

MORE FROM WOOD.



Egger Holzwerkstoffe GmbH

**Sustainability report
2018 / 2019**



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1.

Preface



The Group Management, from left to right: Walter Schiegl, Head of Production/Technology; Thomas Leissing, Head of Finance/Administration/Logistics and spokesperson for the Group Management; Ulrich Bühler, Head of Sales/Marketing

Dear Readers,

last year we were able to present our Sustainability Report for the first time, laying the foundations for comprehensive and transparent reporting of our performance and potential in terms of sustainability. We disclose who we are, what we do, and how we act. Lots of positive feedback encourages us to continue on this path.

As one of the leading wood-based material manufacturers, we are aware of our responsibility towards the environment and society: Forward-thinking action, which is also geared to future generations, is based on ecological, economic and social sustainability and has always been our established practice. The Sustainability Report also gives us the opportunity to pool all of our sustainability activities and to systematically look at them from different perspectives. In this way, we can identify and address the main issues and, in general, manage our performance for the environment and society even more consistently.

In the past year, we have dealt closely with the many dimensions and perspectives of sustainability and by creating a Group-wide coordination function for sustainability management we have taken the next step in the continued further development of our sustainability strategy.

GRI 102-14

In order to give you an even more transparent insight into our performance, in this second report we have increasingly given concrete examples of our actions. These so-called best practices can be found in the different chapters and underline through their diversity the wide range covered by sustainability. This range reinforces also in coming years our consistent work towards developing our commitment in the field of sustainability management on a continuous and targeted basis in order to meet even better the essential requirements of our stakeholder groups. We would be happy to have you join us on this path.

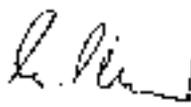
Walter Schiegl



Thomas Leissing



Ulrich Bühler







2.

About the
report



This is the second Sustainability Report of the EGGER Group.

Reporting period:

The reporting period is in line with the EGGER financial year and runs from May 2018 to April 2019 (FY 18/19). For better illustration, wherever possible, the two previous years are also indicated. For some indicators, data are not available at financial year level, they refer to calendar years (January-December) and are marked accordingly. The non-financial statement is published in conjunction with the annual financial report.

Reporting cycle:

Annual update

Reporting standard:

This report meets the requirements for a separate non-financial report in accordance with §267a of the Austrian Commercial Code (UGB). Prior to the audit, an opinion was obtained from the auditor (and submitted to the managing board).

For a quick assignment of the contents to the requirements see chapter Overview of NaDiVeG. This report was created in line with the GRI Standard. In the chapter GRI content index you will find all the main indicators of the report option "core" with a reference to whether and where the information can be found in the report. The report follows GRI 2016, with the exception of the Occupational safety and health protection at the workplace at the workplace chapter, which already contains information according to GRI 2018. Selected content is indicated by the following in the margin column:

- "NaDiVeG ...": Information according to the Austrian Sustainability and Diversity Improvement Act
- "GRI ...": Information according to the GRI standards for the drafting of sustainability reports

Scope of the report:

The report refers to the entire EGGER Group as of 30.04.2019. Individual indicators refer to parts of the Group or a selection of locations and are marked accordingly. The Concordia plant (Argentina) is included as of the financial year 18/19. Construction of Biskupiec (Poland) plant was completed during the reporting period, but production has not yet started. The plant in Lexington (USA) is still under construction. For this reason, Biskupiec and Lexington are not included in the indicators directly linked to the production activity, but only in general indicators, such as numbers of employees. The indicators are marked accordingly.

GRI 102-10

GRI 102-50

Language and readability:

In order to ensure the best possible readability, gender-specific duplications have been omitted in this report. Each entry is thus gender-neutral and to be understood as referring to both men and women. The report will be published in German and English, whereby in case of doubt the German-language version shall prevail.

GRI 102-52

GRI 102-54

Additional information:

Further information from the annual financial report can be found in several parts of the report. It is available for download at www.egger.com via About us > Credit Relations > Financial Reports.

Contact:

environment@egger.com

GRI 102-53





3.

Corporate profile

Value chain

Organisational structure

Company key figures

Future viability of the business model

GRI 102-3 The EGGER Group, with its head office in St. Johann in Tirol, is one of the leading international wood-processing companies. The family company, which was founded in 1961, now manufactures in 18 locations worldwide and has around 9,600 employees as of 30.04.2019. Global customers include those in the furniture industry, wood distribution, hardware stores, and the DIY business. EGGER products are found in many areas of private and public life, including kitchens, bathrooms, bedrooms, offices, hotels and shops. EGGER is a full-range supplier for the furniture and interior design industry, for wood construction and wood-based flooring (laminare, Comfort and Design flooring) industries. Following the guiding principle “More from wood”, the Tyrolean company offers a comprehensive product range of coreboards

made of wood-based materials (chipboards, OSB boards and MDF boards) under the EGGER umbrella brand. Most of the base materials are upgraded with trendy decors and surfaces. EGGER also produces timber and planed wood in its own sawmill in Brilon (DE). In the past financial year, the production quantity for rawboards including timber amounted to 8.8 million m³ (257.8 million cubic feet).

In order to strengthen its existing market position, EGGER is continuously working on the further development of its product portfolio.

One of the focal points is the regular development of new, on-trend decors and surfaces. Additionally, EGGER highlights its claim to be the leading wood-based materials manufacturer with numerous new developments.





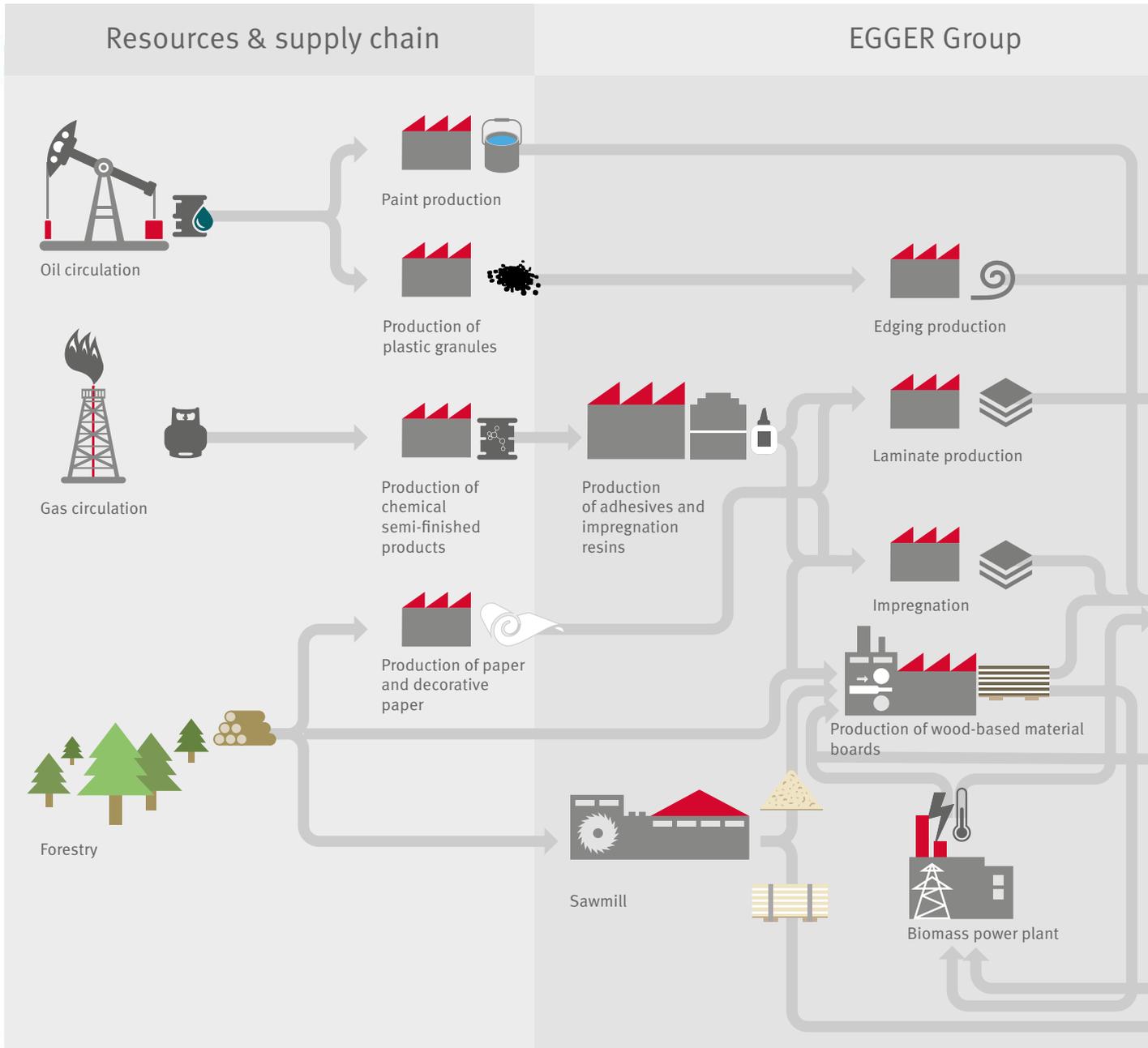
Such as the flooring range EGGER Design, the product category PerfectSense lacquered boards in Gloss and Matt, the compact laminate in the EGGER matching decors set, the two-sided Feelwood synchronised pore surface on all core materials, as well as the Comfort technology as flooring solution for quiet, warm, and robust floors.

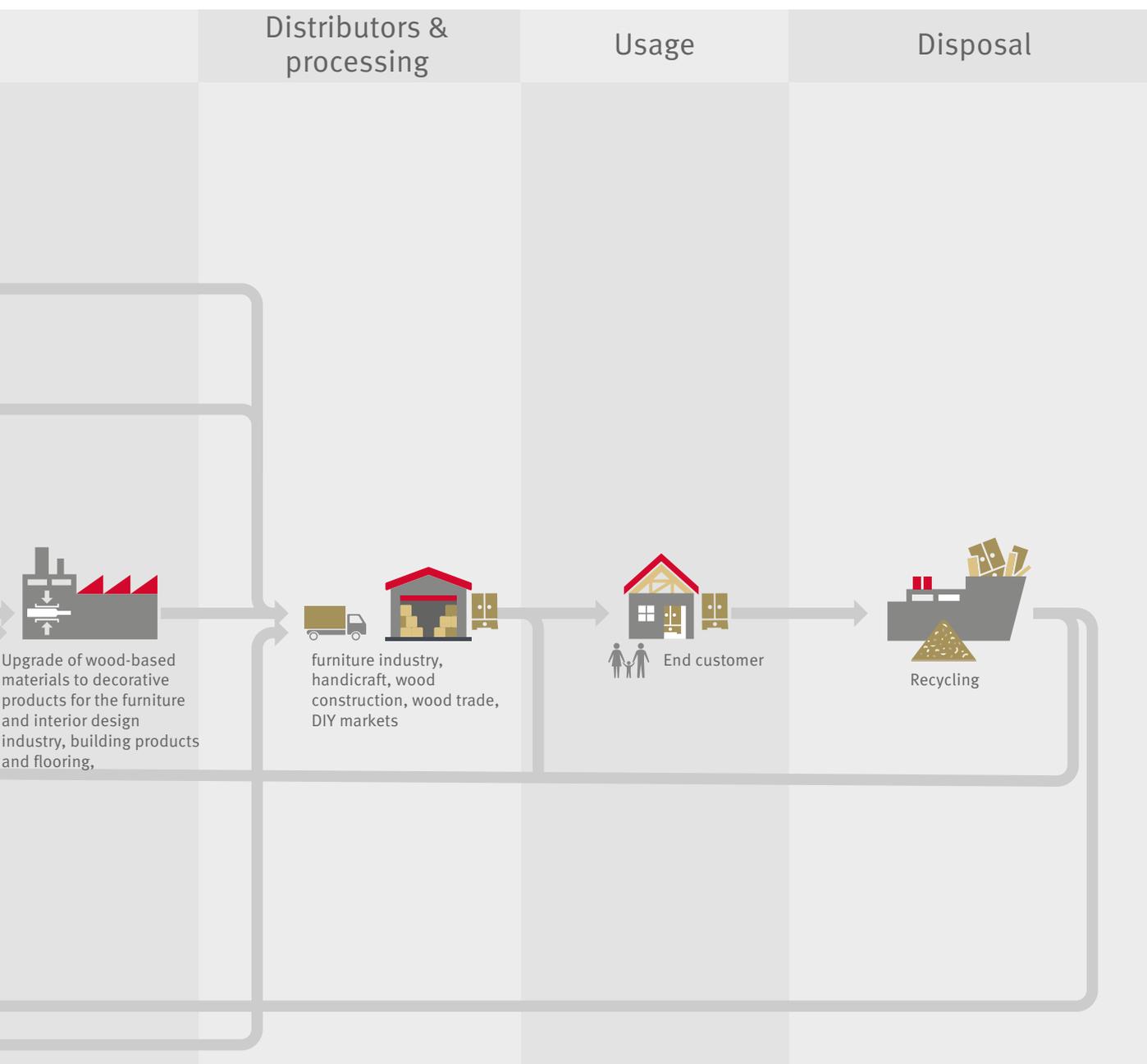
Sustainable forestry and environmentally friendly production are key concerns for EGGER. All plants are certified to PEFC and FSC® CoC standards. In its plants, EGGER counts on the integrated production of wood-based materials. This results in the optimum utilisation of the raw material wood – from the production of wood and wood-based materials to their use in company-owned biomass power plants to produce energy and electricity. The environmental and sustainability awareness of EGGER is also reflected in its products.

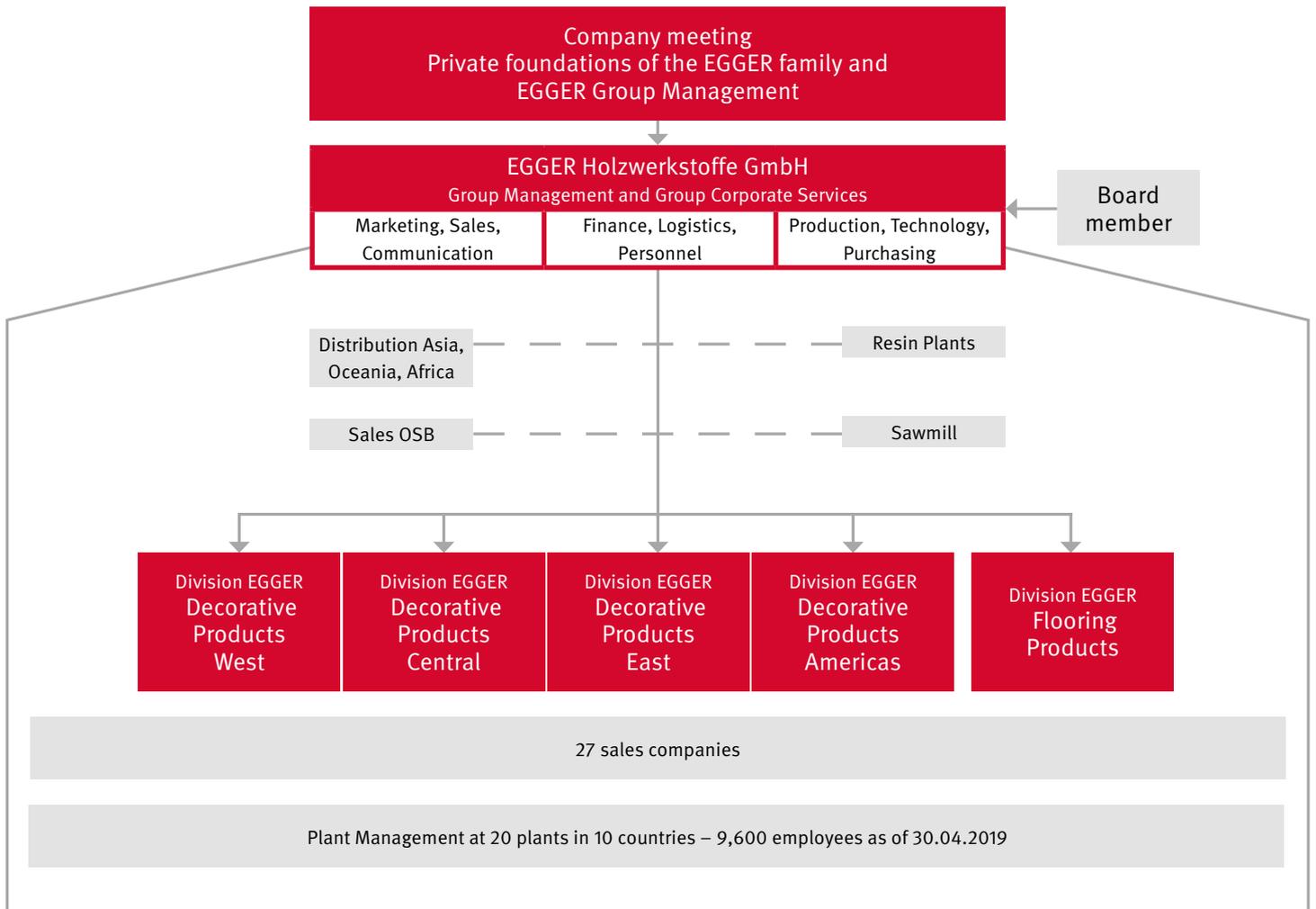
Since all EGGER products are made from the renewable resource wood, they are naturally CO₂-neutral and therefore especially environmentally friendly. But EGGER goes one step further in the development of its products: With its honeycomb technology, the Eurolight lightweight building board reduces the consumption of valuable raw materials.

In terms of sustainability along the entire value creation chain, EGGER is a leader in the wood-based materials industry. So-called EPDs (Environmental Product Declarations) have been developed for all main products. Environmental Product Declaration describe the environmental impact of a product over its entire life cycle, from production and its use, through to its final disposal and are used in the certification of sustainable buildings.

GRI 102-9 Value chain







Simplified organisational structure of the EGGER Group*

* As of 30.04.2019, the segment of the EGGER Decorative Products Americas Division (Argentina and USA) is still presented together in the Others segment, as the integration and expansion of the plants included in the segment has not yet been completed.

Organisational structure

The EGGER Holzwerkstoffe GmbH is the parent company of our Group. It includes companies in Austria, Germany, France, Great Britain, Russia, Romania, Poland, Turkey, Argentina and the US, as well as various sales companies in Eastern Europe, Benelux, Scandinavia, Switzerland and overseas (Asia, Australia and South America), which are assigned to individual divisions.

The management (Group Management) of the ultimate parent company, EGGER Holzwerkstoffe GmbH, consists of Thomas Leissing (Management Speaker, CFO, Finances, Logistics, Human Resources and IT), Walter Schiegl (CTO, Production, Technology and Purchasing) and Ulrich Bühler (CSO, Marketing, Sales and Communication).

In strategic matters, our management is advised by the board of directors. Members of the managing board are Fritz Egger (chairman) and Michael Egger as well as Dr. Robert Briem, Univ.-Prof. Dr.

Ewald Aschauer (since 01.10.2018) and Mr Michael Stiehl (since 03.04.2019). Cooperation between management and board of directors is organised by means of periodic board of directors meetings, budget and investment meetings, as well as monthly reporting.

GRI 102-1
GRI 102-2
GRI 102-4
GRI 102-5
GRI 102-6
GRI 102-18

We rely on management teams to manage our organisational units. Each person is responsible for an area, whether it be production and engineering, marketing and sales, logistics as well as finance and administration. This also applies for Group Management, division management and regional plant management. In addition, Corporate Services managers are responsible for the areas of engineering, production, procurement, marketing, communications, sales controlling, IT, logistics, human resources, accounting, treasury, legal and tax.

Markets and production plants

EGGER thinks globally and acts locally. We currently produce in 18 plants in eight countries worldwide and sell our products worldwide. Thereby, we see ourselves as an international company with Tyrolean roots. Our main focus here is on the European market, but also on strategic export markets outside Europe. A global distribution network, efficient logistics, 27 sales offices and an international network of retail partners in over 90 countries ensure the systematic development of markets.

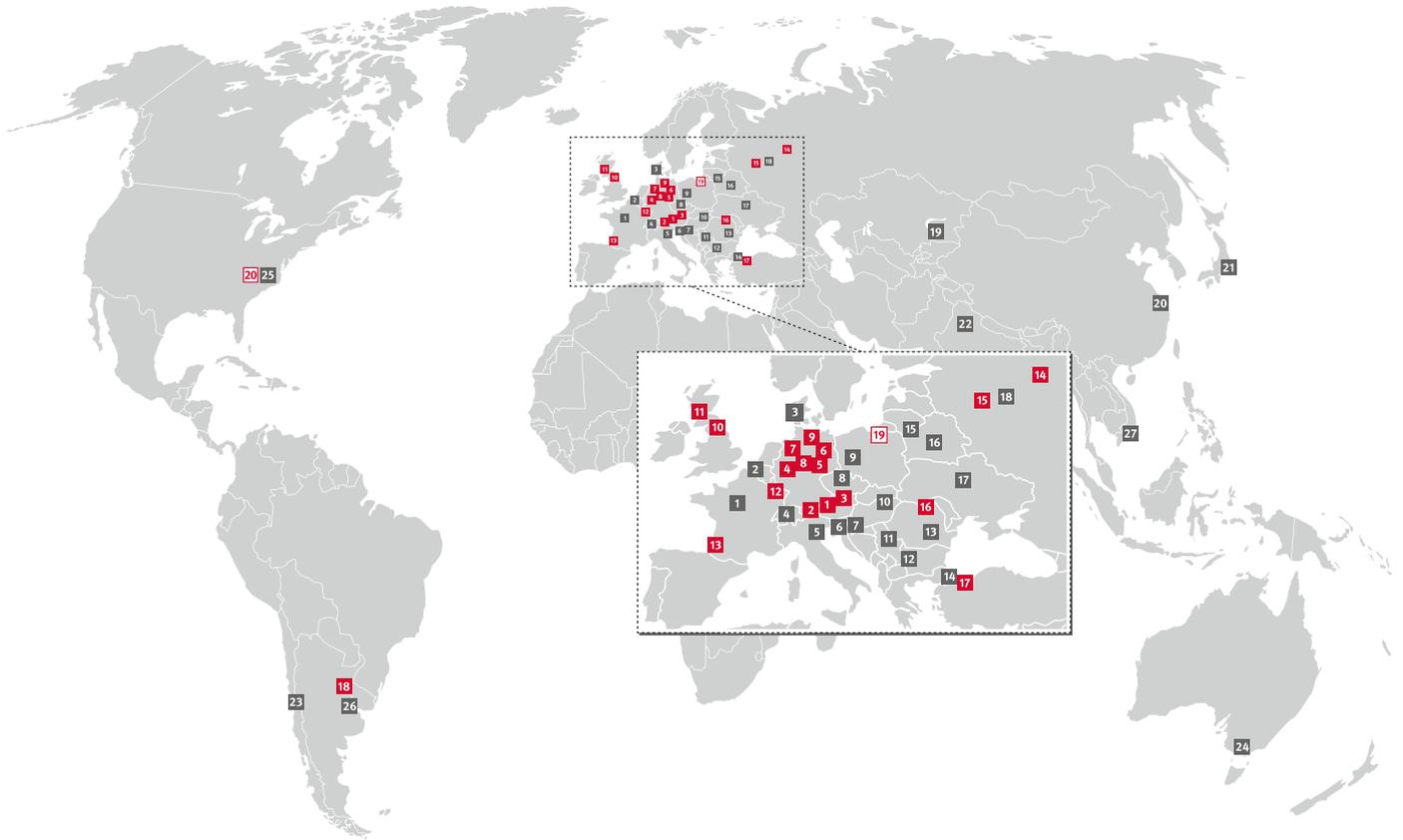
In order to ensure optimal market development and close proximity to our customers, we are organised by product areas, divisions, and markets. The largest product area is Furniture and Interior Design (wood-based material products as well as accessories for decorative furniture and

interior design). These products are produced and marketed in the EGGER Decorative Products West, Middle, and East divisions as well as in the new EGGER Decorative Products Americas division, which is currently being integrated and expanded.

GRI 102-2
GRI 102-6

In addition, there is the Flooring division, which is organised in the EGGER Flooring Products division and produces and markets laminate flooring as well as Comfort and Design flooring.

Independent sales organisations take care of the product area for constructive building products such as OSB boards and timber products.



