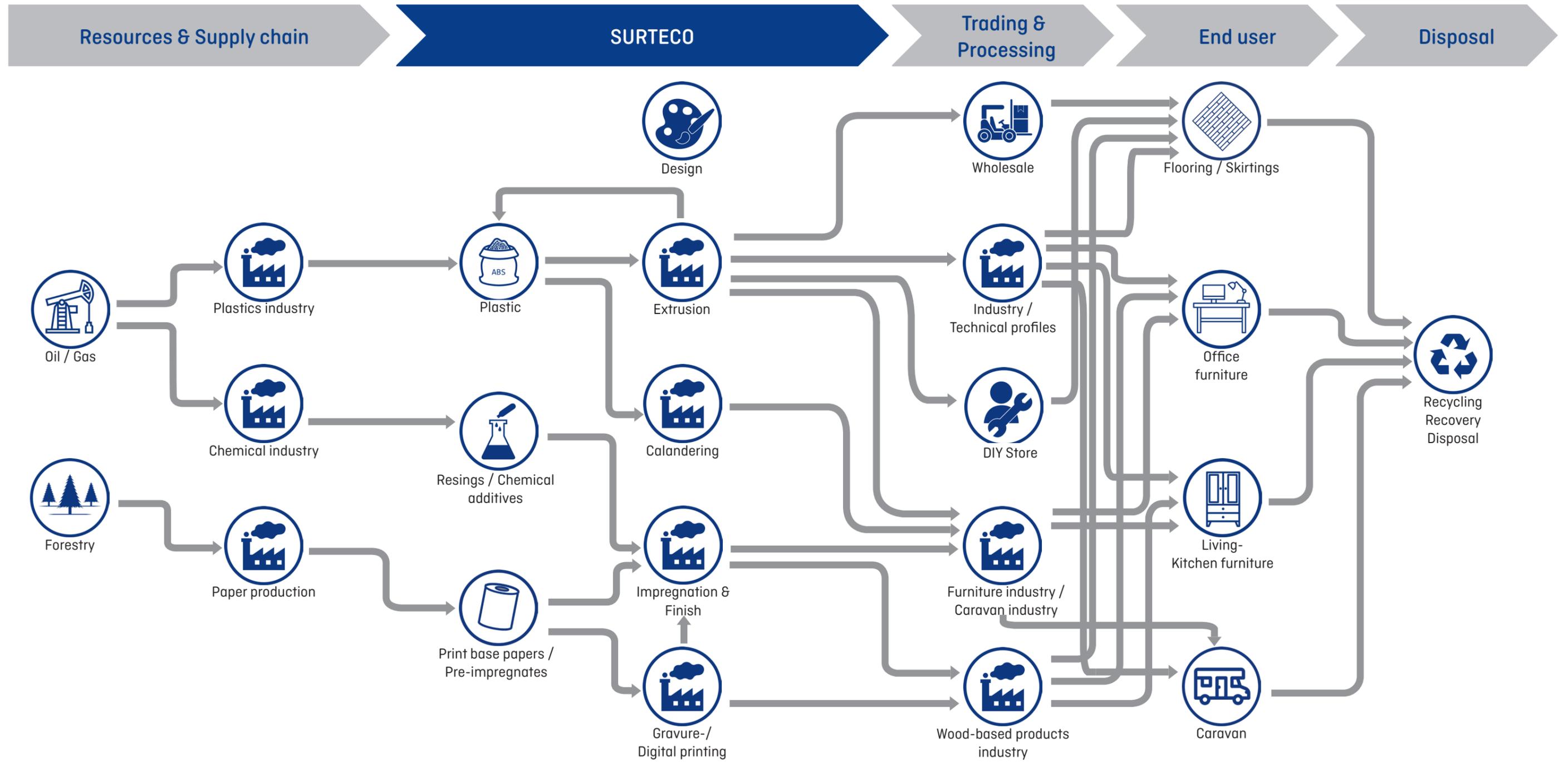
national conventions such as the United Nations Human Rights Declaration, the guidelines on children's rights and business conduct, economy and human rights, labour standards and the United Nations Global Compact].

End customers are dominated by the wood-based materials industry, wholesalers, home-improvement stores and the furniture industry. End customers only purchase skirtings through the home-improvement sector as a finished product from SURTECO. Surface materials are incorporated into the production process at customers of SURTECO in order to make other products like furniture, doors and laminate flooring. Most end products can be disposed of through household waste collection or recycling centres. Some furniture parts can be recycled and returned to the wood-based materials industry.

The requirement for living and office space is increasing with the rising world population and the consequent expansion of purchasing power. This is therefore leading to a rising demand for furniture, flooring and interior fittings. That holds true above all for the demographic and economic development in the emerging economies. Furthermore, a global trend towards urbanization and individualization is generating an accelerated demand for attractive interior design and fittings.

The company and its products need to become more sustainable throughout the entire value chain in order to meet this demand in a sustainable way and without jeopardizing the company's principles.

Value chain



Strategy and business model

The strategy of the group of companies with its seven mainstays of product leadership, operational excellence, commercial excellence, digitalization, focused internationalization, sustainability and a corporate culture based on the motto "Company I like to work for" is aligned entirely on the overarching goal: „We make rooms worth living in“.