■ Sales locations

■ Production plants

GRI 102-4

- 1 Tours (FR)
- 2 Kortrijk (BE)
- 3 Tilstup (DK)
- 4 Kriens (CH)
- 5 Treviso (IT)
- 6 Šenčur (SI)
- 7 Varaždin (HR)
- 8 Hradec Králově (CZ)
- 9 Poznań (PL)
- 10 Budapest (HU)
- 11 Smederevo (RS)
- 12 Sofia (BG)
- 13 București (RO)
- 14 Gebze (TR)
- 15 Vilnius (LT)
- 16 Minsk (BY)
- 17 Kiev (UA)
- 18 Moscow (RU)
- 19 Almaty (KZ)
- 20 Shanghai (CN)
- 21 Tokyo (JP)
- 22 New Delhi (IN)
- 23 Santiago de Chile (CL)
- 24 Melbourne (AU)
- 25 Lexington, NC (US)
- 26 Buenos Aires (AR)
- 27 HoChi Minh City (VN)

- 1 St. Johann in Tirol (AT)
- 2 Wörgl (AT)
- 3 Unterradlberg (AT)
- 4 Brilon (DE)
- 5 Bevern (DE)
- 6 Gifhorn (DE)
- 7 Bünde (DE)
- 8 Marienmünster (DE)
- 9 Wismar (DE)
- 10 Hexham (UK)
- 11 Barony (UK)
- 12 Rambervillers (FR)
- 13 Rion des Landes (FR)
- 14 Shuya (RU)
- 15 Gagarin (RU)
- 16 Rădăuți (RO)
- 17 Gebze (TR)
- 18 Concordia (AR)

□ In planning/under construction

- 19 Biskupiec (PL)
- 20 Lexington, NC (US)



Decorative products

Building Products

Flooring Products

We also classify our customer groups into the following sales channels / industries:

GRI 102-6



Industry

This includes customers from the furniture industry and industrial customers of wood construction.

Retailer

Comprises specialised retailers that sell to fabricators, planners and architects, as well as smaller to medium-sized industrial companies.

DIY

Comprises DIY store chains and DIY stores selling to do-it-yourselfers.

Our products

22 Furniture and interior design



Eurospan
Raw chipboard



Eurodekor
Melamine-faced boards



PerfectSense Gloss/Matt
Lacquered boards



Thin chipboards



MDF boards



Thin MDF lacquered



HDF boards



Laminates



Laminate bonded boards



Compact laminates



OSB Combiline



Furniture components



Eurolight
Lightweight boards



Worktops



Front elements



Window sills



Thin chipboard
Support edging



Edging
ABS, PP, PMMA and PVC

Building products



Timber
fresh, dried, planed



OSB
Boards straight-edged



OSB
Installation boards

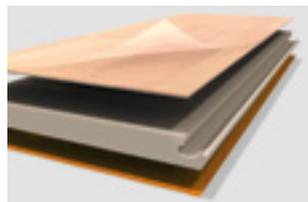


Ergo Board



DHF
Underlay board

Flooring



Laminate flooring



Comfort floors



Design floors



Skirting boards
to match the flooring decor

GRI 102-7

Company key figures

At the end of the financial year 2018/2019, we look back on a successful, albeit challenging year. It was mainly characterised by very intensive **investment activity**. We have continued to pursue the internationalisation of our group of companies, which has begun in recent years, and have invested heavily in our new plants, as well as advancing the modernisation of our existing plants. Overall, we invested the record amount of EUR 489.1 million this year.

Against the backdrop of these massive investments and the related, partly non-capitalised construction and start-up costs, we were able to achieve very satisfactory **sales** of EUR 2,841.5 million (+ 5.6% compared with the previous year)

and an adjusted **EBITDA*** of EUR 425.0 million (-4.7% compared with the previous year). In the 2018/2019 financial year, we did not achieve all of our high-profile goals, but we keep to the plan with the implementation of our strategic growth steps.

Our now approximately 9,600 **employees**** make the most significant contribution to the continuous and sustainable growth of our company.

Our **production locations** were very busy in the 2018/2019 financial year and we achieved a new peak in production with 8.8 million m³ of wood-based materials and timber.

* Operating EBITDA without appreciation relating to IAS 29

** As of 30.04.2019, EGGER had 9,643 employees. The average for the financial year is 9,481 employees. The increase is mainly the result of team building in Biskupiec (PL) and Lexington, NC (US).

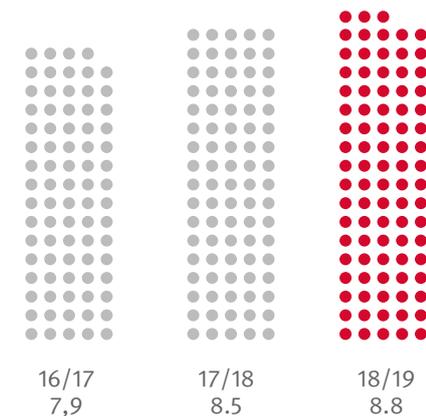
Number of employees

Average number of employees per financial year



Production capacities wood-based materials

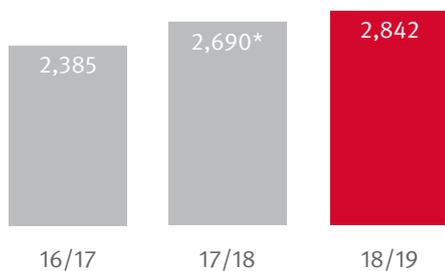
(incl. sawn timber in million m³)



Revenue development

(million €)

GRI 201-1



* different disclosures to the previous year's report due to IFRS regulatory changes

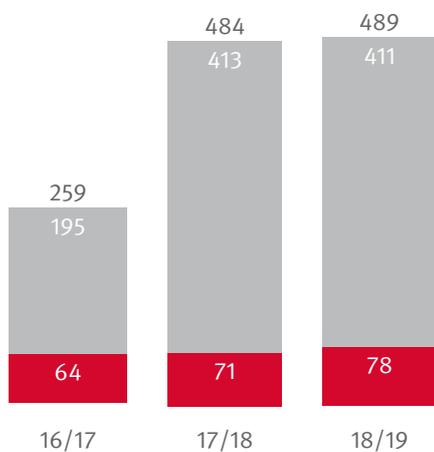
Turnover distribution by customer

Specifications in %



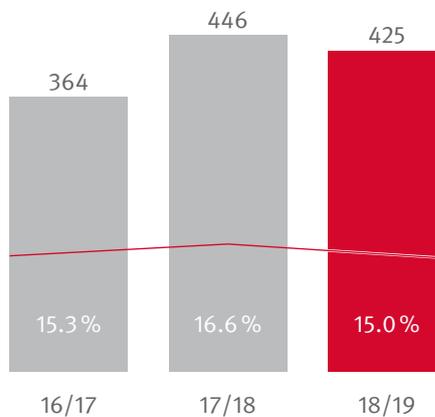
Investments and acquisitions

in EUR million



EBITDA

in million Euro; EBITDA margin in %



■ Growth investments, including acquisitions:
 ■ Maintenance investments

Future viability of the business model

There are different interpretations of the term “future viability”. Business experts see the future as a period between 3 and 30 years. This chapter uses the same consideration. On the other hand, sustainability experts see the future as a time horizon of a number of generations of people. For this interpretation, see “Selection of key topics” in the chapter “Stakeholder interests and materiality analysis”.

The claim is defined in the EGGER corporate vision: “To be the leading brand for wood-based solutions.” The corporate group is geared towards an international growth strategy which is profitable in the long term. Only a leading market position and sound profitability can create the potential for investments and further growth. In doing so, EGGER strives to achieve crisis resistance to the greatest possible extent through strategies that are constantly adapted by means of a structured process to changes in the industry, in the competitive environment, and in the political framework conditions.

EGGER creates sustainable, international growth through its own efforts and preserves its independence as family company.

At the same time, the sustainable security and further development of the company for passing it on to the next generation are at the forefront of the family business in all decisions.

Short- and medium-term objectives in all areas are always geared towards overarching strategic goals and are in each case adapted to a changing business environment. In order to secure its strategic objectives, EGGER has clear financial objectives that provide the framework for the affordability and profitability of investments and management decisions. Within the framework of annual rolling strategic medium-term planning, specific objectives and measures as well as investment priorities for the next five financial years are defined and planned throughout the Group.

→ see annual report section 2.2.6 EGGER value management

EGGER value management guarantees the sustainable increase of the corporate value. Within the framework of value management, EGGER is committed to systematic and sustainable value creation with medium to long-term orientation. Value management focuses on the sustained increase in cash flow (EBITDA) in relation to Historical Capital Employed, the CFROI (Cashflow Return on Investment). CFROI is one of the most important performance indicators in plant-intensive companies such as EGGER. As a sustainable strategic target, a minimum return of 10 % has been defined for all areas of the company. A balance is established between the interests of owners, customers, suppliers and employees.

Increasing the value of the company requires consequent actions that are based on our value management. Concrete value drivers must be identified with regard to value creation through optimisation and growth and implemented at all levels in daily business.

All line supervisors and employees in relevant areas are trained at regular intervals in the context of training courses and workshops on value-oriented thinking, arithmetic, action, and leadership, thus enabling them to make their decisions accordingly.

→ see annual report Chapter 5 Risk management



Entrepreneurial activities are always connected with opportunities and risks. The major goals of the risk management system are to protect the company's continued existence and to reach the set goals. Our risk management system, therefore, represents an integral part of our corporate strategy and our value management system.

The central elements of the risk management system are systematic risk controlling and the internal control system (ICS) with Group-wide guidelines and standards, external auditing by certified public accountants, our regular internal audits and standardised reporting, planning and controlling processes.





4.

Sustainability management

Principles

Sustainability governance

EGGER Management System

Stakeholder analysis

Materiality matrix

Principles

- GRI 102-16**
- At EGGER we see **quality, perspective, and respect** as essential parts of our corporate culture and as indispensable prerequisites for our business success.
 - When dealing with colleagues, customers, suppliers and authorities, all EGGER employees must act **in compliance with the law and with integrity**, with professionalism and fairness.
 - We are committed to a **competitive** market organisation. We strictly oppose anti-competitive behaviour and all forms of corruption. We obtain orders **fairly**, based on the quality and price-performance ratio of our distinguished products and services.
 - EGGER's core values include the **respect** for the customs and traditions of countries in which we are active. We promote the employment of qualified employees and line supervisors from the **surrounding area** of our plants and make our contribution to support the respective regions. To this end, we support projects and organisations in the fields of social issues, education, health and the environment.
 - We are expressly committed to **fair employment conditions**. All relevant regulations in the respective employment country are followed by us as an employer.
 - We expect our employees to **treat each other** and third parties with respect. We do not tolerate any harassment or discrimination at the workplace.

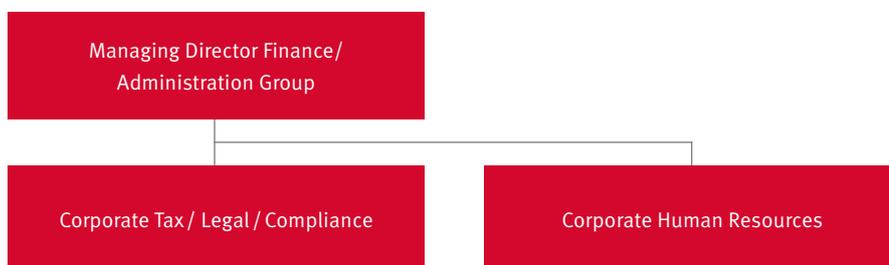
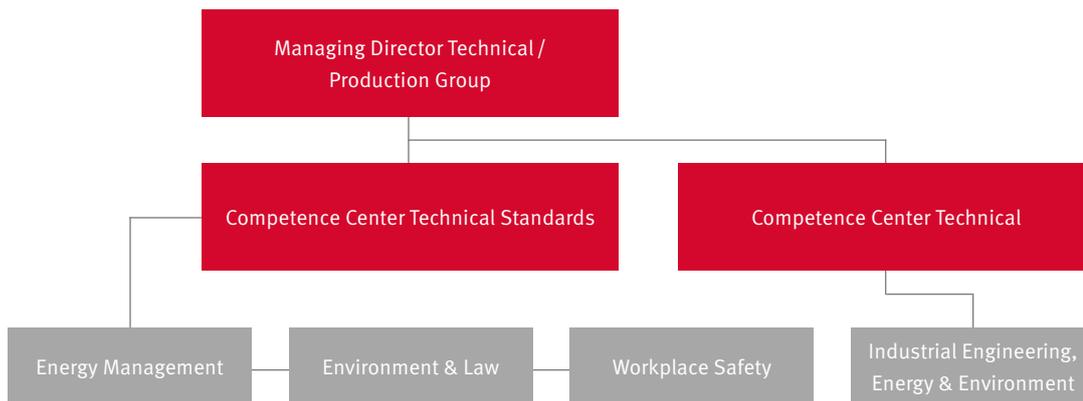
- We **promote** the internal and external training of our employees and foster **an open corporate culture**, allowing and encouraging all employees to contribute their opinions and improvement proposals for the company.
- We **inform** our employees with regard to our strategic and operational objectives in order to achieve these together, and provide the **resources** needed for implementation.
- We actively take care of the **protection and health** of our employees. We comply with the laws, regulations and other requirements concerning Occupational safety and health protection at the workplace and are also constantly aiming to set new and higher standards.
- **The protection of the environment**, the **conservation of natural resources** and the **use of efficient energy production** are especially important to us. We contribute proactively to the realisation of European and national **climate objectives**.
- We not only comply with the laws, regulations and other requirements that we have committed to, but we also constantly aim towards setting new and higher standards and resource optimisation. It is our objective to prevent environmental pollution, to continuously reduce unnecessary energy consumption by increasing energy efficiency and to steadily improve our performance in the area of **environmental protection** and **energy optimisation** for our activities, products and services.
- These principles are laid down in the EGGER **mission statement** as well as in the **Code of Conduct** for all employees. They are proactively communicated and appropriate behaviour is demanded. **Awareness** is raised, **knowledge** is built and correct **conduct** is nurtured through special and regular events for our employees. Guidelines on many topics are available to our employees. In key areas, compliance with the Code of Conduct is supervised by our internal audit system.

Sustainability governance

GRI 102-18 The employees responsible for environmental, economic and social sustainability at the **EGGER Group** level are divided into the structure shown graphically on page 33. In addition, most **sites** have their own environmental and energy management teams. In Germany, they are supported by an additional team at the **national level**.

- On 1.5.2019, a central coordination point is created for "Corporate Sustainability"
- As of 1.5.2019, the achievement of occupational safety objectives is included in the variable remuneration of line supervisors (for details see this report, the chapter Occupational safety and health protection at the workplace at the workplace, or the financial report, appendix to the consolidated financial statements, chapter 4.4)





EGGER Management System

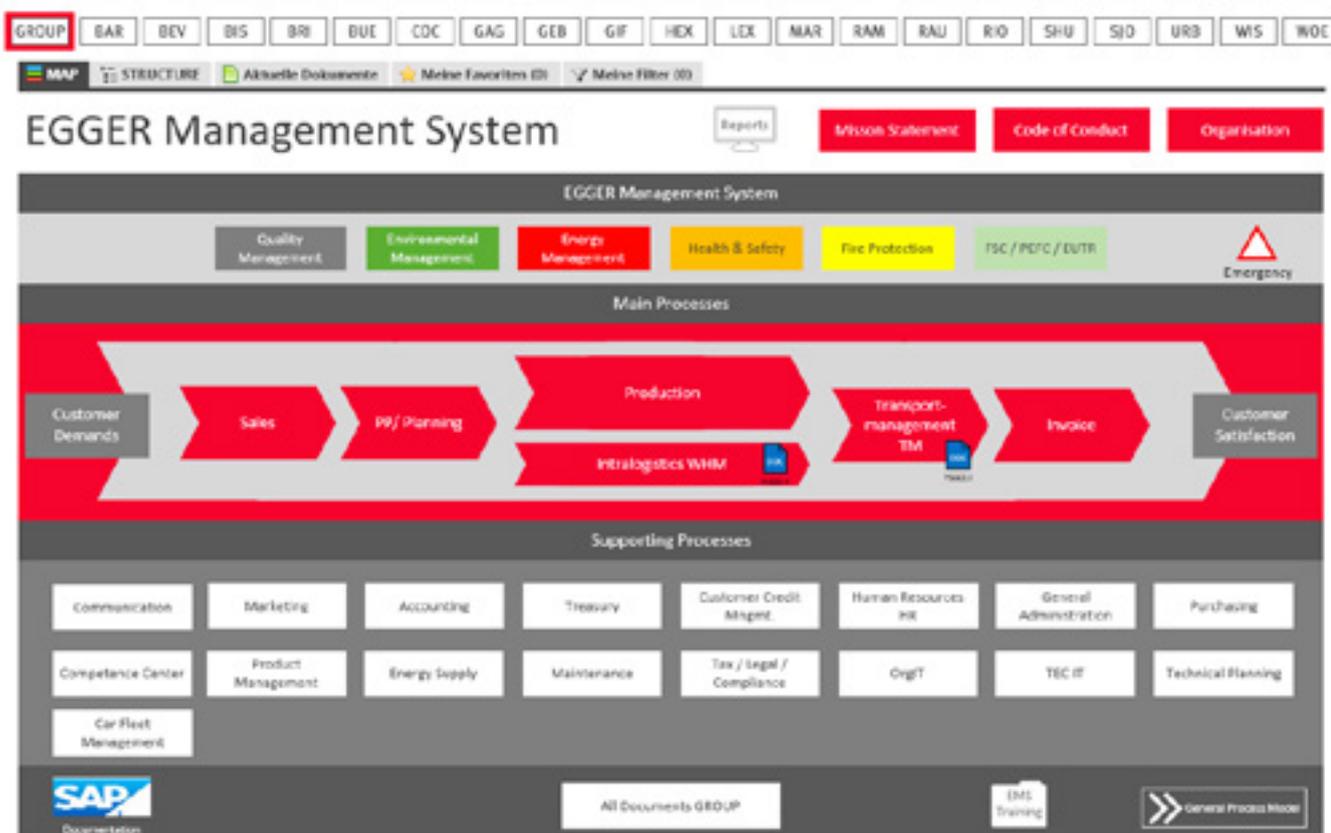
EGGER has developed an integrated management system in order to comply with the obligation of continual improvement and to be aware of and comply with clearly defined requirements in all areas. The EMS, EGGER Management System, is fundamentally based on the high-level structure of ISO 9001: 2015. The systems for quality management, environmental management, energy management, fire protection and occupational safety are grouped together in the EMS. Common topics from the different standards are dealt with as a topic within the framework of the EMS, individual specifications are handled in special processes. The highest possible integration of the topics is sought in order to exploit synergies.

As part of the EMS, the requirements of different norms and standards are addressed. These are, among others:

- ISO 9001: Quality Management
- ISO 14001: Environmental management
- ISO 50001: Energy management
- Occupational safety
- Fire protection
- Sustainable wood procurement (Chain-of-Custody and EUTR)

In addition, all relevant procedures and processes in all areas of work are regulated by the EMS and, in particular, by controlled documents.





Process orientation

The EGGER management system is constructed in a process-oriented manner. The processing of the core topics of the integrated management system is supported by an online platform.

Procedures are described in the form of guidelines and controlled documents. Process descriptions are developed for defined processes within the framework of the EMS.

Risk-based thinking

Risks and opportunities are constantly identified, especially in the case of internal and external audits and quality circles, and verified using appropriate measures. The EMS system supports the tracking and communication of deviations, information, risks and opportunities. This takes the form of “findings” taking into account the

requirements of the matrix certification to relevant plants of the EGGER Group. There, the findings are checked for relevance, the exchange of knowledge and an efficient process of continual improvement are ensured. This is technically supported by the “Audit & Action Management” within the scope of the EMS.

Plants with certified management systems

Country	Location	Quality	Environment	Energy	Occupational safety
Austria	St. Johann in Tirol	ISO 9001	ISO 14001	—	—
	Wörgl	ISO 9001	ISO 14001	—	—
	Unterradlberg	ISO 9001	ISO 14001 + EMAS	—	—
Germany	Brilon	ISO 9001	ISO 14001	ISO 50001	—
	Bevern	ISO 9001	ISO 14001	ISO 50001	—
	Gifhorn	ISO 9001	ISO 14001	ISO 50001	—
	Bünde	ISO 9001	ISO 14001	ISO 50001	—
	Marienmünster	ISO 9001	ISO 14001	ISO 50001	—
	Wismar	ISO 9001	ISO 14001	ISO 50001	—
UK	Hexham	ISO 9001	ISO 14001	ISO 50001	—
	Barony	ISO 9001	ISO 14001	ISO 50001	—
France	Rambervillers	ISO 9001	ISO 14001	ISO 50001	—
	Rion des Landes	ISO 9001	ISO 14001	ISO 50001	—
Russia	Shuya	ISO 9001	—	—	—
	Gagarin	ISO 9001	—	—	—
Romania	Radauti	ISO 9001	ISO 14001	—	—
Turkey	Gebze	ISO 9001	—	—	—
Argentina	Concordia	ISO 9001	ISO 14001	—	OHSAS 18001
Poland	Biskupiec*	—	—	—	—
USA	Lexington**	—	—	—	—

* New location, production not yet started in the reporting period.

** Location under construction.

St. Johann in Tirol AT



Wörgl AT



Unterradlberg AT



Brilon DE



Bevern DE



Gifhorn DE



Bünde DE



Marienmünster DE



Wismar DE



Hexham UK



Barony UK



Rambervillers FR



Rion des Landes FR



Shuya RU



Gagarin RU



Rădăuți RO



Gebze TR



Concordia AR



A materiality analysis was carried out to identify all topics of relevance for the sustainable development of EGGER. This analysis limits which topics are essential to the company's sustainability performance and which are not. The materiality is presented in two dimensions: On the one hand, whether the company's core business has a major impact on society and the environ-

ment, and, on the other hand, whether the issues are particularly relevant for the stakeholders. Together, these two dimensions find their way into the materiality matrix, which ultimately draws a materiality limit – key topics are dealt with in the sustainability report, but not insignificant ones.

GRI 102-15 Stakeholder approach

Interest groups are called stakeholders, both terms are to be understood synonymously. One of the key objectives of the stakeholder approach is to avoid views that are too internally influenced, so-called “operational blindness”. When selecting the method for identifying stakeholder interests, EGGER was supported by external sustainability consultants.

The procedure described hereafter for the stakeholder analysis was guided by Denkstatt GmbH in 2017. Since the orientation of the core business, the production of wood-based materials have not changed significantly since then, the results remain valid for the past financial year.

GRI 102-42 Determination of stakeholders

In an open panel discussion, relevant stakeholders were listed on cards as a first step. As a second step, the axes of the stakeholder matrix were defined:

The Y-axis shows the level of interest of a stakeholder for EGGER, while the X-axis shows the stakeholder's importance in relation to its influence on EGGER. The position of the stakeholder on the Y-axis "Stakeholder interest in EGGER" was

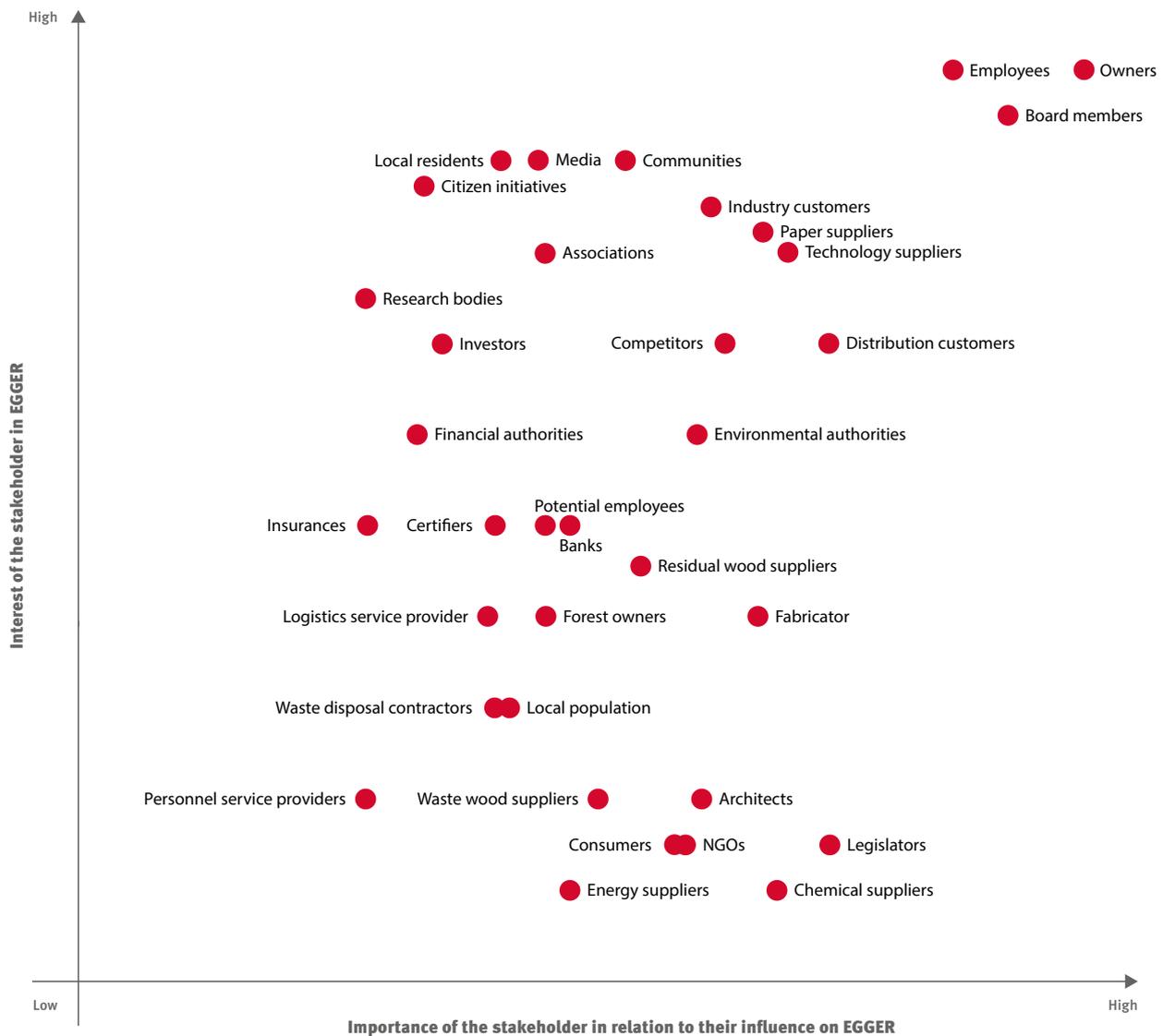
established during an open discussion moderated by Denkstatt. Positioning on the X-axis "Importance of the stakeholder in relation to its influence on EGGER" is based on the assessment of the persons represented in the workshop and was subsequently refined with the assessment of the EGGER Group Management.

GRI 102-46 Determination of topics relevant to stakeholders

The stakeholders' interests were worked out and derived from a simulation of a partnership dialogue. Further workshops were held in order to identify which topics are relevant for the respective stakeholders. Participants invited to these workshops are themselves either stakeholders or in close regular contact with relevant stakeholders. Each stakeholder workshop began with the development of a common understanding of sustainability. The next step was to empathise with the respective stakeholder.

From a stakeholder perspective, those topics have been expressed in writing in a free formulation that is important to the stakeholder in terms of sustainability and its relationship with EGGER. To check these first results, a list of topics based on a search of common sustainability topics in other manufacturing companies and the wood industry sector was handed out during the workshop. Based on this list, the stakeholders or their representatives were able to readjust the topics relevant to them and finalise their selection of topics.

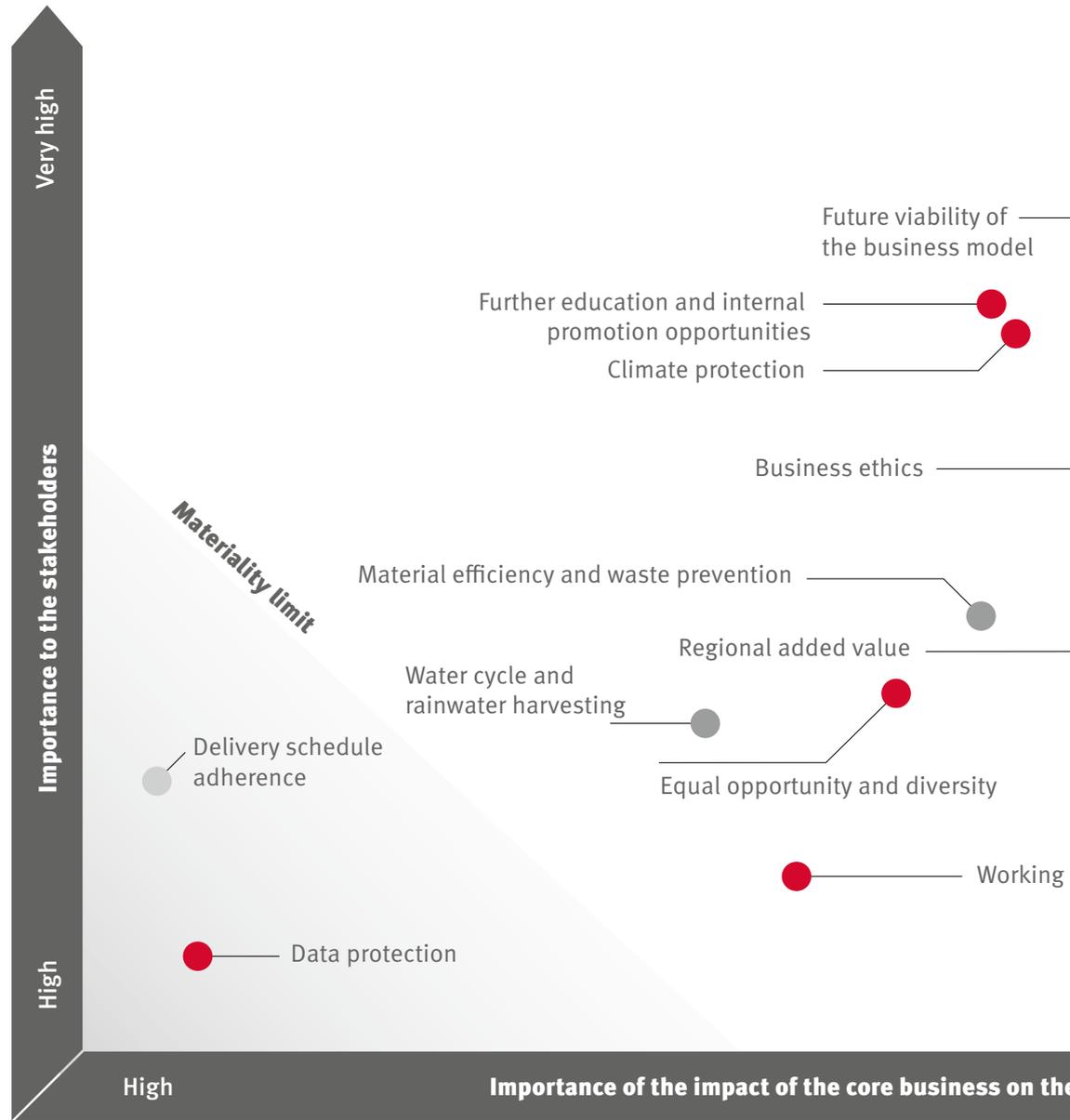
Relevance of the stakeholders



As a result of the workshops, each stakeholder had a choice of the 10 most important topics and an assessment of each topic in terms of the importance of the topic to the stakeholder. In order to bring the importance of sustainability issues, bundled across all stakeholders, on a uniform scale, a manual assessment was performed with the aid of two IT-based approaches. For a simpler understanding similar topics have been bundled so that now 19 topics are represented in the matrix.

GRI 102-15

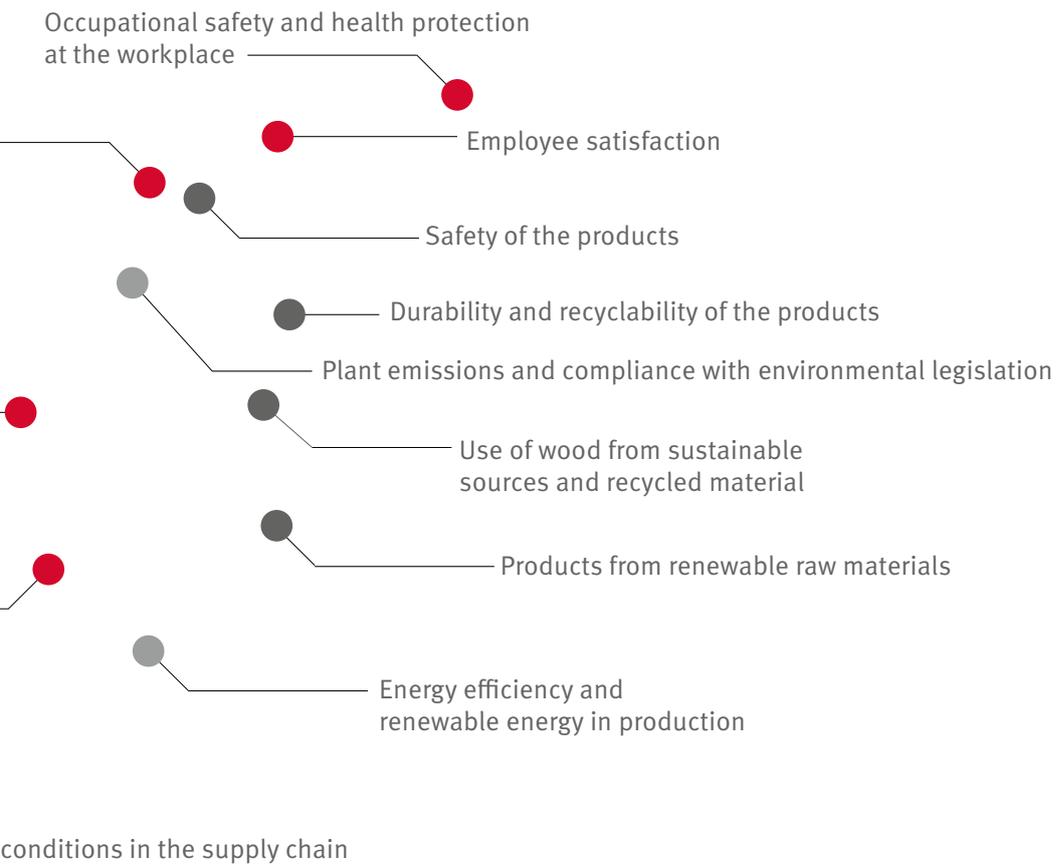
Materiality matrix



● **Product responsibility**

● **Responsible production**

● **Corporate social responsibility**

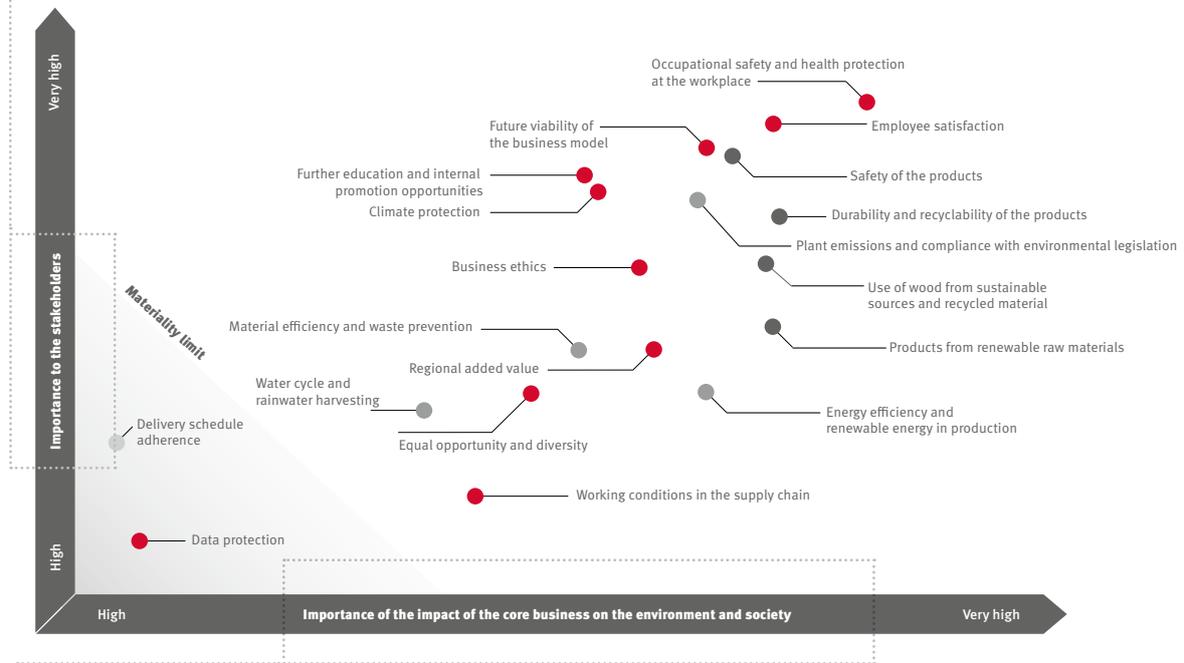


the environment and society **Very high**

sibility

Relevance of the topics for the stakeholders

The Y-axis of the materiality matrix represents the relevance of the topics to our stakeholders. The further up the Y-axis of the materiality matrix a topic is, the more important the issue is for our stakeholders. Only topics of “high” or “very high” importance were selected.



Impact of topics on society and the environment

GRI 102-46

The X-axis of the materiality matrix represents the impact of a topic. The further to the right on the axis, the greater the impact of EGGER's core business on the environment and society. In order to assess the impact, competent employees with a cross-departmental focus were asked for their assessment. These values were retrospectively refined with the assessment of the Group Management. Each assessment was included equally in the assessment, so that ultimately the average value defines the position of a topic on the X-axis.

Selection of material topics

GRI 102-46

By means of the materiality analysis, 19 major topics could be identified that are now presented in the materiality matrix. This illustration shows the upper right quadrant of the materiality analysis: Topics with low or medium importance are thus already eliminated from the selection and are not shown, the matrix only contains topics with “high” or “very high” importance. The two topics "Data protection" and "Compliance with deadlines" have been classified as not material for the purposes of the sustainability report and are not dealt with in this report, but have been included in the chart for the sake of transparency. The 17 material topics, however, are discussed in detail in the report.

The following topics were identified as material on the basis of the externally monitored analysis in 2017. The selection is still valid. The contents of these topics can be found in the chapter of the same name:

- Occupational safety and health protection at the workplace at the workplace
- Durability and recyclability of the products
- Employee satisfaction
- Products from renewable raw materials
- Use of wood from sustainable sources and recycled material
- Safety of the products
- Plant emissions and compliance with environmental legislation
- Regional added value
- Business ethics
- Climate protection
- Further education and internal promotion opportunities
- Material efficiency and waste prevention
- Equal opportunity and diversity
- Working conditions in the supply chain
- Water cycle and rainwater harvesting

The following topics were identified as essential and can be found in the sustainability report in a different structure:

GRI 102-15
GRI 102-49

- **Future viability of the business model:**
There are different interpretations of the term “future viability”. As a rule, sustainability experts see the future as a time horizon of a number of generations of people. In this sense “future viability” is not a sustainability issue of its own, but results as the checksum of all other essential topics. These are covered in the following chapters. On the other hand, business experts see the future as a period between 3 and 30 years. The chapter “Future viability” in the section “Corporate profile” refers to this consideration.
- **Energy efficiency and renewable energy in production and climate protection:**
These two topics are summarised in the report due to their content proximity in the chapter “Climate protection, energy efficiency, renewable energies in production”

The following topics have been identified as not significant for purposes of the sustainability report. They cannot be found in the sustainability report.

- **Data privacy protection:**
Data protection aspects are relevant for the management of customer and employee data, but they only play a subordinate role in terms of the impact of EGGER's core business
- **Delivery reliability:**
Delivery reliability is relevant for economic sustainability, especially for the stakeholder “customer”, but it only plays a subordinate role in terms of the impact of EGGER's core business





5.

Product responsibility

Products from renewable raw materials

Use of wood from sustainable sources & recycled material

Safety of the products

Durability/recyclability of the products

At least since the “Club of Rome” brought the limits of growth into a broad social debate, it can no longer be denied that the resources available on earth are limited. The challenge, then, is to economise in a profitable and growth-oriented manner, to make available offers for contemporary satisfaction of consumption needs, while being aware of and respecting the limits of our planet. In order to move towards this objective, many concepts and management approaches for economic actors have developed in the meantime. Some focus on the company as a whole, others are broken down by production plants, while others look at products.

As part of the materiality analysis for EGGER, topics that are particularly relevant have been presented in detail for both products and the company. The topics at the company level can be found in the following chapters of the report. The product themes are presented here and cover the entire life cycle of a product. This begins with the raw material extraction phase, i.e. using renewable raw materials, sustainably managing forests, closing gaps in value-added chains and using recycled materials. In the manufacturing phase of the product many aspects come into play, which are covered in detail in the chapter “Responsible production”. In the use phase of a product, the safety of the product and its durability come into focus. After the use phase comes the disposal, and here the cycle closes with the question of how well the product can be utilised materially or thermally.

It is not trivial to assess all of this for one product. So that every interested customer and every environmental expert can form their own impression of materials used by EGGER, EGGER stands for full product transparency and a verifiable, factual representation of environmental characteristics.

Here, EGGER selects different approaches for different products.

The semi-finished products of EGGER will subsequently be, for example, further processed into pieces of furniture or construction elements. An eco-label only makes sense for this end product. Nonetheless, stakeholders also require environmental information for semi-finished products. EGGER provides this in two ways: On the one hand, the self-declared environmental and health data sheet, which enables EGGER to process all information in a product-specific and flexible way. It provides customers, certifiers and project managers with tailor-made information according to their requirements. On the other hand, the externally verified EPD (Environmental Product Declaration) including a cradle-to-gate LCA, which is prepared according to the high standards of international LCA and verified by the independent expert council of the Institut für Bauen und Umwelt (IBU). In addition to the LCA, EPDs for EGGER products also contain information on ingredients, product manufacturing processes and pollutant tests.

Regarding flooring products, EGGER manufactures the final product itself. In addition to the approaches outlined above, EGGER has therefore had its flooring certified with classic Type I eco-labels, such as the German “Blauer Engel” for low-emission floor coverings, panels and doors made of wood and wood-based materials for interiors (RAL UZ 176)” or the Finnish emission class M1.

Products with eco-label

Financial year	FY 18/19
Number of EGGER* products	39
Share by sales certified with a type I eco-label**	13 %
Share by sales for which an environmental supplier declaration*** has been published	14 %
Share by sales for which there is an independently verified type III environmental label****	78 %

* Summation by product group. Including externally sold intermediate products such as glue and impregnates. Excluding wood as merchandise, samples, and advertising material.

** Blauer Engel for flooring (RAL UZ 176), M1 or Greenguard Gold

*** Environmental and Health Datasheet based on ISO 14021

**** Environmental Product Declaration (EPD) according to ISO 14025, EN 15804 and IBU-PCR

An EPD is available for 78% of the products, which is a good value and highlights the importance of EGGER'S approach to product transparency. The complete update of the EPDs of laminate flooring and OSB boards in the past financial year confirm that we continue to implement this approach consistently. We are also striving for transparency for the other products and in the next few years we will increase the number of products for which we provide a so-called "environmental supplier declaration" in the form of the "Environmental and Health Datasheet".

DOWNLOAD

Download the EPDs



➔ www.egger.com/umwelt

➔ www.ibu-epd.com

Past actions

- Updating the EPDs for OSB boards and laminate flooring, incl. new data collection and modelling of life cycle assessments
- Creation of individual "Environmental and Health Datasheets"
- Laminate flooring certification with Greenguard Gold

Future actions

- After the introduction of the EGGER Decorative Products Collection 2020, an "Environmental and Health Datasheet" is provided for each product in the collection
- Comfort flooring certification with Greenguard Gold

Overview of products with eco-label

Product / Product group	Certified with type I eco-label			Declared with verified type III eco-label
				
EGGER DHF	—	—	—	✓
Eurodekor	—	—	—	✓
Eurospan	—	—	—	✓
Eurodekor MDF	—	—	—	✓
EGGER MDF	—	—	—	✓
EGGER OSB	—	—	—	✓
Laminate	—	—	—	✓
Timber	—	—	—	✓
EGGER Eurolight raw	—	—	—	✓
EGGER Eurolight decor	—	—	—	✓
EGGER Laminate flooring	✓	✓	✓	✓
EGGER Comfort flooring	✓	✓	—	—
EGGER Design flooring	✓	✓	—	—



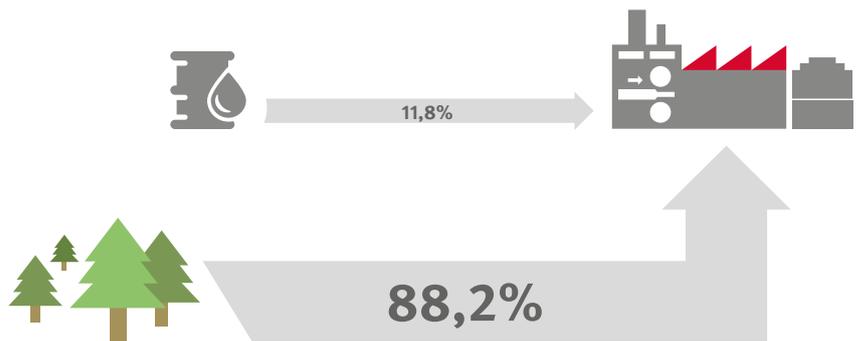
Products from renewable raw materials

A prominent approach to “resource conservation” is “bioeconomy”.

An old assurance is actually behind this: It is better to use raw materials that regrow in the time horizon of a generation than resources that take millions of years to regenerate. In order to understand the progress towards bioeconomy, materials are categorised into two groups: On the one hand, materials made from renewable raw materials are mainly made of wood, vegetable fibres or micro-organisms, e.g. paper. On the other hand, materials derived from fossil fuels are mainly produced from natural gas or petroleum, like most plastics, foils, synthetic resins and synthetic fibres.

Wood-based materials from EGGER combine the best of both worlds: Wherever possible, the renewable raw material wood is used and, whenever necessary, combined with the indispensable characteristics of synthetic materials which, for example, make a surface water repellent and easy-care. This is how a chipboard from EGGER consists of approx. 90 % natural wood shavings. Binding agents, wax and additives derived from fossil fuels make up the remaining 10 % of the board. The surface of the melamine-resin-coated Eurodekor board owes its resistant properties to impregnation with synthetic resin, also fossil – however printed paper is impregnated with it.

Financial year
2018/19



Proportion of renewable materials in all EGGER products*

Financial year	2016/17	2017/18	2018/19
Materials made from renewable raw materials (wood, paper, cardboard)	87.9 %	88.1 %	88.2 %
Materials made from fossil raw materials (all remaining materials)	12.1 %	11.9 %	11.8 %

*Material used in the production of EGGER standard products (products for furniture and interior design, building products, flooring) (proportion by mass, without water [in the case of wood absolutely dry, in the case of glue solid content])

The proportion of materials from renewable raw materials is stable well above 80 %. EGGER does not pursue a quantitative target for the proportion of renewable raw materials in the entire product portfolio. Rather, the company sees itself as a supplier of wood-based products that offers its customers optimum quality, design and advice for the required application area. This also includes the use of fossil-based raw materials and semi-finished products.

EGGER is driving forward the development and market launch of wood-based products, even for application areas in which synthetic materials have previously dominated. This includes the EGGER Design floor, which contains a higher proportion of fossil-based materials than classic laminate flooring, but can be used as an alternative to PVC floors made from 100 % fossil-based materials.

Past actions

- The start of the research project Susbind for binding agents from renewable raw materials (see Best Practice on the following page)

Future actions

- Proactive representation of the content of renewable materials to a broad target group: With the introduction of the EGGER Decorative Products 2020 collection, the share of renewable raw materials per product group will be shown in the availability guide
- Further increase in product transparency: The creation of environmental and health data sheets for additional products and product variants to disclose materials and semi-finished product used in manufacturing. This complements the EPDs (Environmental Product Declarations) that are available for the most important product groups

Best Practice

11 partners and one question: Do binding agents made of renewable raw materials work?

How does a woodchip or woodfibre get turned into wood-based material? With pressure, heat, and a binding agent. Regular binding agents consist of aminoplast resins obtained from fossil raw materials. Given that fossil raw materials will some day be exhausted, the consortium SUSBIND aims to replace fossil chemicals with those from renewable raw materials that are sourced from the unused leftovers of biorefineries. Bio-based binding agents were developed, produced and tested as part of the research project. EGGER contributes to the project its expertise in developing glue systems and also provides the infrastructure needed to later test the research results for their feasibility in practice.

11 partners from 6 EU countries from research and industry.

SUSBIND has a total budget of **€5.5 million.**

The industrial partners have committed themselves to contributing **€1.4 million** to this public-private partnership.



The alternative binding agent is tested on both a P2 chipboard and an MDF board.

Project start: **1 May 2018**

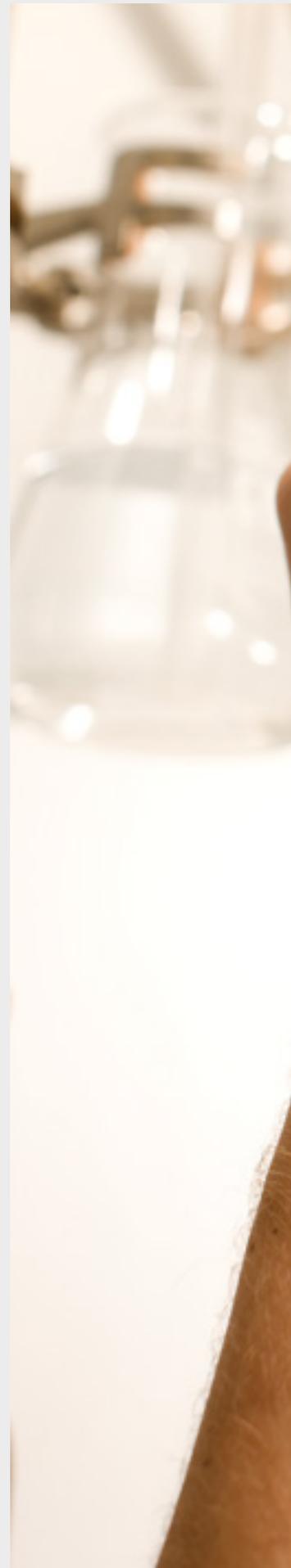
Project duration: **4 years**

An **Environmental Performance Assessment** is created for a thorough comparison of the CO2 footprint.