Our business model is based on the claim that we manufacture outstanding surfaces, edgings and extrusions. However, excellent products are not adequate on their own to ensure sustainable success. This needs to be augmented by tailor-made solutions to meet the needs of our customers and by comprehensive service. Our strategy rises to this challenge by encompassing all stages of the value chain with a particular focus on best-in-class service for our customers.

Vision

We make rooms worth living in

Manufacturer of excellent surfaces, edgebandings and profiles

Mission statements

Operational Excellence	Product Leadership	Commercial Excellence	Focused Internationalization	Digitalisation	Sustainability	Company I like to work for
The reliable and efficient partner for our customers	Provide customers with competitive and innovative products and technical support	Best in class in servicing customers	Increase market share in high growth regions to participate from market potential	State of the art systems and digital processes will ensure business success	Leader in sustainability in our industry	High performance organization based on knowledge sharing, empowerment and commitment

How we win

Focus on delivery performance, through flexible and customer-oriented operations	Develop products that give our customers the edge	Customer-centric Go-To-Market approaches Smart pricing models	Well prepared approach in selected high growth regions, considering regional business cultures	Process digitalisation will support operational and commercial excellence	Create competitive advantages through innovative sustainable products	Create passion for success with diverse talent, accountability and trust
High productivity and efficiency fostered by Lean Management Programm	Deliver rapid development of versatile product solutions by using seamless printing technology	Address end customers through web shops Extend share of wallet and generate new business		Involving customers and suppliers in the digital value chain will create new competitive opportunities	Significant reduction of our carbon footprint	Organizational and governance set up to foster strategy implementation

Our understanding of sustainability

Sustainability is an integral component of the corporate strategy. SURTECO perceives an obligation to act not only in the economic interests of the shareholders but simultaneously to conserve the resources of our planet. Acting sustainably entails the need to ensure durably viable development in governance, environmental and social terms. This approach takes account of the needs of current generations today without robbing future generations of the opportunity to fulfil their own aspirations.

UN Global Compact and SDGs

By adopting the Sustainable Development Goals (SDGs) of the UN, the community of nations has made a commitment to work together and contribute jointly to improving economic, environmental and social development by 2030. The SDG Agenda is intended to decisively drive forward global activities with a set of 17 Global Goals and 169 targets. The individual goals are closely linked together and exert an influence on each other in a variety of different ways.

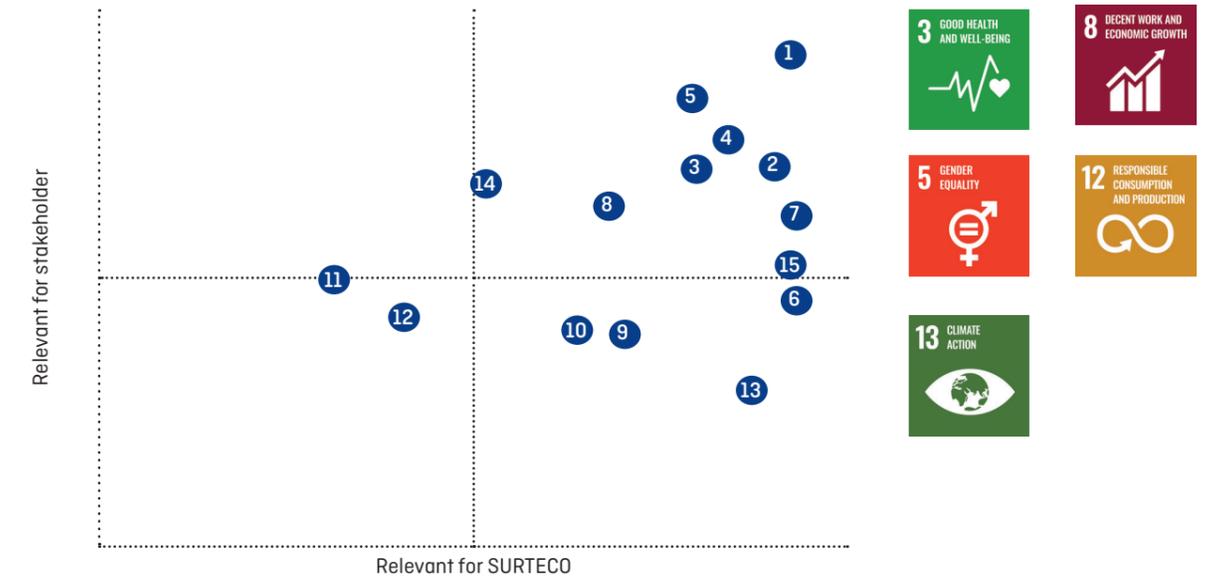
SURTECO firmly believes that attainment of these goals is the mission of all the societal players involved and is therefore also a mission for commercial enterprises. They provide the framework for what companies have to achieve in order to be able to do business successfully in the future. Without neglecting the perspective of a holistic approach to the goals, SURTECO analyses the priorities for developing its sustainability strategy in a continuous process. The company evaluated the entire value chain in the course of this procedure. On this basis, five SDGs (3, 5, 8, 12, 13) were identified that SURTECO can exert a major influence on. Partnerships for achieving the goals (SGD 17) complement the strategy.

SURTECO has been a member of the United Nations Global Compact since June 2022. By supporting the ten principles underpinning the Global Compact, SURTECO demonstrates its commitment to respecting human rights and labour standards in its business activities, promoting environmental protection and combating corruption. Our dedication and our contribution to implementing the principles of the United Nations Global Compact are highlighted in a progress report published every year.