With the support of the innovation programme **Horizon 2020** of the European Union and the **Bio Based Industries Consortium.**

The SUSBIND project covers the entire value-added chain, **from raw materials to test production.**

Additional information: **www.susbind.eu**







Use of wood from sustainable sources & recycled material

The amount of resources that are present in the environment is limited. First, sustainable economic management means harvesting these resources with care, and second, using them wisely. In order for the supply of wood to be truly sustainable, it is not enough to procure wood responsibly only as a primary raw material. Recycling also counts as sustainable use. The idea of utilising material in the best possible way across all stages of the value chain has also operated under the term recycling economy in recent years. In the wood sector, this has been discussed for a long time and, in particular in the wood-based material sector, is actually practised under the keywords “cascading use of wood”. The objective of cascading use is to gradually utilise any material that

arises as a by-product in the manufacture of wood products, ensuring the highest quality of material use. Material use means using a material for the manufacture of new products instead of just burning it to generate energy (that would be the counterpart: energy use). A sustainable supply of raw materials therefore has to meet the challenge of observing regional origin and sustainable forest management in the procurement of primary raw materials and, in the context of the recycling economy, maximising the proportion of secondary raw materials in all raw materials used.

Sustainable forestry

EGGER pursues several approaches in order to reduce the ecological pressure that inevitably arises from the use of resources. The company uses various sources for its most important raw material wood. The primary resources of sawlogs and industrial roundwood come as wood from the forest. The locations of our rawboard plants were chosen to enable as much regional wood as possible to be used.

At EGGER, wood within a radius of 150 km around the rawboard plants is considered “regional”.

But even if it is regional: Wood can only be climate-friendly and renewable if the forest is managed sustainably.

Our EGGER due diligence system (DDS Due Diligence System) for the procurement of wood and paper is checked by accredited third-party and in-house specialists, and guarantees full compliance with all legal requirements in the harvesting or production country. We will continue to strictly

adhere to our Code of Conduct on sustainable wood procurement and to take effective measures to further promote the transparency and safety of the wood we use. For the EU, EGGER has to comply in connection with the due diligence with the requirements of the EU Timber Regulation (VO) 995/2010 (EUTR). This is also mandatory for plants that supply to the EU. Our customers can classify our products as 100% legal and compliant with the requirements of EUTR.

In addition, EGGER's DDS is based on the new ISO 38200 standard: 2018 for the Chain-of-Custody (controlled supply chain) of wood products and for our certified customers at FSC® and PEFC Standards in the respectively valid version.

GRI 308-2

Transparent information on wood origins



→ *Principles for uncertified wood origins*

→ *Declaration about the origin of the wood used*

→ *FSC® certificate*

→ *PEFC certificate*

www.egger.com/umwelt

GRI 304-2 It is the policy of EGGER to exclude the following sources in the case of all certified and non-certified wood origins:

- Illegally harvested wood
- Wood harvested in violation of traditional and human rights
- Wood originating from uncertified forests with high protection value
- Wood from genetically manipulated trees
- Wood originating from forests that will be converted into plantations or into non-forestry uses
- Wood violating any of the ILO Core Conventions as defined in the ILO Declaration on Fundamental Principles and Rights at Work

In addition to the quantity, price and quality of the delivered wood, the origin and the ecological footprint of the purchased wood are also important for EGGER in order to protect the natural resources of the forest.

EGGER will not buy or process any exotic woods under special protection or whose availability is connected with strict conditions according to the

Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora known as CITES.

Our wood purchasing pays particular attention to protected or endangered species on the Red List published by the International Union for Conservation of Nature (IUCN).

In addition to the measures we have taken to protect the environment, it is a matter of course for EGGER to comply with national and European laws when it comes to the sustainable procurement of wood.

The company's own due diligence system (DDS) ensures that EGGER complies with the legal provisions applicable to the procurement of wood at the respective plants. It is described in its own process guidelines and, in addition to the legal requirement of the European Timber Regulation, it is also guided by the new ISO 38200 : 2018 for the Chain-of-Custody (supply chain) of wood products and for our certified customers by FSC® and PEFC standards in their valid version. In our own guidelines and process descriptions for the sustainable purchase of wood and paper products, we describe the procedures for developing risk assessment, information gathering, and risk minimisation measures for complex supply chains.

Systems

for a controlled product chain



EUTR

The European Union adopted the EU Timber Regulation (EUTR) to combat trafficking in illegal timber. Since 2013, this regulation regulates the initial placing of harvested timber or imported wood products on the EU internal market and prohibits the placing on the market of illegally harvested timber. This regulation requires all companies placing wood on the market for the first time to implement a so-called due diligence system.



ISO 38200

ISO 38200 is an international standard for the product chain of wood and wood products (chain-of-custody, CoC), published in 2018. The aim is to establish a uniform reference for the certification and control of wood in the supply chain. The standard takes into account all legal requirements in the respective purchasing or production country and all environmental and social criteria known in the ISO system.



Förderung nachhaltiger
Waldwirtschaft
www.pefc.at

PEFC

The Programme For The Endorsement of Forest Certification Schemes is an international forest certification system. It is the world's largest independent organisation active in ensuring and continuously improving sustainable forest management while guaranteeing ecological, social and economic standards. To ensure that small family forestry operations could obtain certification, PEFC chose an approach based on local workgroups and forestry reports. The forestry operations of the respective region are audited on a sampling basis at regular intervals. New objectives are set for the continual improvement of sustainable forest management that ensure ecological, social and economic standards.



Das Zeichen für
verantwortungsvolle
Waldwirtschaft

FSC®

The FSC® (Forest Stewardship Council®) was established in 1993 as a result of the Rio de Janeiro environmental summit. The FSC is a non-governmental, non-profit organisation committed to environmentally sustainable, socially responsible, and economically sustainable use of our Earth's forests. The FSC® is supported worldwide by environmental organisations, trade unions, indigenous peoples' representatives, as well as numerous companies from the forestry and wood industries. The FSC® sees itself as a platform where representatives with different interests in the forest can come together and find a consensus on responsible forestry. From this consensus, management standards are developed and mechanisms for the marketing of appropriately produced forest products are derived.

What is recycling wood?

Sawmill residues or co-products include wood products that are obtained as a remainder during the production of timber in the sawmill. These include, for example:

- Hackchips
- Sawdust
- Wood shavings
- Edgings
- Lop

Pre-consumer recycled materials mainly include the production residues of customers which cannot be used directly as packaging material:

- Furniture parts or chipboards of third selection

Waste wood, recycling wood or post-consumer recycled material stand for wood types that have already been used and disposed of by the end customer, thus collected after their use phase as waste wood. Waste wood includes, for example

- pallets and transport boxes made from solid wood
- untreated wood from construction sites (construction timber, cable drums)
- Furniture
- Internal doors
- Boards



Recycling

Beyond the procurement of fresh raw materials, it is also important to recycle existing residues in a meaningful way. To what extent wood-based materials from EGGER contribute to cascading use and thus to the recycling economy is clearly shown in the graphs on page 62. For the production of wood-based materials, EGGER uses not only primary but also secondary, i.e. recycled raw materials. Here, a distinction is made between the different types of recycled raw materials:

- By-products from industrial woodworking steps, so-called co-products
- Residues from the furniture industry, so-called pre-consumer recycling wood
- Recycled waste wood, so-called post-consumer recycled material, which has already performed a function at the end customer

EGGER ensures that recycled material is only purchased from qualified disposal specialists. Suitable recycled wood is processed there and used for chipboard production.

In addition, many of our own by-products and resi-

dues accumulate at the sites, which EGGER refines into materials or, if recycling is no longer possible, uses energetically to produce heat and eco-power. Also, board cuts are taken back from customers and serve as raw material in the production cycle.

EGGER processes waste wood from furniture, pallets, wooden packaging and harmless components of construction and demolition timber. Guidelines on the material acceptance of recycling wood ensure that only harmless and suitable waste wood reaches the plants. At the plant, the material is additionally visually inspected.

A great deal of technical effort is required in order to produce high-quality finished chips. In chip preparation, contaminants such as metals, non-ferrous metals, sand, stones and plastic are removed from the material flow.

Proportion of certified wood in EGGER products*

GRI 308-2
GRI 414-2

	2016	2017	2018
Chipboard	76 %	77 %	76 %
MDF	38 %	33 %	35 %
OSB	46 %	50 %	44 %

*The proportion of wood from sustainably managed forests (according to accepted forest certification schemes, definition according to ISO 38200:2018-UNECE - SDG 15.3) of all timber used in the production of EGGER products (wood-based materials excl. timber). Both certified and non-certified content is controlled and 100 % "verified" according to "third party assessment" in line with ISO 38200:2018, see EUTR Monitoring Statement for the EGGER Group

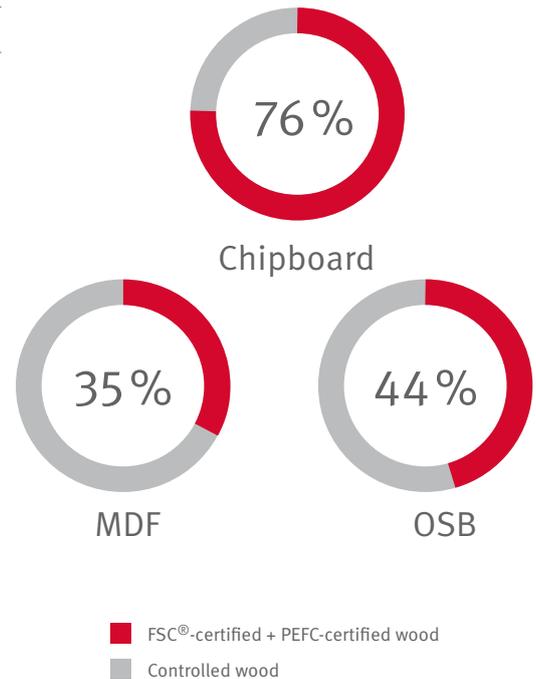
EGGER neutrally advocates FSC® and PEFC for both systems. Depending on the certification of the forests around the respective plant, EGGER tries to improve the certification proportion in its value-added chain in line with the requirements of certified customers. The objectives of certification and regional origin are sometimes incompatible. As EGGER wants to supply regionally from the locations from sustainable sources, long transport distances to procure certified material do not make sense.

The declared aim of our wood purchasing is to control 100% of purchases of certified and non-certified wood within the scope of our due diligence system.

For chipboards, EGGER can already point to its very good certification proportion of over 70 %. This enables us to meet the needs of our customers for certified products very well. Here, the use of recycling as a certifiable material in European plants plays an important role.

In the case of MDF boards, we will further increase the certified share in order to meet the demand for certified material, especially for our flooring collection in the medium term.

At the Gagarin site, individual suppliers have been certified to the relevant FSC® and PEFC standards with their leased forests, thus ensuring the supply of our MDF production in Gagarin in line with the requirements for certified products. At the Wismar (DE) site in Germany, the proportion of certified



wood is not yet in line with our requirements or expectations. Due to a small proportion of certified forests among private forest and in trade in North-East Germany, there may be seasonal shortages of certified material for the MDF production of coreboards for our flooring. Our wood purchasing or sale must therefore be counteracted in the short term by means of corrective measures. For 2019, the Wismar plant has set itself the target of further expanding the supply of certified material and, together with the state forest, organise awareness-raising events in private forests and for wood trade.

In the case of OSB boards, we are able to meet the needs of our customers with a 44% share of certified wood. Due to the decline in imports from Ukraine for the OSB Radauti site, we have a decrease in certified wood compared to the previous year. Radauti is located in the immediate vicinity of the Ukrainian border. The purchase of sustainable legal timber from the Ukraine was controlled by internal and external auditors in the framework of our EUTR monitoring contract and was almost

exclusively from FSC®-certified forests. In order to be able to assess the future development of wood purchases from Ukraine for our OSB production in Radauti, EGGER must wait for a possible revision of the ban on timber exports or the ban on loading. As in the past, EGGER will comply with all statutory provisions. In general, it is important to understand that, for EGGER, Ukraine is a regional purchasing area for wood and that purchasing is consistent with the sustainable strategy of regional procurement.

Particularly for smaller uncertified forest owners, sawmills, and distributors, it is not always attractive to join one of the FSC® or PEFC certification systems. The increasing administrative burden associated with the new forest and COC standards is a relatively high entry barrier for them. Another challenge is the criticism of recognised certification systems in the media or from individual NGOs. These reports have led to the fact that competent authorities no longer accept certification as sufficient risk minimisation when importing timber products into the EU (according to Article 6 of the EU regulation 995/2010). This assessment runs contrary to the general objectives of the UNECE and EU to improve the sustainable management of forests in high-risk countries. It would also be desirable to harmonise the implementation of the EUTR in EU Member States. Acceptance of certification as sufficient risk minimisation for imports into the EU has also been a decisive argument for

sustainability certification for all suppliers.

All in all, the current situation must be considered critical, because more complicated standards do not directly lead to an improvement in forest management. Often, smaller suppliers choose not to be FSC® or PEFC certified, as they see both systems as limiting their landed property and additional costs often cannot be passed on to the market due to the high level of competition in the timber industry. It is to be expected that in Central European countries with an already good certification proportion of significant figures the supply chain will break and proportions will be lost. The ISO 38200: 2018 has implemented in October 2018 a worldwide, internationally recognised standard for the product chain of wood and wood products (Chain-of-Custody, CoC). In the medium term, ISO 38200 has the potential to support responsible wood procurement. Therefore, the EGGER Group has decided to pursue the extension of the Group-wide certification to ISO 38200: 2018.

Past actions

- In order to examine the EGGER due diligence system and critical supply chains via an independent body, an external monitoring contract under Article 8 of (EU) Regulation 995/2010 (Timber Regulation) has been agreed with Société Générale de Surveillance SA (SGS)
- Matching the EGGER due diligence system with the requirements of ISO 38200: 2018:
 - Material that has been subjected to ISO-DDS is internally referred to as "EGGER Legal Sources" and can be labelled as "verified" in accordance with ISO 38200
 - Timber from recognised and credible systems for sustainable forest management such as FSC® and PEFC are recognised by the new ISO 38200 as "certified"

Future actions

- Certification according to ISO 38200: 2018

Direct relationship with suppliers

EGGER pursues the objective of procuring wood primarily through direct business relations. In the past financial year, the controlling system was expanded in wood procurement and now enables the evaluation of the supply chain depth.

In the 2018 calendar year, 75% of timber deliveries (average across all types of wood) came from direct business relations with the supplier.

Recycling mix in the wood used*

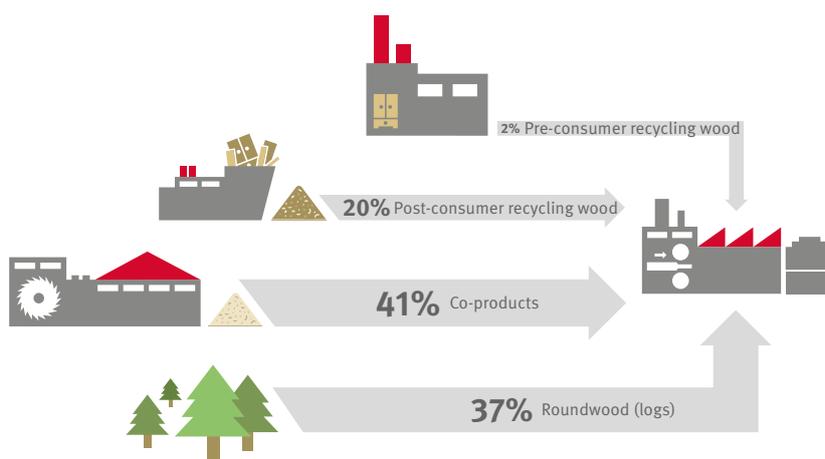
GRI 301-2 Nine of the total of eleven chipboard plants of the Group process waste wood.

Financial year	2016/17	2017/18**	2018/19
Total wood use	100 %	100 %	100 %
– of which is roundwood	41 %	41 %	37 %
– of which are co-products	38 %	37 %	41 %
– of which is pre-consumer recycling wood	2 %	3 %	2 %
– of which is post-consumer recycling wood	19 %	20 %	20 %

* Recycling components used in wood production of EGGER wood-based materials (weighted average of all chipboard, thin chipboard, MDF, thin MDF and OSB boards)

** Deviations from the data for FY 17/18 compared with the last report are due to a new calculation method

Wood use in financial year 2018/19



The mix of wood fractions used is relatively constant. The proportion of recycling has declined slightly from 23% to 22%. This is due to the acquisition of the Concordia site, where no recycled wood is used. Nevertheless, we have succeeded in reducing the proportion of roundwood in which the proportion of recovered saw by-products

has been increased. EGGER does not pursue a quantitative target for the use of recycled wood. Wherever the technical possibilities and economic framework conditions permit it, the recycling content is increased to the extent that ensures that the desired product quality is not adversely affected.

Safety of the products

Health is one of the major issues of our time. On the one hand, medical advancements are leading to a higher life expectancy, on the other hand, people today are exposed to other environmental influences than before due to modern lifestyles. An average resident of Central Europe spends up to 90 percent of their time indoors.* Comfortable living spaces and pleasant offices are therefore a prerequisite for health and performance.

The question of which influences people are exposed to in interiors plays an important role, and thus also the question of the health assessment of **indoor air**. This is all the more important given that a high level of health protection is required, especially in the living environment, with special consideration being given to vulnerable groups at risk, such as children, pregnant women, elderly or sick people. The greatest influences on good indoor air are **climatic factors**, such as temperature and air humidity, which depend primarily on the ventilation system used and user behaviour. Yet the **emissions of volatile compounds from building products and furniture** can also affect the quality of indoor air.

The increasingly dense construction style in recent decades can reduce the energy loss of modern buildings to a minimum, but also reduces the exchange of air. Compared to earlier construction styles, the building does not self-ventilate. The exchange of indoor air is therefore only possible to a small extent without a suitable ventilation system. This can lead to an accumulation of moisture and substances of health concern in interior spaces. If the moisture is not sufficiently dissipated from the occupants' breath or from showering and cooking, mould forms.

The chemicals that can accumulate when the exchange of air is too low are mainly volatile compounds, e.g. formaldehyde, volatile organic compounds (VOCs), very volatile organic compounds (VVOCs), radon or microbiological volatile organic compounds (MVOCs). These substances presumably play an important role in two environmentally-related syndromes that describe medical symptom patterns, namely Multiple Chemical Sensitivity (MCS) and Sick Building Syndrome (SBS). The causes of these syndromes are, however, inconsistent and not sufficiently clarified.

The requirements for the emissions of building products, especially wood-based materials, have changed significantly in recent decades. For example, the permissible limit value for wood-based materials for the emission of formaldehyde in a test room of 3 ppm (early 1990s) was reduced to an emission standard of a maximum of 0.1 ppm imposed by the industry itself (E1). Many furniture manufacturers and voluntary labels for building products have also recognised the signs of the times and are placing stringent demands on the wood-based materials industry which cover both the emissions and the ingredients of these products.

EGGER is responding to these requirements through the continuous further development of its products and the optimisation of raw materials used. In addition to the technical properties, health-relevant product properties are also checked by means of **recognised inspections** and tested by **independent institutes** (see page 68). This enables EGGER to provide suitable products for a wide range of applications.



Control of pollutants in products

Wood-based materials consist to a large extent of wood shavings or wood fibres, which are pressed together with the addition of binding agents. These binding agents, like the coating of raw-boards, consist of different raw chemicals, including resins, paints or printing inks. Due to these raw materials different substances enter into the products which must be evaluated for health. The wood proportions of EGGER wood-based materials proportionally consist of recycled wood, for example, from disposed goods such as furniture, pallets or packaging material as well as non-saleable goods from our own production. Waste wood may be polluted through impregnation or paint that in the past contained heavy metals or the currently prohibited organic chlorine compound PCP. EGGER is aware of its responsibility as a supplier

to strictly control the application of the raw materials used. This control must be carried out both through the raw material suppliers and through the value-added chain at EGGER.

Impurities from waste wood

The use of recycled material in principle carries the risk of contamination by harmful substances, for example heavy metals or wood preservatives used in the past, such as polychlorinated biphenyls (PCBs), PCP or lindane.

The "Verordnung über Anforderungen an die Verwertung und Entfernung von Altholz" ("Ordinance on requirements for the recovery and disposal of waste wood") is a German law that regulates the recycling of materials, the energy recovery and the disposal of waste wood in Germany.

The production of chipboard includes the material recycling of waste wood from discarded goods, such as pallets, furniture, or packaging material. These recycled raw materials are checked by EGGER at the time of receipt of the goods. However, since the safety of the finished products, such

as our chipboard, is particularly important for us, we regularly test finished commercial products for the content of heavy metals, fluorine, PCP, PCB (7 Kongeners) and chlorine. We carry out these tests through an independent testing laboratory not only in Germany, but in all plants where post-consumer recycling material is used. This allows us to evaluate the material impact of post-consumer recycling material on our products and ensure the safety of these products.

Monitoring of products in which waste wood is used

GRI 416-1

	FY 2018/2019
Product groups in which post-consumer recycling material is used	all Eurospan-based products*
Locations where Eurospan products are produced	12
– of which using post-consumer recycling material	9
- of which with statutory requirements for the quality of waste wood	4**
Share of Eurospan products produced at sites where post-consumer recycling materials are used in all Eurospan products	86%***
- Share of these sites where voluntary product monitoring is carried out according to the German waste wood ordinance	100 %

* Eurospan, Eurodekor, worktops, prefabricated furniture parts with chipboard core material, laminated composite panels with chipboard core material, EGGER Eurolight lightweight boards, window sills

** The German Waste Wood Ordinance & Austrian Recycling Wood Ordinance

*** by volume of production

Safe products

In order to prove the safety of EGGER products, a variety of tests are carried out by independent institutes. These tests include formaldehyde, VOCs (volatile organic compounds), migration of certain elements acc. to EN 71-3, content of heavy metals (e.g. lead, cadmium), tests for PCP/lindane, or tests for polyaromatic hydrocarbons (PAH), free

monomers and photoinitiators for coatings, food safety, and softeners (bisphenols, phthalates). A large number of the tests take place on a voluntary basis in order to implement responsibility for the product safety beyond the statutory rules.

Health assessment of materials in contact with food

Decorative products can come into contact with food. Worktops, for example, in kitchens, or melamine resin-coated chipboard in supermarkets. Contact with food means that substances can migrate from products or packaging materials into food and thus enter the body.

The food safety test deals with this risk. Each product is examined individually for possible migrating substances, migration is checked and, if necessary, the health impact of the measured substances evaluated.

Different migration scenarios are also simulated, such as the migration into oily, aqueous, acidic or warm food. These different scenarios consider both the substrate and the surface of the product, including additives or used printing inks, coatings or other surface treatments.

In addition to the material migrations, sensory effects are also evaluated. It must be excluded, for example, that the food contact changes the taste of the food.

Food safety certification

GRI 416-1

Financial year	FY 18/19
EGGER product groups for furniture and interior design with decorative surfaces*	12
Share of these products for which a valid food safety certificate** is available by product group	75% (9 of 12)

* Eurodekor, compact laminates, laminates, worktops, edges (PP, ABS, PMMA, PVC), Perfect Sense lacquered boards, Eurolight decor, Eurodekor MDF, Thin MDF lacquered

** according to "EC Regulation No. 1935/2004 on materials and articles intended to come into contact with food", the "food, commodities and feed statute book" and the "EU regulation No.10/2011 on plastic materials and articles intended to come into contact with food"

The proportion of products with successfully passed food safety tests is 75%. Since this proportion covers all products which, in our experience, can come into contact with food, no further measures are currently planned.

Emissions of products into the room air

The health impact of volatile compounds and their role in civilisation diseases such as allergies, Sick Building Syndrome or MCS (Multiple Chemical Sensitivity) have already been briefly explained in the previous chapter. Since these volatile compounds are of primary interest in the wood-based materials industry, EGGER's handling of these substances will be discussed in more detail in this chapter. Consumer awareness of the subject, in particular VOCs (volatile organic compounds) and formaldehyde, has increased in recent times thanks to media coverage and publications from various institutes.

VOCs are volatile organic compounds that contribute to indoor air quality. They include natural substances in wood that are responsible for its characteristic odour. There are also VOCs that are emitted by the binding agents and coatings used in the wood-based materials. Wood and wood-based materials are largely similar in their VOC

emission behaviour. Since wood-based materials are compressed at up to 200°C, the concentration of aldehydes and carboxylic acids may increase. Formaldehyde is a natural compound that occurs in wood, smoked fish, and fruit, among others. However, the substance is classified by the European Chemicals Agency as “probably carcinogenic” to humans (category 1B). The effect on humans depends on how high the concentration of free formaldehyde is in the air you breathe. If the indoor air concentration remains below 0.08 ppm, taking into account all the adverse and easing influencing factors, it is considered by the World Health Organisation (WHO) to be harmless to health.