SURTECO is very much aware of the role it plays in minimizing climate risk and taking positive action to achieve the goals of the Paris Agreement. The company has therefore also joined the Science Based Targets initiative. The aim is to drive the transition to a low-carbon economy and the SBTi initiative calls on industry to define science-based emissions reduction targets and achieve global net-zero emissions by 2050 as a minimum in order to limit global warming to 1.5°C. SURTECO joined the initiative in May 2022 and has already declared its goal of net-zero carbon emissions by 2045 at this stage of defining short-term goals.



Materiality matrix based on the 17 UN sustainability goals (SDG)*:



- 1 Climate protection
- 2 Recyclability of products
- 3 Low-emission / pollutant products
- 4 Sustainable material alternatives
- 5 Resource protection
- 6 Governance and Compliance
- 7 Customer satisfaction
- 8 Environment / social standards in supply chain
- 9 Job attractiveness / conditions
- 10 Employee development
- 11 Certifications
- 12 Environmental / social commitment
- 13 Digitalization
- 14 Equal opportunities
- 15 Sustainable and long-term growth

Sustainability goals as a sures

SURTECO has set itself the goal of keeping our planet "worth living on". To this end, we are protecting our environment, using natural resources sparingly and avoiding or reducing the burden on people and nature. We have raised our goal of reducing CO2 from 30 % to 50 % by 2030. Starting from the business year 2021, we sourced green electricity at all locations in Germany and zero-emission electricity at some locations abroad. Furthermore, our subsidiary company Kröning in Hüllhorst has been climate neutral since 2021, and a location in Portugal since the beginning of 2022. Hence, our goal attainment is already at 54 %. We also want to achieve the objective of net zero CO2 in 2045. 70 % of our production locations should be certified to environmental standard ISO 14001 by the year 2025, the internal plastic recycling rate should be increased to 80 % and 50 % of our products are to be provided with a least one eco-label.

 50%	 70%	 50%	 80%
Reduce CO ₂ emissions by 50% until 2030	70 % of all production sites certified according to ISO 14001 until 2025	50% of all products with at least one Eco-label by 2025	Increase internal plastics recycling rate to 80% by 2025

Furthermore, SURTECO is continually working towards reducing the relative consumption of energy and water use, and on the reduction of waste and emission of pollutants. The maximum level of safety for the production plants is a top priority. Products are being permanently improved.

When suppliers and partner companies are selected, SURTECO takes account of high quality and the reliability of deliveries, as well as safe and environmentally compatible production. When materials are procured and service providers are selected, the preference of choice is for SURTECO to cooperate with companies which operate environmental management in conformity with the international regulations of ISO 14001 or operate under comparable conditions. Suppliers and service providers are required to comply with the same strict requirements as SURTECO in accordance with its Code of Conduct.

Stakeholder approach

SURTECO communicates continuously and promptly with key stakeholders in a form that is relevant to the individual target group. In particular, SURTECO's stakeholders include investors, employees, suppliers, customers, residents near its locations, government agencies, and associations as key stakeholders.

Stakeholder	Communication	Expectations	Implementation in SURTECO Strategy - Pursuit of the UN target:
Investors	Exchange within the framework of the Annual General Meeting, the capital market conferences or in individual discussions	Sustainable corporate value	SDG 8 Decent work and economic growth
Employees	Communication via meetings, intranet and staff discussions	Secure and safe employment Equal opportunities Pay equity Opportunities for advancement Work / Life - Balance	SDG 3 Good health and well-being SDG 8 Decent work and economic growth
Supplier	Ongoing contact via purchasing departments and sustainability team	Equal access for all	SDG 9 Industry, Innovation and Infrastructure
Customer	Ongoing contact via sales department, customer events and customer satisfaction analyses	Sustainable products and production	SDG 12 Responsible consumption and production SDG13 Climate action
Residents	Informal contact via location lines	Sustainable production sites in harmony with living quality	SDG6 Clean water and sanitation SDG13 Climate action
Authorities and associations	Process-dependent communication by the respective specialist department	Good Corporate Governance	SDG 17 Partnerships for the goals

Opportunities outweigh risks

The Risk Management System is an integral part of the group-wide planning, control and reporting process. It consists of a large number of building blocks that are integrated into the overall structure and process organization. The Management Board is responsible for risk policy in the SURTECO Group. Risks are identified on the basis of group-wide guidelines by the Management Board together with the management of the subsidiaries. The management of the subsidiary companies receives the instructions of the Management Board and in this context, it is responsible for the risks that it takes in its business. The management integrates employees in risk management as part of governance functions. Binding rules for the risk management process are defined in the risk management manual applicable throughout the Group. The Risk Management System encompasses risks and opportunities related to sustainability, essentially situated in the areas of procurement risks and opportunities, personnel risks, production risks and technology opportunities, and legal and regulatory risks and opportunities. A detailed description of the individual risk categories and the identified risks is provided in the company's Combined Management Report.

The corporate opportunities for SURTECO are essentially available in the development of innovative products. Their composition is focused for example on fewer and increasingly renewable raw materials. The risks associated with production of these materials are being reduced and the waste generated is also being cut down. Opportunities also emerge from the continuously growing size of the global population. Aside from the basic physical requirements, living space is one of the existential basics of life. The products of SURTECO meet these requirements with the surfaces for affordable and resilient household furniture.

Sustainability management

Sustainability management comprises all corporate activities related to pursuing, structuring and managing sustainable, long-term development of the company that is consistent with the requirements of governance, environment and social issues. A sustainability team appointed by the Management Board is the office with central responsibility for coordinating and managing the sustainability strategy and disseminating proposals for targets and measures. Responsible process owners at locations and sustainability managers at each location throughout the world ensure implementation and are responsible for all activities in their businesses with strategic responsibility for sustainable organization of environmental, social and economic aspects. The sustainability team communicates with the Management Board through regular reporting and coordinates ongoing action with the Board. As part of strategic controlling of the Group, the Management Board keeps the Supervisory Board informed by providing regular, comprehensive and prompt reports about issues related to sustainability. As part of annual reporting, the Audit Committee of the Supervisory Board addresses sustainability reporting and reports to the full Supervisory Board on its findings. The employees of the Group, the process owners at locations and sustainability managers receive their instructions and information through the group-wide management system and through the Intranet. The relevant sources of information for the general public are this report and the Internet page of the company.

Certified production locations

Country	Site	Quality	Environment	Energy	Occupational Safety	Other
Germany	Buttenwiesen	ISO 9001	ISO 14001	ISO 50001	ISO 45001*	FSC, PEFC
	Bönen	ISO 9001	ISO 14001	ISO 50001	-	Greenguard, FSC, PFSC, Blauer Engel
	Dunningen	ISO 9001	ISO 14001	ISO 50001	-	Greenguard, FSC, PFSC, Blauer Engel
	Gladbeck	ISO 9001	-	ISO 50001	-	Greenguard
	Grammetal	ISO 9001	ISO 14001	ISO 50001	-	Greenguard, FSC, PFSC, Blauer Engel
	Halle (Saale)	-	-	-	-	-
	Heroldstatt	ISO 9001	-	ISO 50001	-	FSC, PEFC
	Hüllhorst	ISO 9001	ISO 14001	ISO 50001	-	FSC, PEFC
	Laichingen	ISO 9001	ISO 14001	ISO 50001	-	FSC, PEFC
	Sassenberg	ISO 9001	ISO 14001	ISO 50001	ISO 45001*	FSC, PEFC
USA	Willich	-	-	-	-	-
	Agawam	-	-	-	-	-
	Greensboro	-	-	-	-	-
United Kingdom	Myrtle Beach	-	-	-	-	-
	Ashbourne	ISO 9001	ISO 14001	-	-	-
Canada	Stourport-on-Severn	ISO 9001	-	-	-	-
	Brampton	-	-	-	-	-
Brazil	São José dos Pinhais	ISO 9001	-	-	-	-
Portugal	Mindelo	ISO 9001	ISO 14001	-	-	-
Shweden	Gislaved	ISO 9001	ISO 14001	-	-	-
Indonesia	Batam	-	-	-	-	Greenguard
Australia	Sydney	-	-	-	-	Greenguard

* Principle of procedure. Contains the requirements of DIN ISO 45001.

Organizational structure on 31 December 2022



|3| ENVIRONMENT

SURTECO analyses and manages all areas that could exert negative impacts on the environment and on the efficient use of resources. As part of its sustainability strategy, the following environmental areas have been identified as relevant for the SURTECO Group:

- water and wastewater,
- energy consumption and emissions of air pollutants,
- waste
- materials for internal or external recycling.

Water usage

SURTECO draws approximately 28 % of its water from the public water pipeline grid and around 72 % from wells, or from rivers, although the amounts are not of an order of magnitude that will exert a notable negative impact on the individual water system. Most of the water is used for cooling or cleaning purposes and it is discharged back into the public drainage system or even rivers after it has been used, and following appropriate treatment and processing. Only a very small proportion of the volume of water withdrawn is associated with the manufacture of inks and varnishes.

During the reporting year, the volume of water used or consumed by SURTECO increased by 16 % from 0.397 million cubic metres in 2021 to 0.462 million cubic metres. This increase is exclusively due to water withdrawal from rivers for cooling purposes.

Water usage of the SURTECO Group		
in cubic metres (m³)	2021	2022
Total	396,797	462,031
of which from the public water pipeline	148,377	124,763
of which from rivers or our own wells	248,419	337,268

Wastewater

The water used by SURTECO is treated in different ways according to the amount of pollution. Only minimally contaminated service water is returned to the public drainage system. Some of the more polluted wastewater is purified at the company’s own treatment plants and then discharged into the public drainage system or treated professionally by external service companies.

The group of companies has one microbiological exhaust-air purification system. Significant amounts of water evaporate in this system and they are released as water vapour into the atmosphere. Finally, small volumes of water are integrated into relevant products or used for irrigating the landscaped areas outside.

During the reporting year, the volume of wastewater generated by SURTECO came down by -4 % to 0.097 million cubic metres compared with 0.101 million cubic metres in the previous year. SURTECO did not record any unintentional releases during the course of the reporting year.

Wastewater from the SURTECO Group		
in cubic metres (m³)	2021	2022
Wastewater discharged into the drainage system	101,079	96,865

Biodiversity

The majority of SURTECO’s production sites are located in industrial zones or other business parks, although SURTECO also has some operational premises close to protected nature conservation areas. Up to now, no measurable impacts have been identified on biodiversity or the ecosystem there. SURTECO defines strict rules for plants located near flowing bodies of water so that production does not lead to any recordable impacts on the surrounding fauna and flora.