Product monitoring

Formaldehyde is strictly regulated in wood-based materials. Hereto, there are many national and international statutory requirements, as well as voluntary standards, which are usually below the statutory limit values.

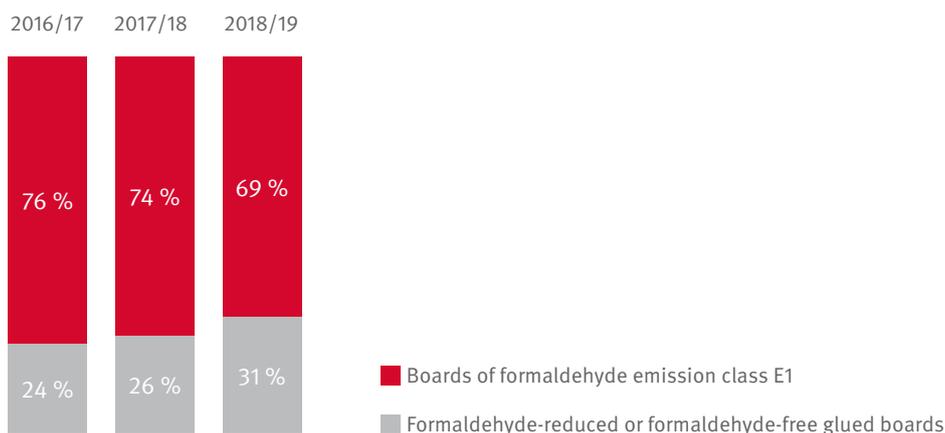
EGGER offers products according to different formaldehyde standards, such as E1 (European standard), TSCA Title VI (USA), CARB P2 (California), F**** (Japan) or the voluntary EPF standard. Compliance with the formaldehyde emission class

is ensured by means of continuous internal quality controls and monitored by regular inspections by external testing institutes. As in the previous year, the following institutes were appointed during the reporting period:

- WKI, Braunschweig, DE
- FCBA, Champs-sur-Marne, FR
- EPH Dresden, DE

Produced rawboards according to emission classes*

GRI 416-1



*Volumes of all produced rawboards (chipboards, MDF, OSB, DHF, thin MDF boards) according to emission class. Reduced formaldehyde = sum of EPF-S, CARB 2 / TSCA and JIS F****.

There are clear requirements and regulations for formaldehyde emissions. EGGER's objective is to offer products with corresponding formaldehyde emission classes for all relevant markets and areas of application and to reliably comply with the respective emission class. Furthermore, EGGER attaches great importance to competent advice, which enables customers to use the right product depending on the application area and room situation. EGGER does not produce any boards from the potentially questionable emission class E2. A significant proportion of EGGER's products are used in furniture manufacture, and for this purpose the board surfaces are coated and the sides edged. In this application, products manufactured from emission class E1 boards produce formaldehyde emissions on the order of natural wood. Thus, this emission class is harmless to health for the vast majority of all applications. The trend towards formaldehyde-reduced and for-

maldehyde-free products already observed in the previous year has been consolidated in the past financial year, nearly a third of all produced rawboards are included. This reflects the continued strong relevance of the precautionary principle among planners, especially in the project sector, in certified buildings, and in public procurement. The regulation of VOCs is not yet as advanced as with formaldehyde, but is largely based on voluntary requirements and country-specific classification systems. It remains a challenge to hold the debate on good indoor air on a factual level. The emission of furniture and building products in the raw state is in practice only a small influencing factor on the indoor air quality. Scope of application of the products, the shading and ventilation conditions, and the use of the space are the biggest influencing factors.

GRI 102-11

Current state

EGGER's current and future objective is to ensure the health safety of the products. To achieve this objective, EGGER defines four requirements that need to be appropriately controlled and that are subject to a continual improvement process.

Quality assurance:

EGGER ensures compliance with the guaranteed product-specific characteristics through internal inspections and independent controls. In order to avoid nonconformities in quality management and thus effects on the customer, quality management at EGGER has been certified according to ISO 9001.

Raw materials:

The raw materials are selected taking into account the requirements of our customers. In order to inform the customer about the product ingredients in the best possible way, they are communicated transparently, e.g. in the product-specific EPDs or the recipe-specific Environment and Health Data Sheets (EHD). This information is made available pro-actively on the EGGER homepage.

see introduction in the chapter product responsibility

Application of products:

EGGER actively informs customers about suitable products for specific application areas and has specific contact persons for technical, ecological and health issues. In addition, EGGER pro-actively develops documents for certification processes in order to facilitate these processes for the customer and collect data internally for the relevance of such requirements.

Current state of the art:

Health safety is an issue that is subject to constant change. Due to new scientific findings and research the context and the data situation are changing. This is why EGGER is following discussions on relevant substances and topics, such as the health assessment of indoor air, and is implementing these findings in product development. Changes in statutory requirements are also implemented as soon as possible in product development and actively communicated to the customer.

Past actions

- Testing of products for substances specified in the German waste wood ordinance at all sites using recycled wood, agreed by an independent institute for ongoing monitoring
- Product supervision: Acquisition of 10 additional test chambers to monitor product emissions

Future actions

- Product emission: Standardisation of test reports for VOC emissions of products
- Product emission: Increase in the number of products for which a VOC test report is available
- Product transparency: Further expansion of the number of products for which the ingredients have been disclosed by means of Environmental and Health Data Sheet or Environmental Product Declaration
- Material compliance: Expansion of control of pre-products in the supply chain
- Product supervision: Commissioning of the new test chambers



Durability/recyclability of the products

If you ask people what characteristics an “environmentally friendly” product should fulfil, many people first of all mention the topic of durability. The idea behind it is clear – the longer you can use a product, thus the longer the service life of a product is, the fewer new products have to be manufactured overall, the less raw materials and energy are used, and the less waste is produced.

But at some point, every use phase ends and the recyclability comes to the fore. After the expiration of the use phase, a product should be as uncomplicated to recycle as possible and ideally serve as a raw material for a new product life. EGGER’s stakeholders also see the issue of manufacturing durable products and recyclability as key challenges for sustainable business.

Durable products

EGGER ensures a high product quality and formulates the technical characteristics of its products in a clear and transparent way. In doing so, the wood-based material manufacturer fulfils its responsibility of providing its direct customers with exactly the right product for the planned application area. The basic requirement for a durable product is that it retains its function for as long as possible in the intended area of application. As a rule, products in the construction, furniture, interior design and flooring sectors are not replaced due to a loss of their function, but rather due to

changed aesthetic demands. They simply go out of style, because even buildings and interiors are subject to the zeitgeist. Thus, end users themselves have the greatest leverage for extending the service life, through so-called sufficiency strategies - by choosing a timeless design when choosing a product, placing their trend demands below the functional requirements, or making existing products more modern.

Flooring products

EGGER flooring products are available for various use classes or areas of application. For installation in the private living area of EGGER PRO and HOME collections, the guarantee periods are between 15 and 30 years, depending on the use class. For EGGER BASIC laminate flooring, a guarantee of between 7 and 13 years applies in the private residential sector, depending on the use class and material thickness. In the case of installation in commercial areas, there is a guarantee period of 5 years, with a few exceptions.

All EGGER flooring are located the usage classes 31, 32 and 33, which describe the application sector of flooring. The production and classification is done according to the standards EN 13329 / ISO 10874 for laminate flooring and EN 16511 / ISO 10874 for multilayer modular flooring, for example, EGGER PRO Comfort and EGGER PRO Design Flooring.

A selection of the service offerings with which we enable our customers to have a suitable choice and application:

- Installation instructions in the packaging
- Laying videos on social media
- Technical information, processing, care and use instructions at www.egger.com
- Tips for selecting the perfect flooring at www.egger.com
- Design advisor
- Technical customer service with knowledgeable application engineers
- Training for dealers, planners, flooring installers
- EGGER App
- E-learning
- Trade fairs and seminars
- Customer portal



Products for furniture and interior design

For decorative products, EGGER guarantees the required durability by complying with international and national as well as industry and application-specific requirements.

The performance of the products is documented transparently. With this transparency, the aim is to advise customers as best possible in the choice of the respective product in terms of use and performance characteristics.

The documented knowledge is available online and thus ensures the best possible and durable results with professional further refinement of the products.

Specifically, EGGER supports its customers' product knowledge with:

- Technical data sheets
- Processing instructions
- Design advisor
- Competent specification representatives and salespersons
- Reliable availability statements
- Trend-oriented product and design development
- E-learning
- Trade fairs and seminars
- Customer portal

Building products

In Europe-wide harmonised standards, building products are assigned to specific technical classes for which different technical requirements apply. Which EGGER products meet which requirements is shown in the performance declarations of the products.

These performance declarations allow you to deduce the right product for your area of application, in terms of use classes, application classes and durability. In order to ensure that customers can navigate through the often complex information situation and find the right product for their intended application, EGGER also offers various service offerings in the building products sector:

- Application advice via technical hotline and email
- Wood construction planning handbook
- Construction Catalogue app
- Digital planning documents (CAD / BIM) on www.egger.com/digitaleplanung
- Brochures, technical data sheets and processing instructions on www.egger.com
- Declarations of performance on www.egger.com
- Training for dealers, planners, fabricators
- E-learning
- Trade fairs and seminars
- Customer portal

If the product is used properly, professionally installed, appropriately serviced and maintained (use class conditions), e.g. by ensuring permanently effective weather protection, nothing stands in the way of a long product life.



Recyclability

Solid wood products such as timber and all chipboard-based products are already recyclable and can be materially recycled under economic conditions, as the chapter “Use of recycled material” shows. Recyclability now takes the opposite perspective: How well can the product that we manufacture be subsequently recycled? The challenge here is that the sphere of influence of a manufacturer on subsequent product disposal is generally low. Products go into worldwide sales with every market and region having a different infrastructure. However, whether recycling works or not depends on this infrastructure. For example, it raises the question as to whether or not there are

disposal companies in a region that accept and process wood fractions separately, and whether there are users who collect the waste wood for recycling from such disposal companies. If this is not the case, the chances of recycling waste wood are poor. Suitable usability is also influenced by architects, furniture designers, fabricators, flooring installers, for example, by avoiding full-surface gluing and using releasable joints or floating floors.

Recyclability of the EGGER product portfolio*

Financial year	2016/17	2017/18	2018/19
Proportion of materially recyclable products	71 %	70 %	68 %
Proportion of products with limited material recyclability	29 %	30 %	32 %

*Proportion of EGGER standard products (products for furniture and interior design, building products, flooring), which are readily recyclable under favourable economic framework conditions, in the sales of all EGGER standard products.

Materially recyclable = chipboard, Eurodekor, thin chipboard, Eurolight, furniture components, OSB, timber.
Residue = MDF, HDF, PerfectSense, thin MDF lacquered, flooring, laminates, edging.

The proportion of products that can be recycled has fallen slightly. This is due to the sales development of different product groups. Sales of recyclable chipboard-based products grew, but decreased slightly for OSB boards. On the other hand, sales grew more strongly in relation to the poorly recyclable MDF-based products, because the previous year's expansion of MDF production capacities at the Gagarin site has now been successfully accepted by the market in the past financial year.

EGGER promotes the recycling of MDF, but up to now use in chipboard production has only been possible to a small extent. Use as a recycling raw material for the production of new MDF boards is hampered by high demands for homogeneous product quality on the one hand, and by the energy requirement for the separation of the fibres on the other hand. However, post-consumer MDF is readily thermally recyclable due to its high calorific value. With its growing proportion in the recycling stream, increased efforts to recycle MDF will make sense in the future.





6.

Responsible production

Environmental management

Material efficiency and waste prevention

Climate protection, energy efficiency, renewable energies in production

Plant emissions (pollutants, noise and odour) and compliance with environmental legislation

Water cycle and rainwater harvesting

Industrial companies are always caught between the conflicting priorities of contributing towards added value on the one hand, which they make above all as an employer for a large number of people, and the effects of their production activity on the environment on the other hand. The incentives to reduce these latter external effects accordingly are generally not of a business nature. Instead, it is more about industrial companies assuming a wider responsibility. Thus, various initiatives for management systems have come about in order to bring these environmental impacts into line with regulatory requirements and to anchor their reduction systematically in the consciousness of the management of a production plant. At the beginning of the 1990s, the EMAS regulation laid the foundation for the uniform management of the environmental impact of participating companies throughout Europe. EMAS was one of the first international approaches to systematic

environmental management. Since then, numerous international standards for management systems have been established with the objective of systematically contributing to ecologically and socially responsible production.

EGGER's materiality analysis has identified many challenges that need to be taken into account directly at the production site. These include not only the efficient management of human resources and costs, but also resources such as materials, energy, and water. It is necessary to avoid waste, to use energy as efficiently as possible and from renewable sources, and to permanently restrict emissions to the environment, primarily in air and water, to a sustainable level. Besides locally effective emissions, climate protection, which has a global impact, is a challenge for responsible production methods.

FROM THE CORE VALUES

Our environment

The sustainable use of raw materials is one of EGGER's highest priorities. We achieve this by generating energy in our own biomass power plants, by using the state-of-the-art manufacturing technology and environmentally-friendly logistics systems.



Environmental management

Environmental management at EGGER starts with state-of-the-art technologies: The plants are equipped with cutting-edge waste water, noise protection and air pollution control systems. The Argentinian plant Concordia, which was acquired in 2017, will gradually be brought into line with the EGGER standard. The EGGER **environmental management system** runs through the entire company, enabling efficient implementation of environmental objectives and the integration of environmental aspects into work processes. The objective of the **EGGER environmental management** is to ensure compliance with legislation, to prevent or reduce negative environmental impact on the company and to continuously improve environmental performance. In doing so, environmental management systems form the basis for the systematic and consistent pursuit of environmental objectives in order to use resources and energy responsibly.

Continual improvement is the basis of our environmental management system. In other words, EGGER not only strives to improve its operational **environmental impact**, but also looks beyond its own horizons. Both direct and indirect environmental aspects are collected and evaluated over the entire life cycle of the products.

Thus, optimisation potentials can be identified, the environmental programme can be specifically adapted for maximum effect and targeted measures can be taken.

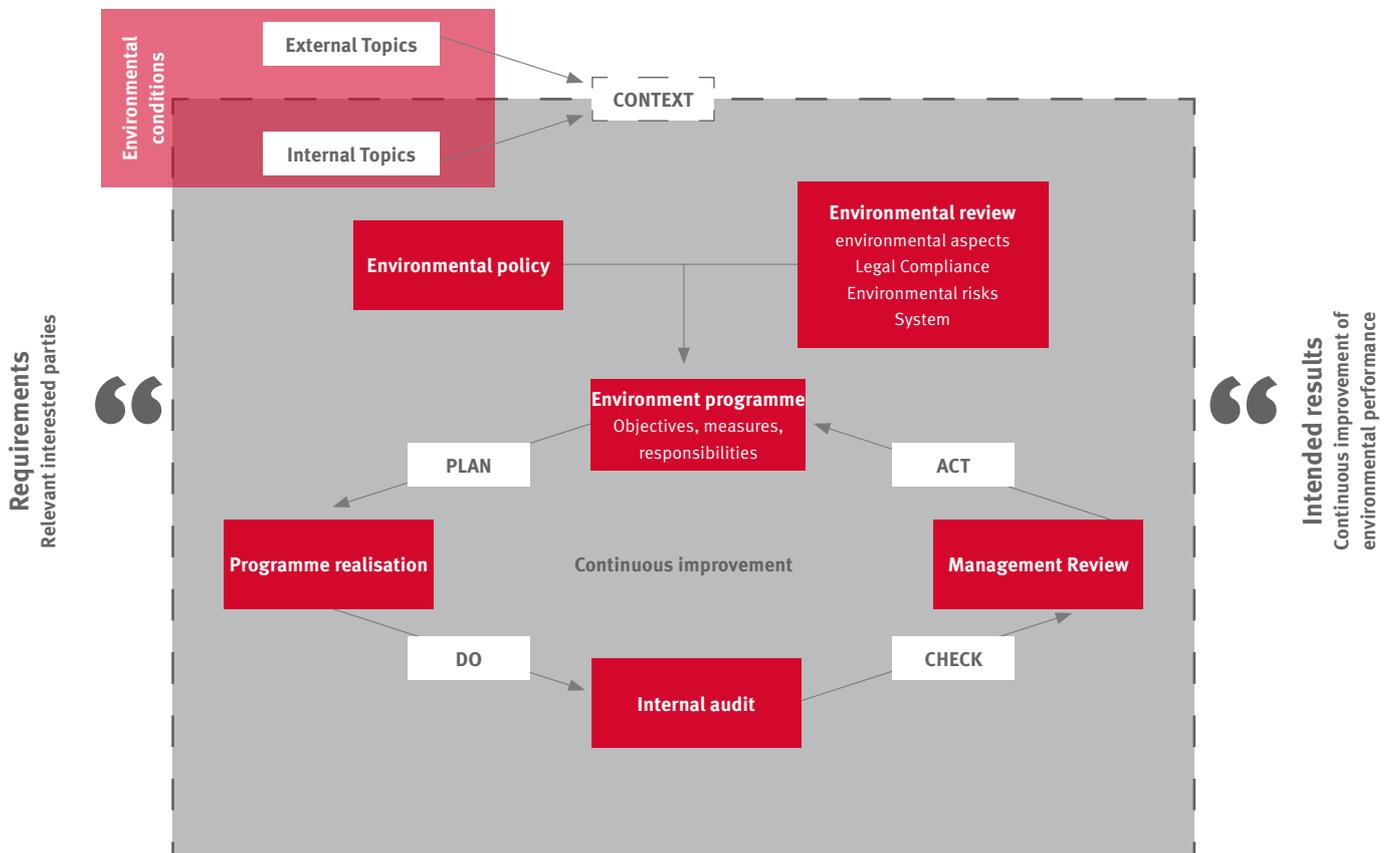
The EGGER environmental management system is based on the well-known **Plan-Do-Check-Act** control system.

In order to be able to respond best to the requirements specific to a plant, each of EGGER's plants prepares its environmental programme and its environmental objectives individually and adapted to the plant, in addition to the Group's environmental programme. The environmental objectives and the environmental programme are results of the intra-plant Plan-Do-Check-Act processes and result from the in-depth analysis of environmental aspects, environmental indicators, as well as the internal suggestion system.

Each plant has an environmental manager who is responsible for implementing and adapting the environmental management system. Taking **into account the different local, regional, national and EU-wide circumstances**, as well as the Group-wide environmental policy and guiding strategy, the environmental programme and thus also the environmental objectives are **redefined annually by each individual plant** and measures are taken to achieve these.

EGGER's environmental management system

The control cycle of the environmental management system has been extended in the past financial year. It now also covers the requirements of the latest standard revision (ISO 14001:2015).



Legal Compliance

GRI 307-1 A key point in environmental management is compliance with legal regulations and ongoing monitoring of their implementation. EGGER produces in eight countries (as of 30.04.2019). The legal provisions, national and regional regulations as well as local conditions are very diverse within the EGGER Group.

The regular assessment of compliance with legal requirements, the continuous inspection of the implementation of obligations and the entire administration and documentation is carried out with the help of software. Policies, as well as duties and, if necessary, measures, deadlines, persons responsible etc., are defined and regularly reviewed by the environmental manager of the respective plant. Every year, the legal database is updated by an external legal advisor. Compliance with legal obligations in the production plant or on the site is checked by means of internal and external audits. In the case of deviations, corrective actions are established, with deadlines and responsible persons included in the CIP (continuous improvement process) programme. The results of the legal compliance review are included in the legal compliance review report and in the management review.

GRI 102-43

Stakeholders

Stakeholder interests are also involved in the framework of our environmental management system. The interests and requirements of our stakeholders are important to us and are taken into account in our decisions. In case of major changes in the plants we are in direct contact with residents. They are informed in advance and have the opportunity to provide their input directly at information events.

Audit system

The system is checked at random with internal and external audits. Based on this, reporting to the management and the coordination of the further course of action take place by means of a management review. Regular internal and external audits ensure that the management system is operated effectively. An internal audit takes place annually at each location. Within the framework of the environmental audit, all company areas are monitored and checked for compliance with ISO 14001. External audits are organised as matrix audits, thus each year a specific number of plants are audited on behalf of the Group. Each internal audit, as well as external audits, is conducted as an integrated audit. The auditing team consists of colleagues from other plants of the EGGER Group.

Objectives

The plant-specific planned objectives and measures are maintained in the continual improvement process of the plants and progress recorded there. The environmental objectives are redefined annually by each individual plant and measures are taken to achieve these. Since 2017, as part of the integrated management system, the CIP lists have been jointly managed for quality, environment and energy in a metadata system specially designed for EGGER.

Environmental targets have also been set at Group level since 2017 and they are successively implemented in the individual plants.

Below are some examples of measures implemented in recent years:

Topic	Plant	Implemented environmental measures
Water cycle	Wismar	Optimisation of the water treatment in the exhaust air purification system of the dryer. By increasing the number of reverse osmosis facilities, more rainwater can now be purified and city water can be saved.
	Brilon	Integrated surface sewage system Surface and production waste water can be returned optimally to the water cycle. Rainwater is treated in a multi-stage membrane separation facility and is clean enough for seepage. The power plant water can be fully made available from the reprocessing.
Energy efficiency	Brilon	New, more effective drainage in the MDF facility. Wood fibres are mechanically dewatered before drying and energy is saved during drying.
	Brilon	Second heating network at the plant. Waste heat from power generation can be used in the MDF and chipboard production lines.
Climate protection	Unterradlberg	Increase in the electric forklift rate
	Brilon	Conversion of the hot gas generator in the MDF dryer to wood dust
Low emissions	Wismar	Integrated control of the biomass boiler

Sites with environmental management system

Financial year	FY 16/17	FY 17/18*	FY 18/19**
EGGER production sites	17	17	20
Locations covered by an externally certified management system***	15	15	15
Share of Group employees working at production sites****	97 %	97 %	97 %
Share of employees at production sites covered by an externally certified management system***	79 %	78 %	76 %

GRI 302-1

*) excl. Concordia

** includes Concordia, Lexington, and Biskupiec

*** according to ISO 14001

**** Remaining share results from activities in the recycling and forestry sector and sales offices

The slight decrease is due to an increase in the number of employees, while the number of certified plants remained stable compared to the previous year. In the coming years, EGGER will continue to work on the full integration of the vari-

ous management systems at the existing certified sites. In addition, certification of the new site Biskupiec (Poland) is planned as soon as it starts continuous production.

Material efficiency and waste prevention

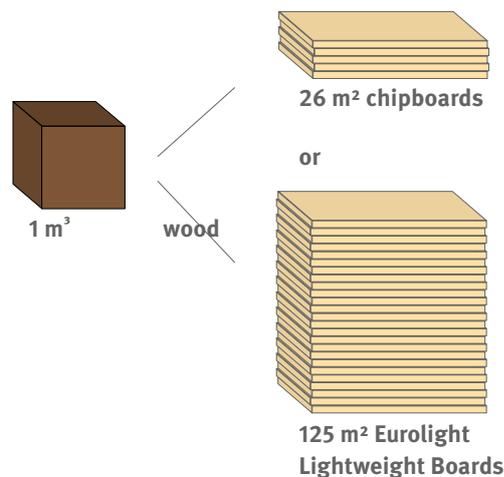
Resource efficiency

EGGER optimises the use of wood. To achieve the maximum potential from raw materials, EGGER subscribes to the **concept of cascading use**. The rule is: material before thermal use.

From the production of solid wood in the sawmill to the production of wood-based materials, the raw material wood is fully utilised. All residual wood from manufacturing is used in our own operations for **refinement processes** and thus always finds added value. Only wood that is not recyclable is used thermally.

In addition, EGGER develops technologies that permit the **economic use** of wood. For example, the Eurolight Lightweight Board requires much less material than a comparable, solid board with the same thickness:

Worktops, for example, can be made from one cubic metre of wood (each with a thickness of 38 mm):



Waste avoidance

Thanks to closed cycles in the production process, waste generation at EGGER can be kept very low. By using mostly natural resources, which, if not materially recyclable, are used thermally in company-owned biomass power plants, the amount of waste is minimal.

The use of raw materials is continually optimised at EGGER. An example of this can be seen in the energy production in our own biomass power plants. Here, the production residues, which are supplied for thermal utilisation, are better sorted. Thus, the additional rescreening of the ash can be omitted. This leads to a reduction in the amount of ash and increases the efficiency of the boiler.

With the successful management of an environmental management system, EGGER has the right framework conditions to make the best possible use of existing resources, to recognise potential savings and to continuously reduce waste generation. As part of this process, waste management officers are appointed and waste concepts created for each plant in order to continuously improve the use of resources and thereby achieve lower volumes of waste.

One successfully implemented example of materials management at EGGER is the reject boards arising in production, which are then in turn used as packaging materials. The metal and packaging waste recovered in the processing of recycling wood can also be resold and used as secondary raw materials.

Specific waste*

Calendar year	2016**	2017**	2018***
Non-hazardous waste [kg / m ³]	19.58	20.53	20.00
of which residual waste [kg / m ³]	0.67	0.64	0.56
Hazardous waste [kg / m ³]	0.31	0.39	0.60

GRI 306-2

* kg of waste disposed of externally in relation to the production volume of primary products (rawboards and impregnates). Allocation of waste streams too hazardous and harmless depending on the legal situation in the country of origin.

** Figures for 2016 and 2017 vary slightly from the last sustainability report. This is due to an improved database, which has also been used retrospectively in this report. 2016 and 2017 excluding the Concordia plant

*** 2018 including the Concordia plant

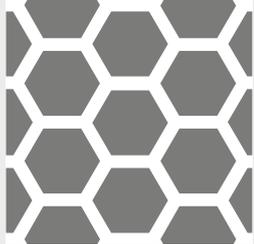
Thanks to closed cycles in production, specific waste volumes are at a low level. The non-hazardous waste is stable at about 20 kg per cubic meter of primary production. The increase in hazardous waste is due partly to the design of the indicator. In order to avoid double counting of production quantities, the primary production is taken as a reference point, i.e. the production of impregnates and rawboards. In doing so, the development of refining capacities, which are not taken into account in the indicator, has a negative impact. As part of the 5S method (sorting out, putting in order, cleaning, standardising, self-discipline) introduced in all plants in recent years, uniform waste collection systems have been established

in the facilities, thereby further increasing the separation of waste. The 5S method pursues the objective of either eliminating or minimising waste through a structured workplace organisation. This also ensures that waste collection is separated, disposed of and used for secondary purposes, and is reflected in the continuously decreasing amount of residual waste. In addition, within the framework of the integrated management system, EGGER has been formulating Group targets since 2017, according to which a further increase in the separation rate of waste is to be achieved in all plants.

Best Practice

Logistics done with ease Lightweight underlay now also in Division East

An example of material efficiency: The new system for manufacturing lightweight underlayers in the Shuya, Russia, plant. The rejects from the chipboard press are worked on site into a lightweight composite board. As a narrow strip, the so-called Eurolight underlayer, it plays an important role in logistics, previously filled only by heavy underlayers made of solid wood or massive chipboard. Underlayers maintain gaps between the packages, so that the fork lift truck can transport them without damage. Thanks to the honeycomb core made of recycled cardboard, a loaded truck whose packages are placed on Eurolight underlayers is 2 percent lighter.



Up to 125 m² Eurolight lightweight boards can be made from 1 cubic meter of wood.

The cardboard honeycomb core makes the Eurolight lightweight board **up to 60% lighter** than MDF.

Due to the low weight, the lightweight boards are increasingly **used for transport purposes.**

171 truck loads full with Eurodekor boards leave the plants of Division East **every day.**

Thanks to the switch to Eurolight underlayers, **these transports save 68 tonnes of weight every day.**





Climate protection, energy efficiency, renewable energies in production

Manufacturing companies, as major energy consumers, have a special responsibility for climate change. It is necessary to keep the emission of greenhouse gases as low as possible or reduce them. In the process, climate responsibility can be localised at several levels: Reducing direct emissions means, on the one hand, reducing the consumption of heat and electricity, and, on the

other hand, covering the remaining demand with the largest possible proportion of renewable energy sources. Even though in the case of logistics and mobility close attention is now being paid to electrical alternatives, this consumption is small compared to industrial production processes, especially with regard to their heat requirements.

Energy from biomass

Some EGGER plants offer ideal conditions for biomass power generation as well as district heating supplies with a high degree of overall efficiency. The biomass is thermally utilised at the place of occurrence and consequently causes no additional environmental impact from traffic. Furthermore, the generated heat is used directly on site as process heat throughout the year and as internal and external district heating. Predominantly residual wood and dust from the processing which cannot be used in production serve as fuels here. Biomass power plants (Brilon, Wismar, Unterradl-

berg, Radauti and since 2018 also Rambervillers) and biomass heating plants (St. Johann, Rion des Landes, Hexham and Gagarin) are operated at all major Group locations. Biomass power plants generate electrical energy and heat through the combustion of biomass. In contrast, biomass heating plants generate heat for thermal oil heating for the presses, in St. Johann also for district heating and for producing hot gas for drying. This in turn saves natural gas as a fossil energy source.

Renewable energy infrastructure at EGGER

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Location	Use of wood dust as an energy source for hot gas	Own Biomass heating plant/ boiler	Own biomass power plant	Production of district heating for external beneficiaries
St. Johann in Tirol	✓	✓		✓
Wörgl	✓			
Unterradlberg	✓		✓	✓
Brilon	✓		✓	
Bevern		✓		
Gifhorn				
Bünde		✓		
Marienmünster		✓		
Wismar	✓		✓	
Hexham	✓	✓		
Barony	✓			
Rambervillers	✓		✓	
Rion des Landes	✓	✓		
Shuya	✓			
Gagarin	✓	✓		
Radauti	✓		✓	
Gebze				



Energy management

The production of wood-based materials, in particular chipboard, medium-density fibreboard (MDF) and oriented strand boards (OSB) are energy-intensive production processes.

Against this background, the use of renewable energies was intensified at EGGER and the company's energy management and energy management system introduced and continuously developed in accordance with DIN EN ISO 50001.

Further approaches that the wood-based material sector pursues with regard to energy management can be found in the IED Directive in conjunction with the other applicable BREF documents (Industrial Emissions Directive). These guidelines are also being accelerated by the EU.

EGGER is currently pressing ahead with the introduction and further development of energy management systems in accordance with ISO 50001 and the associated requirements of other standards and policies at all plants in Germany (six plants), Great Britain (two plants) and France (two plants). For these ten plants, the management systems are being harmonised and collec-

tively further developed.

In the context of the implementation of the management system in accordance with ISO 50001, requirements and explanations regarding the state of the art in the series of standards are generally applicable. These include ISO 50003, ISO 50004, ISO 50006 and ISO 50015.

In each individual energy management system as well as in the combined system, strategic objectives are formulated which follow EGGER's economic as well as ecological interests. Therefore, a major focus is on the extensive use of renewable energies in conjunction with the reduction of fossil greenhouse gas emissions. A second focus is the increase in power efficiency in production.

The achievement of these strategic objectives is subject to regular monitoring.

Resulting from this, suitable measures are developed and implemented. The level of goal achievement is regularly discussed with the responsible employees in order to increase their motivation and awareness.

Locations with energy audit and energy management

	FY 18/19
EGGER production sites	20
Locations where energy audits are carried out **	14
Locations covered by an externally certified management system***	10
Share of Group employees working at production sites *	97%
Share of employees at production sites where regular energy audits are carried out**	71%
Share of employees at production sites covered by an externally certified management system***	46%

* Remaining share results from activities in the recycling and forestry sector and sales offices

** according to ISO 50001, EN 16247 or the Romanian transposition of the European Energy Efficiency Directive

*** according to ISO 50001

Fuel consumption fossil

	FY 16/17	FY 17/18	FY 18/19
Fuel demand from fossil sources total	n/a ***	1,413.2	1,348.9
of which natural gas [GWh]**	1,177.1	1,295.5	1,211.0
of which heating oil and diesel [GWh]**	n/a ***	89.8	105.7
of which LPG [GWh]**	n/a ***	27.9	32.2

GRI 302-1

* Information for EGGER Group. From financial year 18/19 including the Concordia plant, previously without

** Factors for energy content according to the German ordinance on heating costs (lower calorific value)

*** Data evaluation for diesel, heating oil and LPG only available from FY 17/18

Bought-in energy*

	FY 16/17	FY 17/18	FY 18/19
Electricity [GWh]	1,407	1,362	1,536
Heat**	0	0	0
Cold**	0	0	0
Steam**	0	0	0

GRI 302-1

* Information for EGGER Group. From financial year 18/19 including the Concordia plant, previously without

** no external purchase, self-generated

Sold energy*

	2016	2017	2018
Externally supplied / sold electricity [GWh]	349.0	357.8	372.0
Externally supplied / sold heat [GWh]	122.6	130.4	126.7

GRI 302-1

* Information for EGGER Group. From financial year 18/19 including the Concordia plant, previously without

Energy intensity*

	FY 16/17	FY 17/18	FY 18/19
Energy consumption / production volume [kWh / m ³]*	331	337	325
Energy consumption / sales [kWh / EUR]*	1.09	1.02	1.01

GRI 302-3

* Information for EGGER Group. From financial year 18/19 including the Concordia plant, previously without

** Energy consumption = only electricity and natural gas (these best represent both climate intensity and most of the energy costs). Not included heating oil, diesel, LPG.

Production volume = total of m³ of produced raw board + m³ of produced timber

*** Sales = total sales EGGER Group (IFRS)

Revenues per energy unit of fossil base (kWh) were decoupled from economic growth. Depending on the location, this can be attributed either to

higher energy efficiency and/or to a higher share of renewable energies.

The management performance indicators for monitoring the strategic objectives have matured differently in the EGGER Group. In what follows, the German and French locations are described in more detail, as they play a leading role here.

Representativeness of German and French locations

EGGER production sites:	20
Locations for which more detailed energy use figures are available	8*
Share of employees at these sites in all production plants	38%

* Includes all German (6) and French (2) production plants

Total and renewable energy consumption DE + FR*

	2016	2017	2018
Energy consumption total [GWh]**	3,607	3,497	3,659
Of which from renewable sources [GWh]***	2,661.1	2,536.0	2,614.7
Share of renewable	73.8%	72.5%	71.5%

* Consumption data for German and French production sites

** Sum of all energy sources and applications

*** Consumption of waste wood and residual wood. Exclusive geothermal/ambient heat for individual administration buildings. In addition to externally supplied waste wood also from internal sources, e.g. wood dust from saw aggregates and bark. Note: Waste and residual wood can contain small non-biogenic components, which come from glues and edges, for example. In this calculation, old and residual wood is completely allocated to renewable sources without further distinction

As a result of the biomass power plant put into operation in Rambervillers, a significant increase in renewable fuel use occurred in 2018 compared with previous years.

Total / renewable energy intensity DE+FR

	FY 16/17	FY 17/18	FY 18/19
Energy consumption / production volume total [kWh / m ³]**	1081	1047	1074
Of which from non-renewable sources [kWh / m ³ ***	284	288	307
Of which from renewable sources [kWh/m ³ ***	797	759	767

* Data for German and French production sites

** Production volume = total of m³ of produced raw board + m³ of produced timber

*** includes all fossil energy sources (natural gas, electricity, diesel, heating oil, LPG)

**** Includes all wood-based energy sources (waste wood and residual wood). Exclusive geothermal/ambient heat for individual administration buildings. In addition to externally supplied waste wood also from internal sources, e.g. wood dust from saw aggregates and bark.

Note: Waste and residual wood can contain small non-biogenic components, which come from glues and edges, for example. In this calculation, old and residual wood is completely allocated to renewable sources without further distinction

The share of renewable energies was raised to > 50% already before 2016. At present, the share of renewable energies in total energy consumption at German and French locations has ranged from 71% to 74% over the last three years. In 2018, the share of fossil fuels has risen temporarily, as several combustion systems with wood dust and/or resid-

ual and waste wood have been repaired or even replaced. For example, in Rambervillers, a modern industrial power plant based on cogeneration and biomass went into operation in 2018.

Further potential for increasing the share of renewable energies is continuously evaluated.

Energy objectives EGGER DE

The targets for EGGER in Germany include a 25% reduction in CO₂ emissions by 2020 compared to 2013. In addition, the objective has been set in order to increase power efficiency in production by 5 % by 2020.

The following topics are relevant for achieving the objectives

Focus on:

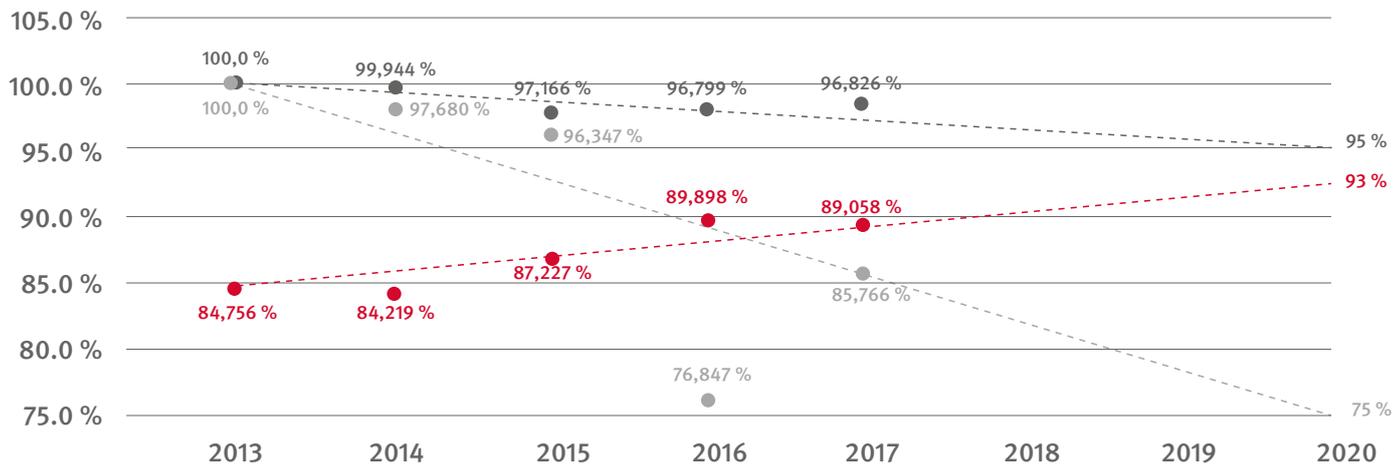
Increase in the proportion of renewable energies from 85 to 93 %

- Reduction of gas consumption
- Reduction of heat requirement
- Efficiency increase of combustion plants
- Optimisation of engine systems: Fans, pump systems, compressors, drive motors
- Process optimisation/technology



Energy goal achievement EGGER DE*

GRI 302-4



- Development of the proportion of renewable energy
- Development of the power index
- Development of CO2 emissions (TEHG)
- Target path of the proportion of renewable energy
- Target path of the power index
- Target path of CO2 emissions (TEHG)

* Corrected data for previous years compared to the last report.

The electricity index improved significantly in 2018 compared to 2017. The electricity efficiency in production can be attributed mainly to rising production volumes and lower specific electricity consumption as well as to a changed product mix. Efficiency gains have been achieved in the area of internal logistics by means of power-driven industrial trucks or even more efficient drive systems, but they have a rather low impact in the context of

total energy consumption and CO2 emissions. In addition, during maintenance work on major biomass combustion plants, there was an increased demand for natural gas in order to ensure the heat supply of production. Consequently, the share of renewable energy sources in total fuel use should be increased again in 2019.

Best Practice

Award-winning energy management: Efficiency sets new standards

In February 2018 the new combined heat and power plant in the Rambervillers plant, France, started operation. It combines environmental protection and energy independence and was promptly awarded the Energy Change Award by the French business magazine "L'usine Nouvelle" in the energy efficiency category.

<p>€ 32.4 million Costs of investment.</p>	<p>55 Megawatt Thermal capacity.</p>	<p>State-of-the-art environmental and control technology (SNCR system = Selective Non Catalytic Reduction).</p>
<p>Thus, 37,000 tonnes of wood dust are converted from waste to fuel each year.</p>		<p>Reduction of the combustion emissions by 35 %</p>
<p>Energy independence of the Rambervillers plant.</p>	<p>Wood dust, residual and waste wood as well as wood chips are mainly used as fuel.</p>	<p>Supply of 9.6 Megawatts of electricity into the public grid.</p>
<p>9.6 MW correspond to the annual requirements of approximately 15,100 French homes.</p>		





Climate protection / CO₂ emissions

Climate-relevant emissions arise at EGGER mainly due to combustion processes in production in order to produce heat. So-called combustion plants are both the large biomass boilers, as well as smaller burners that are operated with wood dust or natural gas.

CO₂ emissions are differentiated according to the origin of the fuels. With so-called fossil CO₂ emissions, the fuel originally comes from the fossil age of Earth, such as for example natural gas. In biogenic CO₂ emissions, however, the fuel comes from plants that have grown more recently. In the case of biogenic fuels, it can be assumed that during their combustion no more CO₂ is emitted than the plant has taken from the atmosphere during its

growth. Wood from sustainably managed forests is such a biogenic fuel, which in principle is climate neutral. Of course, fossil CO₂ emissions may also occur during transport and processing steps. For the sake of simplicity, these so-called "pre-chains" are not included in either fossil or biogenic fuels when one speaks of CO₂ emissions for energy production.

The large EGGER production sites participate in the European emissions trading scheme. They are the most developed in terms of data on CO₂ emissions.

Production sites in the CO₂ emissions trading scheme*

	FY 18/19
EGGER production sites	20
Sites where CO ₂ emissions are systematically recorded**	10
Share of Group employees working at production sites *	97%
Share of employees at production sites whose CO ₂ emissions are systematically recorded**	67%

* Remaining share results from activities in the recycling and forestry sector and sales offices
 ** within the framework of the European Union Emissions Trading System (ETS)

CO₂ emissions*

GRI 305-1

	2016	2017	2018
Scope 1: Direct CO ₂ emissions total [tCO ₂]**	1,708,147	1,667,024	1,751,594
thereof:			
fossil	182,411	173,579	188,049
biogenic	1,525,736	1,493,445	1,563,545

* Total of all sites participating in European CO₂ emissions trading

** Direct CO₂ emission of combustion plants

CO₂ emissions per m³ of raw board*

Specific fossil content [tCO ₂ / m ³]	0.029	0.028	0.030
Specific biogenic content [tCO ₂ / m ³]	0.241	0.238	0.246

GRI 305-4

* tCO₂ = direct CO₂ emissions (as defined by the European CO₂ emissions trading scheme) from sites participating in the European CO₂ emissions trading scheme
 m³ = sum of the raw boards produced at these sites (chipboard, MDF, OSB)

The biogenic share of our total direct emissions amounts to almost 90% and is therefore already a very high share. The fossil and biogenic share of direct, specific CO₂ emissions at sites participating in the European emissions trading system remained virtually unchanged between 2016 and

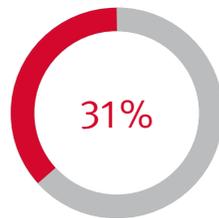
2018. In 2018, significant combustion systems were upgraded or even replaced, so we expect to achieve a reduction in fossil emissions again in 2019.



Electric vehicles in the EGGER motor vehicle fleet

	2017	2018
Number of forklifts in the EGGER Group	657	747
Of which electrically powered	213	229
Number of cars in the EGGER Group	633	772
Of which electrically powered	30	41

Proportion of electric forklift trucks



- Conv. forklift trucks Drive
- Electr. drive forklift trucks

Proportion of electric cars



- Conv. cars Drive
- Electr. drive cars

Environmentally friendly logistics

In addition to optimisation in the production area, environmentally friendly logistics concepts are another building block of EGGER's environmental protection. Wherever possible, the company connects its plants to the rail network. The choice of means of transport, load optimisation and packaging material recovery systems also make valuable contributions.

EGGER relies on the use of electrically-powered vehicles in its fleet.

The switch from fossil fuel-powered forklift trucks to electrically powered forklift trucks is a strategic objective in the plants. The forklift fleets of the individual plants are currently being converted.



Current state climate and energy at EGGER

The technical units for heat generation and supply in the EGGER Group are continuously aligned with the state of the art in order to be able to exploit the potential for efficient energy conversion as well as facility safety. This is why many boiler facilities have been renewed over the last 15 years, or even replaced by more efficient or renewable fuel-fired boilers. Consequently, modern, highly efficient biomass boiler plants and/or hot gas generators are located in almost all plants.

Also, in the future the use of renewable energy as well as the residues which are no longer materially usable for thermal energy use will be forced. The respective regional and national framework conditions are incorporated into the decision making process on pure heat generation or combined power and heat generation.

Past actions

- The biomass power plant at the Rambervillers site was put into operation in 2018. The power plant is designed to operate for cogeneration, to supply the site with renewable heat energy and generate green electricity.
- The optimisation of combustion systems in terms of efficiency and emission behaviour (EPOC project) implemented in Rion
- Ongoing: Roll-out of Group-wide standards for procurement and design of energy-efficient equipment and machinery
- Motor vehicle fleet: Adaptation of the vehicle directive for company cars, standard for motorisation downgraded, and inclusion of electric and hybrid vehicles in the selection list
- In Austria, EGGER has been "klimaaktiv mobil project partner". With the state tax advantages for the promotion of e-mobility and the special leasing conditions of the EGGER fleet, employees were given an incentive for private switch to e-cars. More than 40 employees have switched to an e-Golf. In the accompanying concept, 18 charging stations were created for employees.

Objectives

- Objectives for the reduction of greenhouse gases are specifically formulated within the framework of energy management systems at the country level. These are always associated with the reduction of the demand for natural gas in order to be able to jointly implement ecological and economic goals. Furthermore, the energy targets for reducing electricity consumption also aim to reduce indirect greenhouse gases.

Future actions

- Energy management systems in France were introduced at the end of 2017 and at the beginning of 2018. Unfortunately, not all the necessary data are available for the first in-depth assessment of the level of goal achievement, so that more detailed reports will be included in the upcoming sustainability reports.
- Implementing the EPOC project to optimise combustion systems in terms of efficiency and emission behaviour at the Brilon site
- The harmonisation of the ISO 50001 management system in the EGGER Group through matrix certification
- Implementation of the standard revision ISO 50001:2018
- Further development of the management dashboard successfully introduced in quality management for Group-wide standardised monitoring of energy performance indicators
- Mobility: Further Expansion of charging station infrastructure for employees

Plant emissions (pollutants, noise and odour) and compliance with environmental legislation

The term environmental emissions covers impurities that are released from technical processes into the environment, especially in air and water. Typical sources of emissions in the wood-based materials industry are dryers, energy generation facilities and crushing processes. When drying natural wood, wood ingredients such as formaldehyde, VOC and dust are released. Combustion of wood and natural gas produces fuel-typical exhaust gases such as NO_x, CO and dust. In addition, noise and dust are generated from business and road traffic and mechanical processes. EGGER operates all facilities according to the statutory requirements and the state of the art. In the context of the EGGER environmental management system, emissions and limit values in the plants are monitored in accordance with statutory provisions.

The annual assessment of the environmental aspects of each plant will include, inter alia, the assessment of noise emissions, air emissions, and odour emissions following an assessment of the potential for environmental degradation and, if action is required, the inclusion of measures in the environmental programme of the plants.

For a detailed description of the environmental management system, including legal compliance, see the chapter Environmental Management.

For CO₂ emissions see the chapter Climate protection, energy efficiency, renewable energies in production

Optimisation of the Combustion processes

Within the research focus "Environment and emissions" will also focus on optimising our combustion systems.

The aim is to test innovative measuring systems for improved monitoring of the biomass boilers operated by the EGGER Group and to find their optimal positioning. On the basis of further measurement data, the EPOC system, which is used for the higher-level regulation of energy generation facilities, is to be further improved. At several production sites, the new control system has now been introduced in the biomass power plant and contributes to an optimal procedure. Summer and winter operation as well as the performance of all consumers of the

produced process heat are integrated into the regulation and taken into account. Thanks to the new control system, the emission values could be significantly improved, without installing additional end-of-pipe technologies. The optimisation also contributes to optimum fuel utilisation with increased energy and combustion efficiency and allows maximum utilisation of the combustion performance.

For the implementation status, see the chapter Climate and energy at EGGER

Water cycle and rainwater utilisation

Water

In more and more regions of the world, the supply of water is challenging. EGGER is also reliant on the availability of good quality water at its locations. Above all, water and waste water is a relevant aspect in the production of MDF boards made in Brilon, Bevern, Wismar (all DE) and Gagarin (RU). The Concordia (AR) site, which was fully integrated in the past financial year, also produces MDF.

In MDF production, the wood chips are cleaned and then boiled and shredded. Waste water is released during this treatment process. EGGER uses water in MDF production for the processing of woodchips, as process water or for waste air purification. In addition to water from public utilities, rainwater and groundwater are also used for production.

Water management

Sustainable water management is a topic in the EGGER environmental management system. For this reason, the protection of water as a resource is also a fundamental task for the company.

Protecting groundwater

It is not only drinking water from the public waterworks, but also groundwater from company-owned wells that is used in the production of MDF boards. In order to protect groundwater and promote the regeneration of groundwater, the following principles are pursued:

- Sealing of the storage places for wood and collection and treatment of the lumberyard rainwater.
- Local infiltration of non-polluted rain water (e.g. roof areas) to promote the regeneration of groundwater at the sites. Partial discharge of the uncontaminated rainwater into receiving water.

Reducing consumption

In the first step, EGGER has established transparent water balances at its plants.

Thus, consumers and potential savings can be identified. Within the framework of the corporate philosophy and the environmental management system, EGGER has committed to continuous improvement. The treatment/purification of rainwater and process water makes reuse possible. This recirculation reduces the amount of fresh water used.