The business operations of SURTECO do not exert any identifiable impact on animal and plant species recorded on the Red List of the IUCN (International Union for Conservation of Nature and Natural Resources), which are at risk of extinction.

Energy consumption

The plants of SURTECO require energy, primarily in the form of electricity for production (power units used for extruders, printing machines, calenders, agitators, pumps, other process equipment, and measuring and control technology) and in the form of natural gas for heat generation and for operating drying and thermal exhaust-air purification plants. Energy is an important production and cost factor for SURTECO. For this reason, SURTECO adopts a very efficient approach to the use of this resource.

Energy consumption of the SURTECO Group

Megawatt hours (MWh)	2021	2022
Total	238,130*	202,936
Scope 1	117,981	99,373
Scope 2	120,149	103,564

* Recalculation according to new data

Energy consumption arises partly from the use of primary energy fuels such as natural gas or heating oil and by sourcing external energy, primarily in the form of electricity. Photovoltaic plants at our locations in Portugal and Australia generate solar electricity. The quantity produced in 2022 amounted to 496 MWh after 526 MWh in 2021. Some of the self-generated electricity is consumed in the company's own plants. In addition, renewable energy is sourced from external providers. Since the business year 2021, the German locations of the Group and some foreign locations have purchased electricity generated exclusively from renewable energy.

Group-wide energy intensity decreased in the business year 2022 by -14 % to 271 MWh / € million sales.

Energy intensity per net turnover

MWh / € million	2021	2022	Δ In %
Total energy consumption per net turnover	314	271	-14

Emissions into the air

In spite of efforts directed towards environmental protection, emissions into the atmosphere cannot be entirely avoided. They also constitute side effects of production processes such as waste or consumption of resources and raw materials. Emissions are subject to limit values that are defined by operating licences for plants issued by government agencies. SURTECO monitors compliance with these limit values at individual locations by taking its own measurements.

The emission of CO₂ equivalents caused directly (Scope 1) arises as a result of the combustion of fossil energy sources in the company's own power plants or by emissions caused within the organization, for example heating energy or thermal exhaust-gas purification. Emission values were calculated on the basis of the energy sources used, such as gas or heating oil, and the conversion factors in accordance with the Federal Office for Economic Affairs and Export Control.

The indirect Scope 2 emissions of CO₂ equivalents are caused by external energy purchase in the form of electricity. Either the emission factors of energy suppliers or (if they are not available) country-specific conversion factors are used for purposes of calculation, which are determined from the infrastructure available in the individual country. The conversion factors of the International Energy Agency are used as a source.

Indirect emissions of greenhouse gases (Scope 3), for example from business trips or as a result of intermediate products, are seriously estimated at present. The company is currently developing a definition of a science-based target for Scope 3 emissions.

The total volume of CO₂ equivalents emitted by SURTECO or caused by its operations, including direct and indirect emissions fell by -18 % to 24,661 metric tons of CO₂e in 2022 (2021: 30,047 metric tons).

Substances with the potential for ozone depletion are used exclusively in closed systems, mostly in cooling systems. If possible, SURTECO uses coolants without any ozone-depleting potential. Other significant emissions from volatile organic compounds (VOC) amounted to 532 metric tons in 2021 and 784 metric tonnes in 2022 (+47 %). These values were calculated from site-specific data.

Emissions of the SURTECO Group into the air

	2021	2022
Greenhouse gases (in t of CO ₂ e)	30,047*	24,661
Scope 1	18,035	16,247
Scope 2	12,012	8,414
Neutral	192	282
Other significant air emissions (in t)		
VOC	501*	784

* Previous year's figure adjusted due to updated calculations and conversion from CO₂ to CO₂e.

The Group-wide emission intensity fell by -17 % to 33.0 T CO₂e / € million turnover in the 2022 financial year.

Emissions per net turnover

T CO ₂ e / € million	2021	2022	Δ In %
Total emissions per net turnover	39.7	33.0	-17

Waste

The commercial waste generated at SURTECO generally resembles domestic waste such as paper, wood, plastics and metal. Hazardous waste such as liquids and sludges polluted with chemicals is also produced. Building rubble following modification works on buildings is generated as well. The avoidance of waste takes precedence over recovery and disposal of waste at SURTECO. Keeping the generation of waste to a minimum is therefore a top priority already at the stage of development and manufacture of products. Unavoidable production waste is subsequently professionally recovered or disposed of. Professional disposal is tracked and documented in the course of internal recording.

The volumes of waste are recorded separately by type. Part of the waste from production can be returned to the internal production process. This primarily relates to plastics, which were collected by type and then shredded (recyclates). The proportion of recyclates in the overall volume of waste plastics corresponds to the plastics recycling rate. In the business year 2022, this was around 60 % (not all sites were recorded in full). 11,767 metric tons of waste are used for external recycling and disposed of appropriately.

Only appropriate disposal companies are commissioned with carrying out disposal of specific waste. The total volume of waste generated by SURTECO (excluding internally recycled waste) fell by -15 % to a total of 28,350 metric tons in 2022 after 33,438 metric tons in 2021.