Minimising pollution

A distinction is made between rainwater treatment and treatment of process water. The rainwater is processed and used in production. The treated water is used as cooling and process water – preferably to compensate for water-steam cycle losses in power plants. The waste water from the production is also processed and used for steam generation. Surplus, pre-treated waste water is delivered to the municipal waste water treatment facilities. This pretreatment significantly relieves the municipal waste water treatment facilities.

Water consumption in the EGGER Group*

	2016	2017	2018**
Drinking water [m ³]	864,634	702,265	821,170
Process water [m ³]	2,835,222	3,292,708	3,522,257

GRI 303-1

* Water used in the production of all primary products (wood materials and impregnates)

** from 2018 including the Concordia plant

In the past calendar year, more water was consumed than in the previous year. This was mainly due to the incorporation of the Concordia plant into the EGGER Group, where MDF is also produced. However, consumption remains relatively stable in relation to the resulting increase in the production volume of MDF (see indicator below). Due to the upcoming tightening of the exhaust air limit values, exhaust air scrubbers are installed in some plants. Reducing the exhaust air pollution may result in increased water consumption as the air pollutants are washed out with water.

EGGER accepts the increase in water consumption for the reduction of emissions, thermal degradation of air pollutants is not an option for EGGER. However, the water in these systems is cleaned and recirculated to minimise consumption. The process water is used several times at many sites. It is processed several times by internal treatment facilities and then reused in the process (recirculation).





Best Practice

Resource-efficient cycles: Using water sustainably

Water is essential for survival, and it represents a finite and increasingly limited resource. The availability and quality of water is changing due to population growth, changing patterns of consumption and climate change and is becoming an increasing challenge. EGGER stands for the respectful and sustainable handling of resources. The water cycle plant at the Concordia plant in Argentina sets new standards: There, almost 100% of the water used for the production processes is treated and can be used again.

Water consumption per month:

20,000
m³



11,000 m³ of water corresponds to the water consumption of **320 Argentine households**.

9,000 m³ of water evaporate during treatment, the remaining **11,000 m³ are recycled**.



14%
Water savings since 2016.







7.

Corporate social responsibility

Occupational safety and health protection at the workplace at the workplace

Equal opportunity and diversity

Further education and promotion opportunities

Employee satisfaction

Business ethics

Regional added value

Working conditions in the supply chain

Sustainability is often linked to local and global environmental issues. However, environmental issues only make up part of the holistic approach, they are part of the ecological pillar of sustainability. The other part is the socio-economic level, i.e. culture, society and economy. In this area, too, every company has to face up to its responsibilities.

Our values as a family company

“ Respect, trust, partnership
and loyalty define our
everyday actions. ”

In addition to the relevant product and production topics, which have already been dealt with in detail in the previous chapters, social topics were also identified for EGGER as part of the materiality analysis. These include both internal and external topics.

Internal issues mainly concern our employees. They are the most relevant stakeholder group, in addition to the owners and the board (see Chapter Stakeholder approach).

EGGER is a responsible employer and as such we see it as our task to protect the health of employees and to ensure occupational safety. We promote a respectful corporate culture and ensure attractive working conditions. Promoting, motivating employees, ensuring the necessary qualifications and diversity, and enabling a balanced relationship between work and private life are our goals. We live our values: Quality. Perspective and respect.

In this way, we achieve a high level of loyalty from our employees and secure our sustainable business.

The external issues, on the other hand, concern EGGER as a market participant in the respective economic environment and as a social player in the region. In the market environment, the claim is that the company, as a fair economic player, respects free competition, rejects corruption, and strengthens the regional economy.

In terms of society as a whole, the training of future professionals, good working conditions in the supply chain, and voluntary social commitment contribute to sustainable management.

Overall, the focus is on taking responsibility not only for our own products and processes, but also for the people involved. The most important EGGER management approaches and services in this context are described in the chapter "Responsibility for employees and society".



Occupational health and safety

Occupational safety

GRI 403-1 “Respect” is one of the fundamental values of the family company EGGER – including the self-evident fact that occupational health and safety are top priorities. EGGER is aware of its great responsibility as a family employer in this respect: The company’s employees are its most valuable component – accordingly, attention is paid to the well-being and health of the employees. The basic objective is to provide safe and healthy workplaces and to avoid work-related injuries and illnesses, while EGGER is also committed to continuously improving occupational health and safety processes.

GRI 403-4 EGGER has formulated and introduced in the same way valid and binding basic rules for safe and accident-free work in all plants. These rules concern not only the employees in the plants, but everyone that enters a plant of the EGGER Group. Safety and health assessment processes have been implemented in the EGGER operational segments and workplaces.

GRI 403-8

Targets in the area of occupational safety are regularly checked for degree of fulfilment. An annual review critically assesses the status of occupational health and safety.

EGGER’s occupational health and safety management system is based on the internationally recognised system standard ISO 45001. In the area of gluing systems, the highest standards in the field of machine, plant and process safety are also fulfilled within the framework of the national implementation of the guidelines applicable to such systems. The guidelines are essentially:

- Directive 2012/18/EU on the control of hazards involving major accidents with dangerous substances (Seveso III Directive)
- National laws and regulations resulting from transposition

Occupational health and safety management system

	FY 18/19
GRI 403-8 EGGER production sites	20
Share of Group employees working at production sites *	97 %
Share of these employees covered by the EGGER occupational health and safety management system	100 %
Production sites that are also covered by an externally certified management system	1**
Share of employees at this site from all employees at production sites	5 %

* Remaining share results from activities in the recycling and forestry sector and sales offices

** Concordia is certified according to OHSAS 18001

Work-related injuries

	FY 17/18	FY 18/19
Accident rate*	36.84	27.16
of which serious accidents**	2.03	1.03
of which deaths***	0.15	0.13

GRI 403-9

No data for FY 16/17, since the reporting system has only been operational since 1.5.2017. Structure and data differ from the information in the previous report due to improved data availability.

* Accidents per 1 million working hours with injury grade \geq NACA II (includes work accidents requiring medical treatment beyond first aid and other "documentable work-related injuries, according to GRI 2018 403)

** Accidents per 1 million working hours with a degree of injury NACA III-VI (without deaths)

*** Fatal accidents per 1 million working hours due to work-related injuries

The progression of the accident figures still shows a great need for improvement following the past financial year. At the beginning of 2019 there were two fatal accidents. The deaths of both external people resulted from the intersection of forklift traffic with pedestrian traffic. We use state-of-the-art technology in terms of machine safety. However, accidents in recent years indicate that we need to reduce the risk potential in all areas of the plants. Some emergency measures have been implemented at the site level, such as optimisation of identification and, where possible, structural separation of pedestrian routes or better illumination of critical plant areas. At the core, however, two more levels are important:

- Optimisation of all physical processes in terms of occupational safety (equipment, forklift traffic, pedestrian traffic, access restrictions, technical equipment...)
- Anchoring a new occupational safety awareness, safety thinking, and safe acting among all employees and line supervisors

In order to initiate this process, it was decided to include the reduction of the accident rate in the variable remuneration of the most important line supervisors in all divisions. This comes into force as of 1.5.2019.

Past actions

- The health & safety Group standard has been formulated and is being implemented at all production sites. It is based on ISO 45001.
- First behaviour-based training sessions took place, e.g. at the Wörgl plant
- e-learning modules on occupational safety have been designed
- The "Safe@EGGER" campaign to inform and sensitise employees was rolled out throughout the Group

Objective

- Reduction in the accident rate during the 19/20 financial year:
 - At sites with an accident rate greater than or equal to 8 / million working hours: Reduction by 30 %
 - At sites with an accident rate less than or equal to 8: Reduction to 5 accidents / 1 million working hours

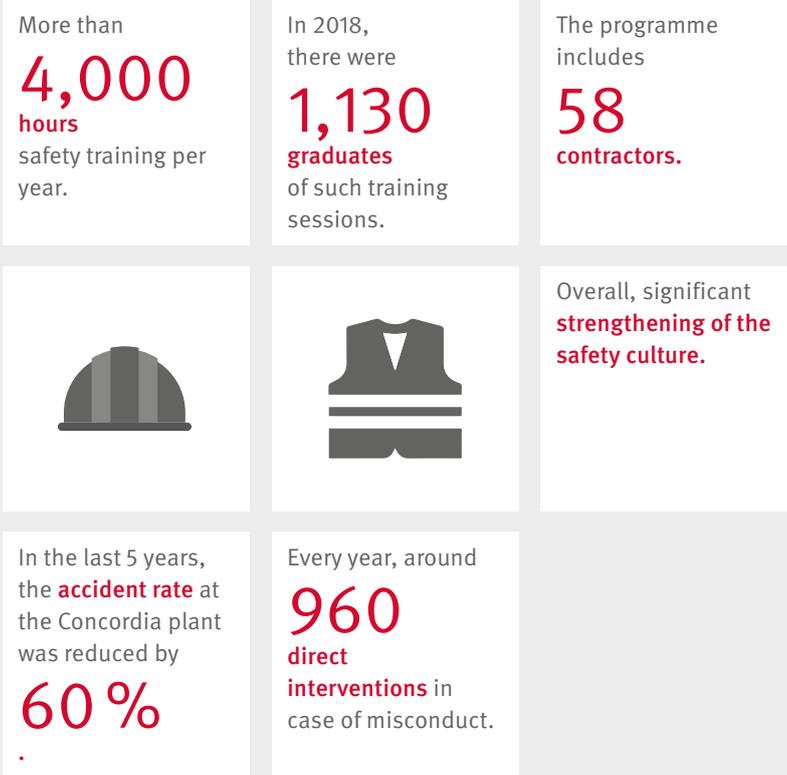
Future actions

- At the beginning of the next financial year, the achievement of occupational safety targets will be included in the variable remuneration for all employees at the top three management levels
- Gifhorn, Hexham, and the Brilon sawmill aim for ISO 45001 certification
- In close cooperation with the human resources department, the training concept for occupational safety has been standardised

Best Practice

Safety culture living together: Exchange with partner companies

Safety is a top priority for EGGER. In the Argentinian plant of the EGGER Group, contractual partners are also introduced to the EGGER safety culture. During regular meetings, training and exchange meetings with the owners and employees of the partner companies, needs are identified together with the local EGGER safety manager, accidents are analysed, experiences are shared, training plans are developed, and common goals defined. For example, every employee working in the plant has the same level of information on safety, regardless of whether they are EGGER employees or employees of a third party company.





Health management Health promotion

GRI 403-6 EGGER attaches great importance to the health of its employees. Special measures create awareness of health and prevention. EGGER gives its employees suggestions to promote and maintain health. We see the promotion and protection of occu-

pational health as our corporate responsibility and have embedded these issues in our mission statement.

Health protection & health management

In addition to manager training courses for healthy leadership, company doctors look after the employees on site in all plants. For employees with office workstations, own workshops are held, for example, on how to deal with stress and ergonomics at the workplace. With the administration building completed in 2015, the EGGER Stammhaus, new standards were set at the St. Johann in Tirol location: Optimal lighting, height-adjustable workstations for all employees, and the omnipresence of the material wood provide the necessary ergonomic framework for healthy working in the workplace.

EGGER wants to be able to offer this standard in the long term throughout the Group and includes existing concepts in new office buildings. For example, the administration building under construction at the Lexington plant in North Carolina, USA, is just as modern and ergonomical as the Stammhaus.

We also promote joint sporting activities. At the various EGGER plants, the health management offers numerous activities for healthy nutrition and exercise, such as fruit days, sports courses and counselling services. Our staff restaurants offer our employees freshly prepared food every day. Particularly, the initiative "EGGER runs" deserves to be mentioned here: Since 2010, EGGER has

been offering its employees the opportunity to participate in running events and at the same time to do good. EGGER will donate 5 Euro to charitable organisations for every "EGGER runs" kilometre. The joy of sports and the ability to raise funds for good causes are at the centre of this project. Entry is simple: The activity is supervised by the local HR department and promoted via internal communication channels. Interested employees may get in touch with their respective contact person, receive high-quality running clothing with EGGER branding, and, as an additional motivation, EGGER covers any starting fees. Since the launch of the initiative, EGGER employees were able to cover together already 228,549 km during folk, charity, and their own a plant running events. This means that by now we have made donations in excess of 1,100,000 Euro.

In 2018 too, employees once more achieved fantastic results at numerous running events in all EGGER countries. The 1,145 runners who took part in "EGGER runs" last year were able to cover over 30,000 km – that is a total of more than 700 marathon runs. Thus, in the last calendar year alone, a sum of around 151,825 Euro has been "run" for a good cause.

Health rate*

Financial year	2016/17	2017/18	2018/19
Health rate	97.04 %	97.14 %	96.98 %

* Proportion of target working hours during which employees were present during one year

With a healthy, stable and enduring high level of health rate, the company focuses on the presence of its employees and thus pursues the goal of health promotion.

The high rate of previous years continued in the past financial year. EGGER sees justification for this, inter alia, in the active operational health management. EGGER will continue to adhere to the measures already implemented and the programme will continue to be expanded in order to maintain this high level in the future. For this

commitment, we were repeatedly awarded the quality seal for Occupational Health Promotion in Austria. Not only in Austria, but also in other countries, these initiatives are recognised with awards from external institutions. For the second time in a row, we received the North East "Better Health at Work" Continuing Excellence Award for the health management at our plant in Hexham, UK.



Equal opportunity and diversity

In accordance with our guiding strategy, EGGER sees itself as a modern and transparent family company. Respect, trust and respectful interaction characterise the corporate culture. The principles of our personnel policy offer all employees the same rights and opportunities regardless of age, gender, culture, religion, origin, or other diversity characteristics. Based on these principles, no form of discrimination is tolerated.

Our aim is to ensure the equal treatment of employees. Our strategy is to promote the employment of women and aim for a higher proportion of women in all areas of the company. Furthermore, we want to maintain the skills and experience of long-term and older employees in a targeted manner while developing age-appropriate working models. More specifically, our goal is to promote the generation mix within the company.



At EGGER, we rely on a balanced relationship between domestic and international line supervisors. Temporary deployment of employees at our sites also occur in order to convey the company's guidelines and the cultural pillars in a natural and authentic way. We promote international employ-

ee exchange and provide professional support in mobility management and during business trips. For example, our deployed employees receive intercultural trainings in order to prepare for their placement.

Employee numbers*

	FY 16/17	FY 17/18	FY 18/19
Employees	8,145	8,765	9,481

* Number of employees in the EGGER Group in full-time equivalents on an annual average basis. In addition to the specified number of own employees, EGGER also employs around 1,000 external employees (loan workers and other external employees, in annual average).

During the financial year 18/19, the EGGER Group employs 9,481 employees (full-time equivalents). Compared to the previous year, the number of employees has risen by 9%. The increase in this measure over time is due to investments in exist-

ing plants, the integration of the plant in Concordia, Argentina, as well as the construction of two new plants in Biskupiec, Poland and Lexington, North Carolina, USA.

Nationality and specialised areas

EGGER's international workforce is comprised of 77 different nationalities. 83 % of all employees are in the areas of technology / production and logistics, 17 % in the areas of finance, personnel, IT, sales and marketing.

The diversity of the nationalities of our employees shows that EGGER has grown since 1961 into an international, open company in which growth is possible through common goals and understanding for different cultures.

Age structure in the workforce*

	FY 18/19
< 25 years old	9 %
25 to < 35 years old	29 %
35 to < 45 years old	28 %
45 to < 55 years old	23 %
55 to < 65 years old	11 %

* Total workforce by age in years



The above graph shows the age structure of the EGGER workforce. It is clear from this point of view that the age group starting 55 is the most rapidly growing age group at EGGER. We are aware of this development, promote age-appropriate work and work at different locations under the topic "Dealing with shiftwork when older".

With our own apprenticeship programmes or development programmes, like EGGER Kompakt and Start Up EGGER, we promote a culture of knowledge transfer within the company and thus facilitate the entry of new employees.

Workforce by gender*

	FY 16/17	FY 17/18	FY 18/19
Women	15.6%	15.9%	15.9%
Men	84.4%	84.1%	84.1%

GRI 405-1

* Share of total workforce by proportion of women/men

During the past financial year, the women rate was 15.9%, which has remained at the same level as in the previous year, while it was 15.6% previously. If we compare this with the proportion of women in our 3 highest management levels, it must be noted that women are underrepresented at top management levels. In concrete terms, the proportion of women at the moment is 6.2%, compared with the previous year when it was still 7.2%, the rate of women in top management has fallen by one percentage point.

We want to and must counter this development in a targeted manner. For this reason, there are a number of strategic directions that should contribute to an improvement here.

We provide a contribution to the subject of women in top management by focussing in our programme for leadership potential "Start Up" on a good mix of women and men from various specialist areas and also address and discuss within the training sessions in our module "Cultural Mapping" the topic of "unconscious bias".

In addition, with the Summer Kids Camp in Austria, we have made a contribution to an improved situation in childcare during the summer at our location in St. Johann in Tirol. This period is generally regarded by our female employees as difficult. With the Summer Kids Camp, we want to provide support as an employer, so that our female employees as well as our male employees can organise the long holidays in the best possible way.

Further education and promotion opportunities

Further development

At EGGER, we view the further development of our employees as a central management responsibility and have anchored this goal in our management principles. It is in line with EGGER's sustainable HR work to bind employees to the company and

point out development opportunities to them. This also safeguards succession planning, especially for key positions.

Apprenticeship

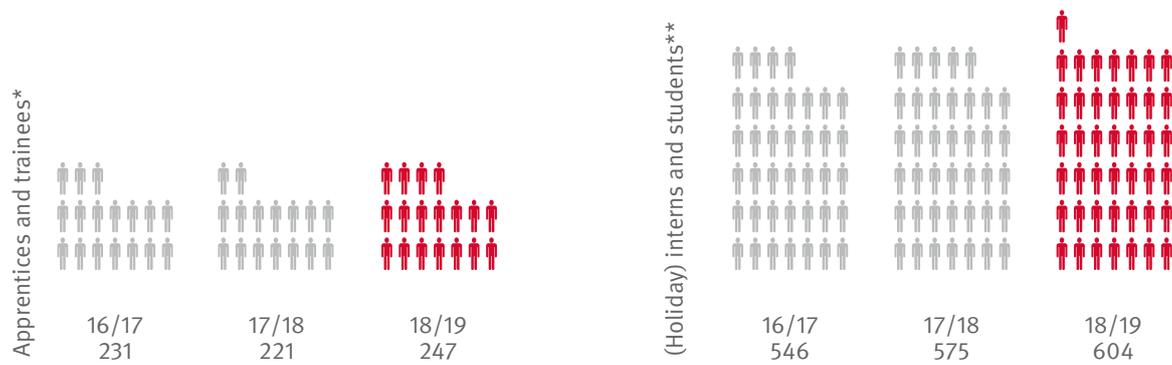
Our objective is to train specialists and line supervisors from within our own company. For this reason, we train our young talents in 22 vocational occupations at almost all EGGER locations. We ensure the further development of our apprentices through ongoing feedback from the trainers as well as through supporting, demand-oriented training measures (job-specific training, communication training, team building, or language courses). Most of our plants also have training workshops where the apprentices can practice basic skills and prepare for examinations.

Our numerous personnel marketing activities, such as visiting various trade fairs, open days, school visits, parents evenings, etc., have turned us into an attractive training company even

outside Austria and Germany. We train our young people even in countries such as Romania, France, the USA, and the UK, where there is no comparable state training system.

Therefore, we see the challenge as persistent in the creation and maintenance of structures and framework conditions for the training of employees. Likewise, the early involvement of seasonal workers, interns and diploma students is an important basis for us in sustainable personnel development. Valuable practical experience is the first step towards a permanent job with EGGER.

Training at EGGER



* Number as of 30.04.

** Total of summer jobs, interns, diploma students during the financial year

Compared to the previous year, the number of trainees has risen by 12% – at the same time we were able to give many interns a first insight into the professional world of EGGER.

The early acquisition of future employees remains an integral part of our philosophy.



Best Practice

EGGER Campus online: Further education reimagined

Learning is as individual as the person: the online training platform EGGER Campus offers, in addition to extensive e-learning, also a digital library, as well as the ability to register for classroom training. The training can be adapted to the needs of the employees: The learner can freely choose according to his or her individual needs, learning phases, both in terms of form, subject, and time in consultation with their line supervisor.

Group-wide, the average of

82

Classroom training sessions offered per country.

Step-by-step implementation: As of **December 2019**, the offer will be available **Group-wide**.



EGGER CAMPUS 



2,977

completed e-learning courses during the financial year 2018/2019.

Since April 2019, **soft skills training**, such as time management or feedback culture, is also offered as e-learning.

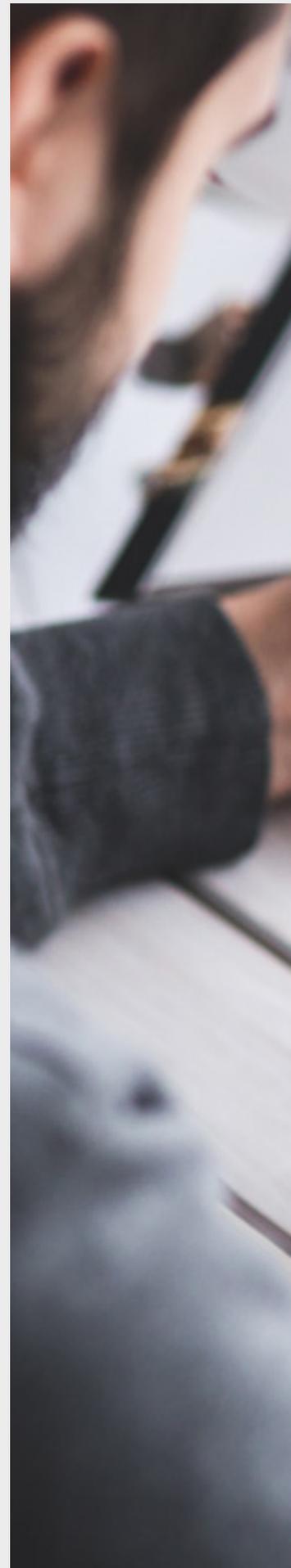
Expansion in the financial year 2019/2020: **e-language courses** are supplemented.

Already

54

E-learning courses available Group-wide.

More than **4,000 visits** to the EGGER Campus online learning platform every month.





EGGER is launching a dual Training programme in the USA

For EGGER, the training of its own specialists during a dual apprenticeship is a key factor that has contributed significantly to the company's success to date. We now want to carry this success concept across the pond and in the last year – long before the plant starts operation – we have decided to train our own employees in Lexington, North Carolina as well.

Since the dual training system as we know it in Germany and Austria does not exist in the USA, we have put together in just three months an apprentice programme, with the local authorities and the local college, Davidson County Community College (DCCC), that is very similar to the German-Austrian one. After a great deal of preparatory and educational work by our colleagues on site, we were able to find 9 suitable candidates, who are now being trained by our three trainers to become electrical and metal technicians.

The training lasts a total of 4 years, with 80% of the training taking place within the company and 20% at the college. The apprentices receive a professional certificate and a college degree at the end of the training period.



Personnel development and promotion of internal careers

The EGGER CAMPUS was developed in order to pool all further education activities at one location. Since the end of 2018, our training catalogue has been accessible at most of our sites via our CAMPUS ONLINE platform and training courses can also be booked directly.

The EGGER CAMPUS currently consists of the following components:



With nine modules along the company's value creation chain, the EGGER KOMPAKT internal training programme was set up by employees for employees. Thereby, EGGER aims to ensure the interdisciplinary exchange of knowledge and experience and strengthen the customer orientation of all employees. With around 180 internal trainers and a structured training concept, EGGER COMPACT has now been in place already for 3 years in all EGGER locations.

210 training sessions with 3,370 participants took place also during the last financial year 2018/19. The feedback, which is collected regularly after the training courses, again showed the enthusiasm and appreciation of our staff for this unusual format. Group-wide common understanding was encouraged. By getting to know different departments and needs, processes become more transparent and comprehensible. This is reflected in better cooperation and communication.

In order to obtain a comprehensive picture of the development status and needs of all employees, annual employee appraisal meetings are held in all plants and areas. The EGGER Talent Management System has been in operation since January 2018. It supports line supervisors and employees as a digital, flexible, and forward-looking platform for exchange. In 2018, more than 3,000 line supervisors and employees have already used the digital employee appraisal. The exchange provides more clarity about the goals and strengths of each individual employee and offers the opportunity to work on one's own development at EGGER. In order to grow together, employees are not only developed efficiently according to their strengths and desires, but also jointly design their career path sustainably.

EGGER attaches great importance to filling management positions internally and offers the following measures for targeted development for management careers:

Start Up: is a 12- to 18-month specialist trainee programme for the targeted development of future executives at EGGER. In the programme, there are approximately 20 participants from different countries and specialist departments such as Logistics, Engineering, Finance, HR, Sales and Distribution.

Startklar: The programme for potential and emerging managers concentrates on promoting interpersonal and business skills with an international focus. Group-wide teams comprised of potential future executives complete several basic training courses over an 18-month period and together implement a concrete project. In this context, the participants develop leadership behaviour competencies and learn how to strategically work in networks.