Volume of waste generated in the SURTECO Group

Waste in metric tons	2021	2022
Total	33,438*	28,350
- thereof recycled waste	9,835	11,767
Hazardous waste	6,627	6,351
Non-hazardous waste	26,811	21,999

*Corrected due to adjusted allocation

|4| SOCIAL

SURTECO believes it is important to offer employees a professional working environment in order to promote the health of its people on the one hand and to boost the operating performance of the company overall. A detailed explanation of the corporate principles is therefore given to the workforce for this purpose. The abilities and motivation of each individual employee, their commitment to the quality of work outcomes and observance of environmental protection, workplace safety, and their occupational health and safety are fostered individually and within teams. SURTECO is dedicated to supporting its employees in every possible way to achieve these aims. Not least for this reason, a top priority is involvement of employees in a broadly-based and in-depth integration within a permanent continuous improvement process.

Promotion of a positive employee attitude through special measures

- value-based corporate culture,
- open dialogue between all employees within the company,
- appropriate remuneration, recognition, training, career development,
- an attractive company proposal scheme,
- a modern system of company pension provision.

Quality, environmental protection, occupational health and safety constitute a challenge for the initiative and responsibility of employees; this is reflected in:

- consistent compliance with regulations,
- an approach geared to safety and environmental awareness,
- integration in the continuous improvement process.

Qualified employees

The Group management of SURTECO, the site management teams and all employees are integrated in a continuous improvement process. Alongside training sessions and qualification measures, the regulations, processes, rules and instructions included in the management system form the basis that enables SURTECO to ensure that employees are able to carry out their work. This platform allows them to review their own actions and results, and they are also able to identify potential. Risks and opportunities are identified in this way and appropriate measures are initiated.

Environmental protection and safety are integral components of the responsibility of the Group management, site managers, departmental and operating managers, and all office staff. All employees have an obligation to comply with regulations in their area of activity, to develop procedures and working practices, and to ensure that important information is passed on and the necessary documentation is put in place.

Supervisors promote a sense of responsibility and commitment to making improvements. Employees are familiar with their functions and with the relationship between those functions and corporate policy, strategy and objectives. All participants are involved in project identification. Performance-oriented team work is deliberately fostered.

Health management

SURTECO offers its employees additional packages at the German locations that are intended to provide them with a healthier and more sustainable working day. These include baskets of fruit provided free of charge, water dispensers located in the departments, and subsidies for fitness studios and leased e-bikes.

Diversity defines the corporate culture at SURTECO. Employees from more than 50 different countries are involved within the Group across the world. SURTECO supports employee development through individual and regular training sessions in all Group segments. During the reporting year, 1,390 employees took part in various training and career development measures over 31,990 hours.

On 31 December 2022, group-wide fluctuation amounted to 10.8 % after 11.0 % in the previous year. The average length of service was 12.5 years worldwide in 2022 (2021: 12.1) and the average age of all employees amounted to 42.4 years after 41.8 years in the previous year.

Employee structure of the SURTECO Group

		2021	2022
Employees	Total number	3,165	3,052
Gender	Men	2,607	2,490
	Women	558	562
Age	up to 29 years	18%	17%
	30 to 49 years	46%	46%
	50 years and older	36%	37%
Nationality	German	47%	47%
	Portuguese	8%	8%
	Brazilian	8%	8%
	US American	5%	6%
	British	5%	5%
	Canadian	4%	4%
	Swedish	3%	4%
	Turkish	3%	3%
	Australian	3%	3%
other nationalities	14%	12%	

Equal opportunities for women and men

The diversity concept of SURTECO GROUP SE for the composition of the Management Board and the Supervisory Board is based on the recommendations of the German Corporate Governance Code. This states that at least one woman should be a member of the Management Board and the Supervisory Board. It has not so far been possible to appoint a woman to the Management Board and the Supervisory Board although appropriate efforts have been made to achieve this.

A guiding principle is that when members of the Supervisory Board are elected or re-elected, if possible, they should not be older than 75 years of age. The statutory retirement age applies as the maximum age for Members of the Management Board. A competence profile is used when looking for suitable candidates for election to the Supervisory Board or appointment to the Management Board. This focuses particular attention on the occupational background and the specialist qualification of the candidates

Performance review and improvement

SURTECO guarantees the necessary level of safety and its continuous improvement with a variety of audits, reviews and checks. Production plants and other technical installations, warehouses, and laboratories are recorded at all the locations. The realized safety concepts are put on the test stand during the course of the inspections. If there are any nonconformities with the standard, appropriate corrections are carried out that are agreed with the responsible process owners. Their implementation is then checked at regular intervals.

Occupational accidents

Employees are informed about the risks entailed in their work as part of workplace safety and occupational health and safety. Systematic checks are carried out at workstations where hazardous substances are handled.

The efforts to avoid occupational accidents are a constituent element of production activities at SURTECO and require supervisors to work continuously at encouraging the motivation of employees. Insofar, the number of occupational accidents can be continuously reduced, even if they cannot be entirely avoided.

During the course of the reporting year 2022, 99 occupational accidents occurred throughout the Group for 5,258,189 hours worked. The quota of occupational accidents for each 1 million working hours fell by -22 % to 18.8 accidents compared with 24.0 in the previous year.

|5| Economy

Distribution of value added

The activities of SURTECO as an employer, as a company sourcing local products and services, and as a contributor of taxes and deductions support the local economic development in the individual regions and countries. The value added contributed by SURTECO directly and indirectly increases the individual living standards of the population. SURTECO is not aware of any notable negative impacts of its activities on the local community.

In the business year 2022, SURTECO generated an aggregate value added (sales and other expenses less cost of materials, depreciation and amortization) amounting to around 217 million euros. This value added was allocated to employees, shareholders, and to tax expenses and lenders (interest payments). Around 9.6 million euros were retained in the company.

Value added and allocations to the stakeholders of SURTECO

€ millions	2021	2022
Value added	250.1	216.6
Employees (personnel expenses)	175.2	174.9
Shareholders (dividends)	12.6	15.5
Government (taxes)	22.2	11.6
Lenders (interest)	4.7	5.0
Remaining in the company	35.4	9.6

Customer orientation

SURTECO maintains permanent contact with its customers. The latter receive support in applying and using the products. Part of the service range also encompasses comprehensive product information and this focuses in particular on optimum application.

The Group's corporate goal is to rank among the world's most attractive suppliers in the furniture industry. With this end in mind, SURTECO is consistently improving its products and services not least in the interests of sustainability. Quality is therefore primarily defined by assessment criteria specified by customers for SURTECO. These need to be complied with as cost-effectively and completely as possible. SURTECO concentrates primarily on:

- excellent and reproducible product characteristics
- reliability of delivery
- attractive price-performance ratio
- specific commercial and application support
- development of products and services that open up new opportunities for customers

SURTECO supports the sales success of customers in their markets through the quality and performance of its products. This creates the platform for SURTECO's own success. Generally speaking, SURTECO strives to achieve cooperation based on partnership with current and future customers. A cooperative relationship permits a comprehensive understanding of the relevant markets and early identification of new requirements for products and procedures. This is based on key objectives for research and development. Consequently, customers will receive important information and as necessary assistance in ensuring safe and environmentally compatible processing, storage, transport and disposal of products.

Values, principles, standards and norms of behaviour

The trust of customers, lenders, employees, government agencies and the general public are extremely important for SURTECO. A key factor for this is the conduct in business life. SURTECO regulates this conduct in its Code of Conduct. It defines the corporate culture and the principles in dealing with business partners, employees and third parties. The Code is issued to every employee and explanations are provided. This has been assisted by translating the Code into all national languages relevant for SURTECO. The standards and norms of behaviour are complemented by objective guidelines that are communicated as part of the Compliance Management System. SURTECO has developed a dedicated suppliers' Code of Conduct for suppliers and service providers. The Code defines mandatory requirements as a foundation for deliveries which are based on international conventions such as the United Nations Human Rights Declaration, the guidelines for children's rights and business conduct, economy and human rights, labour standards and the United Nations Global Compact.

Measures against corruption and breaches of the law

SURTECO has issued a guideline for measures relating to anti-corruption in the entire Group as part of the Compliance Management System. A training concept is currently in the implementation phase to provide department-specific content such as raising awareness of anti-corruption, conflicts of interest, antitrust and competition law and money laundering, alongside general compliance training.

Risks of corruption at SURTECO are investigated as part of the internal audits carried out on a continuous basis. Furthermore, SURTECO has set up a whistleblower system at all locations throughout the world to give employees inside and outside the company an opportunity to report breaches anonymously. Up to now, no business transactions have been identified that would have provided any occasion for initial suspicion. In the reporting year, SURTECO was not aware of any cases in which SURTECO was accused of not having materially complied with legislation, regulations and voluntary rules on conduct.

As a consequence, no substantial financial penalties or non-monetary sanctions are known on account of non-compliance with legal regulations. SURTECO places great emphasis on fair treatment in dealings with competitors, suppliers and customers. In the reporting year, there were no lawsuits relating to anti-competitive behaviour, antitrust and monopoly practices, and no lawsuits or grievances in respect of statutory provisions or unfair competition.

In the reporting year 2022, SURTECO did not have to pay any significant financial penalties and was not subject to any non-monetary sanctions on account of non-compliance with legal regulations relating to the environment.

|6| Share of the environmentally sustainable sales revenues, capital expenditure and operating expenses

Disclosure in accordance with Article 8 (2) of Directive (EU) 2020/852

As part of the European Union action plan "Financing sustainable Growth", the Taxonomy Regulation came into force in 2020. It forms the foundation for the assessment criteria defining business activities as environmentally sustainable and lays down the regulations for reporting by the companies subject to reporting requirements. In the year 2022, the company is reporting on the shares of taxonomy-eligible and taxonomy-compliant sales revenues, investments (CapEx) and operating expenses (OpEx) in the company.

The SURTECO Group primarily operates in the field of surface technology for wood-based and furniture industries, and in interior design. The main products manufactured by the Group are not reflected in the technical assessment criteria for sustainable economic activities. As part of the analysis of all manufactured products using the NACE Codes, one potentially taxonomy-eligible product was identified. This consists of extruded LED tapes that are manufactured for particularly demanding applications. However, the share in total sales for this product is in the range of thousandths and can therefore be regarded as negligible. Insofar, the share of taxonomy-eligible sales in the Group amounted to 0 % of total sales of €000s 747,698 in the business year 2022. Sales with non-taxonomy-eligible activities is 100 %. Sales are calculated during the course of drawing up the consolidated financial statements in conformity with IFRS.

Additions to property, plant and equipment, and intangible assets form the basis for investments (CapEx) during the business year under review. An analysis was carried out to assess the taxonomy eligibility and compliance for the additions to property, plant and equipment, and intangible assets. A comparison with Annex I (Major contribution to climate protection) and Annex II (Major contribution to adaptation to climate change) was also performed in respect of the Delegated Regulation of the (EU) 2020 / 852. The investments of taxonomy-eligible and taxonomy-compliant business activities were determined directly in financial accounting. The share of taxonomy-eligible investments in the business year 2022 essentially relates to investments in the vehicle fleet, in buildings and in photovoltaic systems. The benchmark value for the investments can be calculated from the consolidated financial statements by the addition of property, plant and equipment, intangible assets and rights of use, and amounted to € 000s 65,472 in the business year 2022.

The taxonomy-eligible operating expenses in the SURTECO Group primarily result from non-capitalized costs for taxonomy-eligible operating expenses such as building refurbishment measures, maintenance and repair of the vehicle fleet, or installation of energy-efficient equipment. Total operating expenses are made up of maintenance and repair costs, current leasing and vehicle costs, and they amounted to € 000s 23,738 in the business year 2022.

As part of the review of taxonomy compliance, an assessment is made as to whether the taxonomy-eligible business activities make a significant contribution to an environmental goal defined by the Taxonomy Regulation and whether no other environmental goal is significantly impaired as a consequence.

The technical assessment criteria determining whether a business activity makes a significant contribution to an environmental goal and whether significant impairment of one of the other environmental goals is avoided (Do No Significant Harm, DNSH) were established for all taxonomy-eligible activities on the basis of the technical characteristics of individual assets or on the basis of national laws, verified and documented with the assistance of individual verifications. Taxonomy compliance for investments in buildings outside the EU could not be verified in the business year under review.

The proportion of taxonomy-compliant activities results from investments in various photovoltaic systems, charging stations for electric vehicles, energy-efficient windows and the leasing of passenger cars. In the case of the latter, compliance with the taxonomy could frequently not be achieved merely because the standard equipment (tyres) could not be influenced at the time.

A detailed climate risk analysis was carried out for investments in conjunction with the individual investments outlined above. Furthermore, compliance with minimum social standards according to the OECD – Guidelines for Multinational Enterprises, UN – Guiding Principles on Business and Human Rights, ILO Core Labour Standards and the International Human Rights Charter at the level of activities eligible for taxonomy was reviewed and documented with the assistance of various documents, guidelines and voluntary commitments.

Double counting is avoided by clearly assigning the taxonomy-eligible or taxonomy-compliant investments and operating expenses to one relevant business activity in accordance with EU taxonomy.

The following KPIs result for the business year:

Sales-KPI

Economic activities	Code(s)	Absolute turnover € 000s	Proportion of turnover %	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards Y/No	Taxonomy-aligned proportion of turnover, year 2022 Percent	Category (enabling activity) E	Category (transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/No	Climate change adaptation Y/No	Wasser- und Water and marine resources Y/No	Circular economy Y/No	Pollution Y/No	Biodiversity and ecosystems Y/No					
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
-	-	0	0	0	0	-	-	-	-	-	-	-	0	-	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
-	-	0	0													
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																
Total (A.1 + A.2)		0	0													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy-non-eligible activities (B)		747,698	100													
Total (A + B)		747,698	100													

CapEX-KPI

Economic activities	Code(s)	Absolute CapEx € 000s	Proportion of turnover %	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')							Minimum safe- guards Y/No	Taxonomy- aligned proportion of CapEx, year 2022 Percent	Category (enabling activity) E	Category (tran- sitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/No	Climate change adaptation Y/No	Wasser- und Water and marine resources Y/No	Circular economy Y/No	Pollution Y/No	Biodiversity and ecosystems Y/No					
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Installation, maintenance and repair of energy efficiency equipment	7.3	25	0.04	100	0		J	n/a	n/a	J	n/a	J			E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	9	0.01	100	0		J	n/a	n/a	n/a	n/a	J			E	
Installation, maintenance and repair of renewable energy technologies	7.6	2,347	3.59	100	0		J	n/a	n/a	n/a	n/a	J			E	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	60	0.09	100	0		J	n/a	J	J	n/a	J				T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,441	3.73	100	0											
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1,585	2.42													
Installation, maintenance and repair of energy efficiency equipment	7.3	246	0.38													
Acquisition and ownership of buildings	7.7	10,469	15.99													
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,300	18.79													
Total (A.1 + A.2)		14,741	22.51													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non-eligible activities (B)		50,731	77.49													
Total (A + B)		65,472	100													

OpEX-KPI

Economic activities	Code(s)	Absolute OpEx € 000s	Proportion of turnover %	Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')							Minimum safe- guards Y/No	Taxonomy- aligned proportion of OpEx, year 2022 Percent	Category (enabling activity) E	Category (tran- sitional activity) T
				Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/No	Climate change adaptation Y/No	Wasser- und Water and marine resources Y/No	Circular economy Y/No	Pollution Y/No	Biodiversity and ecosystems Y/No					
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Installation, maintenance and repair of energy efficiency equipment	7.3	66	0.31	100	0		J	n/a	n/a	J	n/a	J			E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	14	0,6	100	0		J	n/a	n/a	n/a	n/a	J			E	
Installation, maintenance and repair of renewable energy technologies.	7.6	3	0.01	100	0		J	n/a	n/a	n/a	n/a	J			E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		83	0.38													
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2,054	8.65													
Installation, maintenance and repair of energy efficiency equipment	7.3	41	0.17													
Acquisition and ownership of buildings	7.7	3,040	12.81													
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5,135	21.63													
Total (A.1 + A.2)		5,218	21.98													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities (B)		18,520	78.02													
Total (A + B)		23,738	100													



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