Impuls: Impuls is training for managers who are new in their position, to deepen their existing management knowledge and to acquire up-to-date management methods. International workshops emphasise existing management approaches used all over the Group and aim at developing important competencies.

GRI 404-2

GRI 404-3

Spirit: The strategically oriented "Spirit" management training takes place every two years for managers from all divisions of the company. For a period of two days, existing corporate goals and management systems are discussed and new expertise is generated.

The management training programmes "Impuls" and "Spirit" build on each other and focus in particular on division and plant managers as well as line supervisors in Corporate Management. In addition, there is a fully developed training programme and line supervisor days for newly appointed and experienced line supervisors to develop leadership skills in all countries. The active participation of the employees is testimony to the offers in the EGGER Campus:

In the last financial year, 1200 trainings took place with a total of 9275 participations. Participants claim to have a better understanding of the adjacent areas of their work and to have learned something new. The training programme is also well received outside the company: In Germany, EGGER KOMPAKT already received in the financial year before last the 1st prize of the HR Excellence Award knowledge management Group category. The development measures are also having an effect: Approximately 80 % of EGGER line supervisors have been promoted from within the company.



Employee satisfaction

The satisfaction of our employees is very important to us and is considered as the basis of our successful business.

Employer branding

In the 2018/19 financial year, EGGER continued to drive forward its employer branding and recruitment initiatives, thereby building on its strengths. In addition to the traditional media for recruitment, EGGER is increasingly focusing on online media. The presence on social media channels, such as Facebook, LinkedIn or Instagram, has also been broadened. The relationship with local educational institutions, such as schools and universities, is particularly important.

Work-life balance

We at EGGER regard family and leisure time as an equally important part of life as work and careers. For this reason, employees in non-shift work are offered a flexible flexitime framework in addition to their core working hours, which allows for an individual reconciliation of private and professional life. It is therefore also in the company's interest to respond to desires for partial retirement and parent part-time and to find models that are satisfactory for both the company and its employees. We also support the families of employees with different offers. For example, in the summer of 2018, a week-long EGGER Summer Kids Camp took place in St. Johann in Tirol, intended to help with childcare during the long summer holidays. Together with a team of trained and experienced educators, the company offers varied and quality childcare. This offer will also be available in the future and will be further expanded.

Employee motivation

In line with the motto "Shaping the future together – Every opinion counts!", a Group-wide employee opinion survey was conducted at the beginning of 2018. In order to be able to adapt the company's services as well as possible to the needs and wishes of its employees, it is important to involve the entire workforce.

In order for EGGER to be the best employer in the respective local labour market, the need for improvement is precisely identified and actively change is initiated. Departments and teams have found that the results from the employee opinion survey are taken seriously. This also encourages a high level of participation in the survey.

Best Practice

Anniversary bonus: Long-term cooperation is appreciated

Since its founding in 1961, EGGER employees have contributed significantly to the success of the company. Those who come to EGGER are not only employees but also part of a large family. This particular working environment, where people respect one another and this matters, creates trust and lasting enjoyment at work. EGGER thanks its employees for this trust and long-standing loyalty and has been highlighting its appreciation with a Group-wide anniversary bonus since 2018.



During the financial year **2018/2019**, a total of more than **€ 3 million** were paid out.

Bonus payments per year

EGGER employment loyalty in years	10	15	20	25	30	35	40	45
Number of monthly salaries as anniversary bonus	0.5	0.5	1	2	2	3.5	3.5	4

Figures for financial year 2018/2019 (Group-wide)

service in the company. in years	10	15	20	25	30	35	40	45	Total result
Number of employees	374	223	189	59	46	10	6	1	909





Shaping the future together – Every opinion counts

The EGGER Employee Opinion Survey is conducted regularly, Group-wide and for all employees. It is of course anonymous and confidential and is supported by an external partner, the geva-Institut.

EGGER formulates a comprehensive picture of how the company is perceived as an employer through various topic-based questionnaires. In this way, for instance, results on the image of the company among the workforce in the evaluation are of great value.

The individual areas of the survey are prioritised on the basis of their relevance with regard to employee motivation and satisfaction, and appropriate measures are taken to address possible weaknesses.

In the future, EGGER intends to further increase its good participation rate and noticeably put into practice the employees' wishes for change. Further details on the results of the Employee Opinion Survey and the resulting measures can be found in the following chapters.



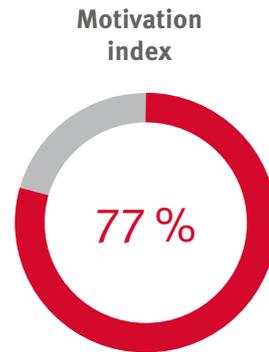
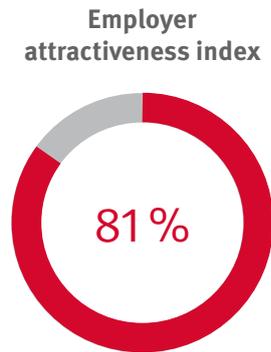
Applicants and awards

The steady rise in applications shows that we are on the right course with our target group-oriented, authentic candidate approach. Our career website registers roughly 5,500 clicks per month.

Our employer awards also demonstrate a high level of employer attractiveness. We are pleased to announce that, as part of the BEST RECRUITER 18/19 award for the construction/wood industry, we have achieved 1st prize or the "Happy Trainees Award 18/19" award in France. In addition, over 100 schools and universities visited our plants in 2018 and gained an insight into the work world of EGGER.

Participation in Employee Opinion Survey and recommendation as an employer

The high participation rate of 86% in the last employee opinion survey in 2018 guarantees representativity and is at the same time the basis for an effective orientation for the future. On the image of the company, 82% indicate that they consider EGGER to be environmentally friendly, and 83% are proud to work for EGGER. Furthermore, 81% would recommend EGGER as an employer.



Employee turnover

Financial year	2016/17	2017/18	2018/19	Development compared to the previous year
Employee turnover	5.6 %	5.8 %	5.3 %	-10 %

* Includes all employee-related resignations within the EGGER Group.

GRI 401-1 The fluctuation rate is an important indicator of our employer attractiveness and one of the most important indicators in monthly HR reporting. After a slight increase from FY 16/17 compared with the previous year, staff fluctuation fell by 10% again in the last financial year.

It therefore also reflects the positive results of our employee opinion survey from the previous year. The development of business over the last three years has not led to any major job cuts.

Employee representation

Good contact between management and external and internal employee representation is important to us. During the past financial year, we had a defined internal employee representation in 14 out of 20 production plants.

The employee representatives play an independent role and are able to contact and share information with employees via notices, newsletters, e-mails and the Intranet. They take part in labour law decisions and are regarded and valued as partners in management work.

The European EGGER Forum (EEF) is the association of works councils in all of EGGER's EU locations. The local works councils represent the interests of our employees and are in close dialogue with the respective management and personnel management. Our anniversary bonus is a very concrete example that has been implemented on the initiative of our employee representatives for the entire EGGER Group. For example, after 25 years of service, employees receive two gross monthly salaries as an anniversary bonus.

GRI 102-41



Business ethics

Since its creation in 1961, EGGER has been a steadily growing and internationally active family business. A clear stance in terms of sustainability, quality and respect has always been an integral part of the corporate culture and an indispensable prerequisite for business success. The trustworthiness that the company founder and owners model – that is, the unconditional standing by the given word – still has a decisive influence on the basic ethical values of EGGER and the daily actions of all employees.

Transparent values apply within the corporate group. EGGER conducts itself with integrity, respect and fairness towards its employees, business partners and third parties as well as the public and carries out its global business in compliance with all applicable national and international regulations. EGGER is also committed to fundamental respect for human rights.

In order to implement this corporate ethic and anchor responsible thinking and action among all employees in the long term, EGGER brings together a comprehensive set of measures in a compliance system to prevent, detect and react to compliance violations. The topics of antitrust law, the prevention of corruption and the protection of personal data are predominantly addressed and employees are trained in both e-learning and classroom sessions. Compliance with these rules is ensured through a strict dual control principle and processes, where it proves to be necessary taking into account regular audits or due to individual events, improved.

GRI 102-17

NaDiVeG fight against corruption

Code of Conduct

EGGER has a Code of Conduct that applies to all employees across the Group and is based on the values, mission statement and corporate objectives. The EGGER Code of Conduct includes clear standards of conduct that must be observed by all employees. The owners, the Group Management and the Board of Directors are committed to this Code of Conduct and strongly count on the support of all employees in order to implement them successfully in business. Line supervisors are especially taken up on their promise of making

sure that the Code of Conduct is observed by all, whatever they do.

For purposes of its implementation, this Code of Conduct has been communicated to all EGGER employees and is available on the Internet at www.egger.com and the Intranet in the EGGER Management System.

Suppliers' Code of Conduct

EGGER expects that not only all employees within the company, but also suppliers share these compliance principles. Through the Code of Conduct for suppliers also available on the Internet at www.egger.com, EGGER makes it clear to its suppliers that EGGER imposes the same minimum requirements on their conduct and obliges its suppliers to comply with applicable laws and regulations.

Problem awareness, knowledge and correct conduct are communicated through regular organised events for employees. Guidelines on many topics are available to our employees in the Intranet. All EGGER employees are expressly encouraged to report circumstances that indicate a breach of this code of conduct or our guidelines. This can be done by any employee with his or her superior or with EGGER's legal department. Such referral can also be done anonymously. Under no circumstances will there be disciplinary proceedings against an employee due to making a referral, even if it turns out to be unfounded.

Other compliance guidelines

EGGER has developed guidelines for the other legal areas of data protection, antitrust law, prevention of corruption, capital market law, export control, and sanctions, which are available to employees in the EGGER Management System.

Cartel Law Guideline

EGGER is committed to a market organisation that relies on competition. Every EGGER employee must know and comply with all antitrust and competition rules relevant to his / her activity. A separate guideline on antitrust law and regular training courses help to ensure that conduct is fair and correct towards the competition.

Corruption Prevention Guideline

EGGER is strictly opposed to any kind of active and passive bribery. The in-house Corruption Prevention Guideline outlines clear prohibitions, as well as instructions regarding the handling of gifts and invitations.

Guideline Capital Market Compliance

With its guideline on capital market compliance, EGGER shows capital providers that the statutory regulations for the capital market are taken seriously by EGGER and that possible violations are prevented. The guideline also aims to ensure that EGGER meets the expectations of the capital market in the conduct and organisation of a capital market-oriented company.

Guideline data protection and privacy policy

EGGER takes the protection of personal data very seriously. The data protection statement available on the Internet at www.egger.com discloses how and why EGGER collects and uses personal data from third parties, and how the data subjects can exercise their data protection rights towards EGGER.

The internal structure and process organisation is outlined in a guideline on data protection.

Guideline export control and sanctions

Due to increasing sanctions in international trade and with regard to companies in Russia and the United States, EGGER underwent a comprehensive review of the IT systems and audit processes used in the past financial year and adjusted them as necessary. The organisation and tasks were laid down in a new guideline on export control and sanctions legislation.

Criminal proceedings for corruption or anti-competitive conduct

GRI 205-3 GRI 206-1 GRI 419-1	Financial year	2018/19
	Number of corruption cases pending	No cases
	Number of corruption cases closed	No cases
	Total of corruption-related penalties > €5000	No penalties
	Number of anti-competitive cases pending.	1*
	Number of anti-competitive cases closed	No cases
	Total of competition law penalties > €5000	No penalties

* in Romania due to alleged price agreements

EGGER's objective is not to commit violations in these key areas of compliance and to continuously improve its internal procedures for preventing and detecting violations. In particular, a risk-based approach seeks to raise the necessary awareness of the importance and content of these areas among employees by means of training and guidelines. Regular inquiries to the relevant legal departments to assess planned facts or agreements regarding their compatibility with the applicable

regulations show that employees are aware of the importance of these key areas of compliance. Significant violations were not identified in the past financial year. This shows that EGGER is on the right track with its risk-based approach. This is therefore upheld.

Tax honesty

The business activities of the EGGER Group generate worldwide taxes and duties that flow into numerous government budgets. The EGGER Group is not only a taxpayer of direct taxes, such as corporation tax, but also of numerous indirect taxes such as VAT. In addition, the EGGER Group is also liable to deduct tax. The EGGER Group, for example, channels payroll taxes (such as income tax and social insurance) and the capital gains tax to the respective tax authorities. In economic terms, the beneficiaries of these payments bear the tax burden. Nevertheless, the EGGER Group's obligation to retain these taxes and charges is of great importance to government budgets.

Tax transparency

The company management, the board of directors, and the owner family are committed to complying with all applicable laws, including tax laws worldwide. This commitment is reflected in the mission statement, the strategy, and a Group-wide code of conduct.

Especially for tax law, this commitment to tax compliance is located in the Tax-Controlling Directive, in which the tax function of the EGGER Group is committed to legally-compliant behaviour with respect to tax obligations, to fiscal reliability, and to preventing abusive arrangements. In line with this approach, the EGGER Group's executive bodies and those responsible for tax matters are committed to tax honesty.

Tax transparency is an integral part of the EGGER Group's management strategy. The EGGER Group fully supports the OECD's approach to co-operative compliance.

The purpose of the internal tax control system is to ensure that the tax bases for the respective tax type are reported in the correct amount, that the taxes attributable to them are paid on time and with the correct amount, that the tax risks for material violations are detected in good time, and that such violations are prevented.

Tax planning

The EGGER Group plans its processes and its organisation in accordance with its economic activity and actual circumstances. For taxes and duties, this means that it tries not to pay more taxes and duties than provided for by law, but to avoid purely tax-motivated, atypical arrangements.

The EGGER Group uses transfer prices to reflect the actual economic situation within the EGGER Group. Transfer prices are not used for shifting the tax base. The calculation of transfer prices within the EGGER Group is based on the international guidelines of the OECD, the EU, and national legislators.

All parties involved throughout the Group must comply with the requirements of the internal transfer pricing directive. This directive implements these requirements and ensures that intra-Group transactions are always guided by the arm's length principle and that the usual and accepted methods for determining transfer prices are applied. In addition, this Group-wide policy ensures that the required documentation is available.

In principle, the EGGER Group only establishes companies in countries where value added is actually generated by the core business of the EGGER Group. In particular, the EGGER Group avoids establishing companies in states that are regarded as "tax havens".

There has been a Group financing company in Ireland since 2002. Although Ireland generally has lower taxes than Austria, the decisive reason for the settlement is the appropriate regulatory environment for insurance and financing activities in Ireland. It should be noted that the services provided by this company are so-called "low value adding services" which, according to the simplification rule of the OECD, can only be passed on at a low cost charge and thus without any shifting of the tax basis.



Past and future actions

▪ Revision Code of Conduct

→ In the past financial year, a further point was included in the Code of Conduct on the topic of the safety of products.

→ No revision or amendment of the Code of Conduct is planned for the coming financial year, as it serves as the basis for compliance.

▪ Capital Market Law

→ No special measures taken in the past year

→ No special measures planned in the coming year

▪ Prevention of corruption

→ No special measures taken in the past year

→ No special measures planned in the coming year

▪ Antitrust law

→ The e-learning on antitrust law has been transferred to the central platform EGGER Campus and is mandatory for new recruits or changes of employees in relevant positions.

→ During the coming financial year, training will be provided, in particular for the sales staff at the new Biskupiec/ Poland and Lexington/ United States locations, whereby both e-learning will be compulsory and attendance of on-site classroom training will be agreed.

→ In connection with the new classroom training courses, the existing antitrust guideline will be fully revised and re-published in the coming financial year.

▪ Data protection

→ The EU General Data Protection Regulation has been in force since 25.05.2018 and EGGER has therefore ensured its proper application within the Group during the past financial year.

→ In the past financial year, employees were already familiarised with the new rules via e-learning and line supervisors via classroom training, and these training courses will be continued in the coming financial year.

▪ Export control and sanctions

→ Due to increasing sanctions in international trade and with regard to companies in Russia and the United States, a comprehensive review of the IT systems and audit processes used in the past financial year was undertaken and they were adjusted as necessary. The

organisation and tasks were laid down in a new guideline on export control and sanctions legislation.

→ For the coming financial year, further in-depth training courses were agreed on the subject for relevant employees in IT and logistics.

Tax compliance & tax honesty:

- Participation in the pilot project on horizontal monitoring with the Austrian financial administration, preparation of normal operation, and the introduction of a tax control system
- Complete the change to normal operation and have the control system checked externally

Regional added value

EGGER thinks globally and acts locally. We manufacture worldwide at 18 plants in eight countries and with decentralised organisation and local responsible persons (plant managers) pay close attention to the respective regional conditions and needs.

We see ourselves as a good neighbour and an active member in the regional environment of our production plants, and as such we aspire to have a positive effect in the long term on the respective local economy and local communities.

Our corporate mission statement, which defines the core values and corporate principles and communicates them to all employees, defines our corporate responsibility and our contribution to Regional added value:

In accordance with our fixed core values we embrace the culture and customs of the countries in which we operate. In doing so, the family company EGGER integrates itself as an integral part of the respective surrounding area and encourages the employment of qualified employees and line supervisors from the regions near the Group's plants.

We exercise social responsibility at the local level. In this context, we are committed to the fields of social issues, education and environmental protection.

Our plants also have a positive long-term in-

fluence on economic development at their locations through the use of local suppliers and local infrastructure like hotels and restaurants.

We are intensifying our cooperation with suppliers from the region in a targeted manner and proclaim in our wood purchasing strategy that we obtain wood predominantly from within a radius of 150 km around our plants.

The implementation of these guidelines is incumbent upon the locally responsible Plant Managers in accordance with our decentralised organisational structure. They represent EGGER in the respective regional environment.

To that effect, our in-house policy for the awarding of donations and gifts in a not-for-profit manner is designed with regional responsibility in mind. Donations of up to 10,000 Euro per year can be made independently by the Plant Management (local management). It also states that we exclusively support organisations or activities that focus on social issues, education and environmental issues.

We can only partially quantify our total contribution to Regional added value. It is very difficult to quantify good neighbourliness and the openness to dialogue and the involvement of all relevant local stakeholders, but in any case this is proven by a variety of activities.

GRI 203-2

Plant visits

We see ourselves as an open and transparent family company. In this respect, it is natural for us to open our plant gates to various visitor groups and to make our activities tangible for them. In addition to customers and suppliers, these are predominantly pupils and students who get to know EGGER as an employer, as well as residents of the surrounding localities.

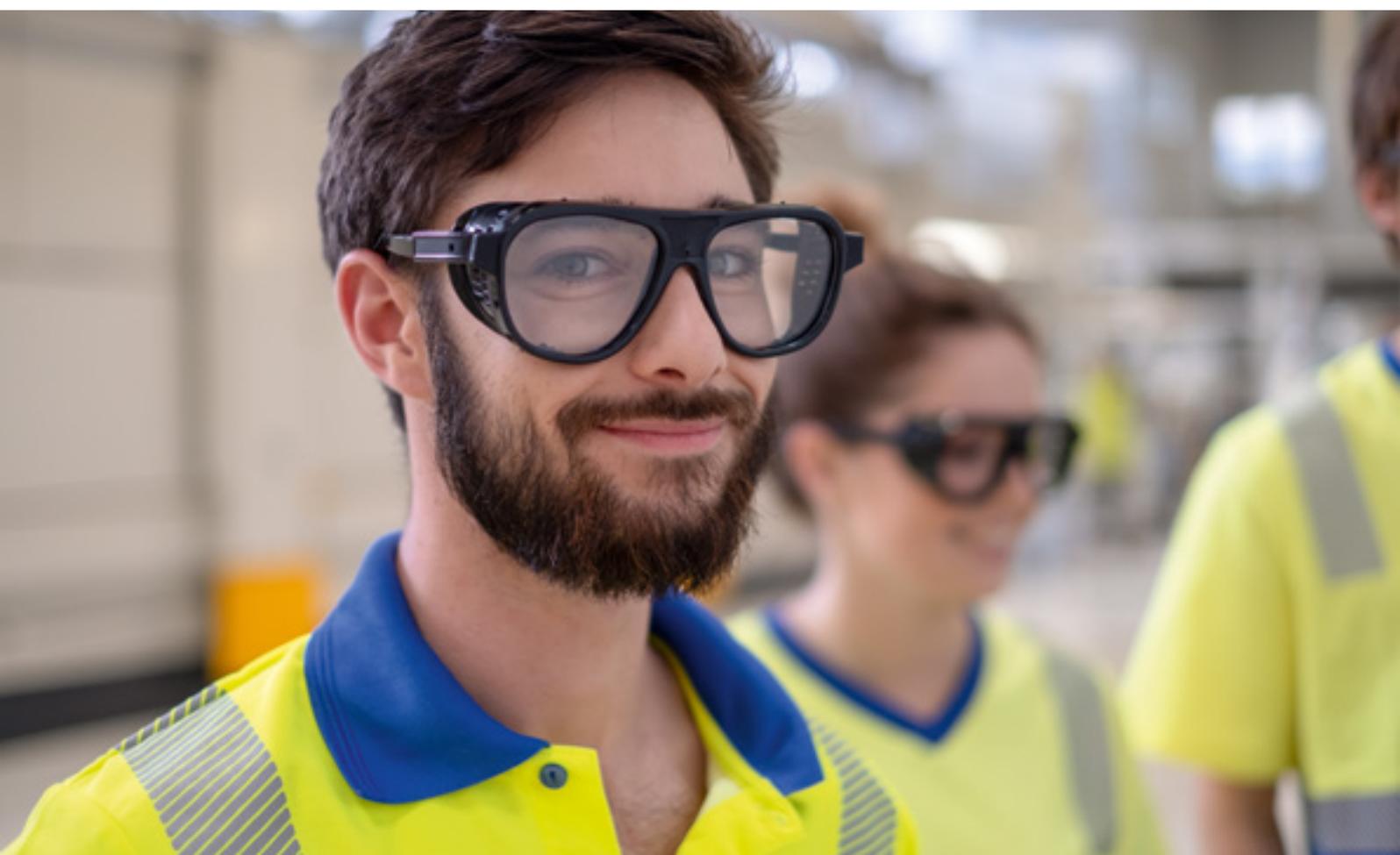
At most plants we offer regular plant tours. Specially trained employees lead these guided tours and thus demonstrate EGGER's production processes and business model. At the main plant in St. Johann in Tirol alone, some 13,000 people take part in plant tours each year.

At many plants, family days are held annually to give the relatives of our employees an understanding of their working environment. Likewise, events such as "open days" are organised and regular tours of the plant are also made possible time and

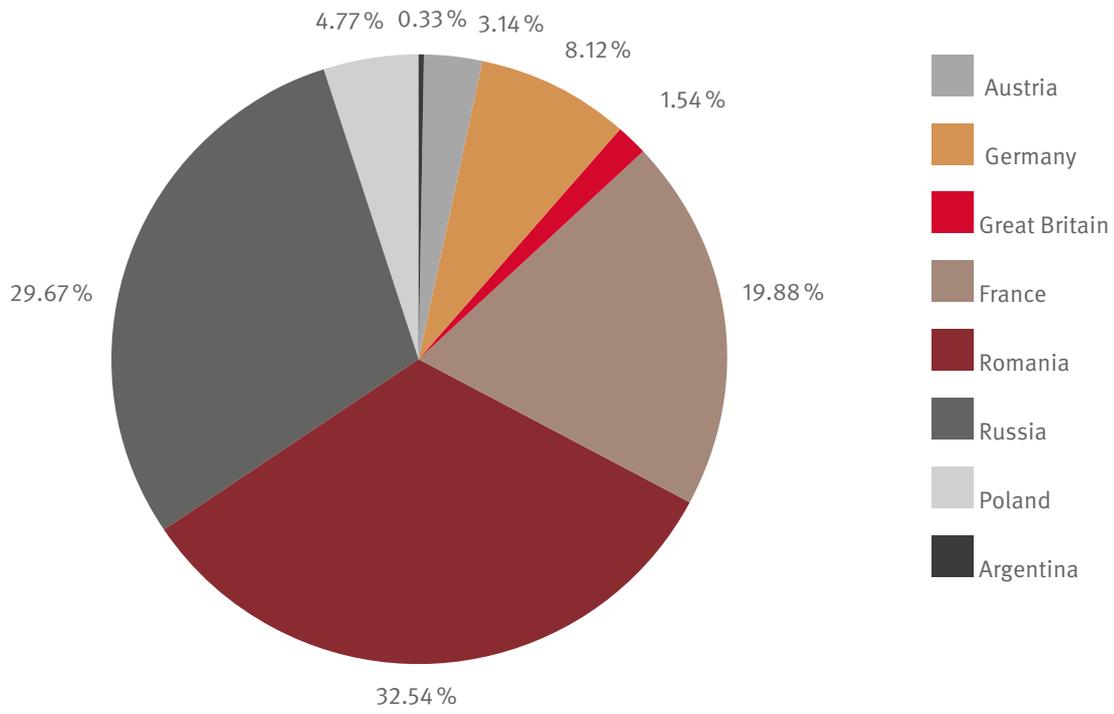
again for non-company persons by prior arrangement. In this way, the local residents around our plants have the opportunity to get to know our family company EGGER and to gain an insight into our activities.

Stakeholder dialogue

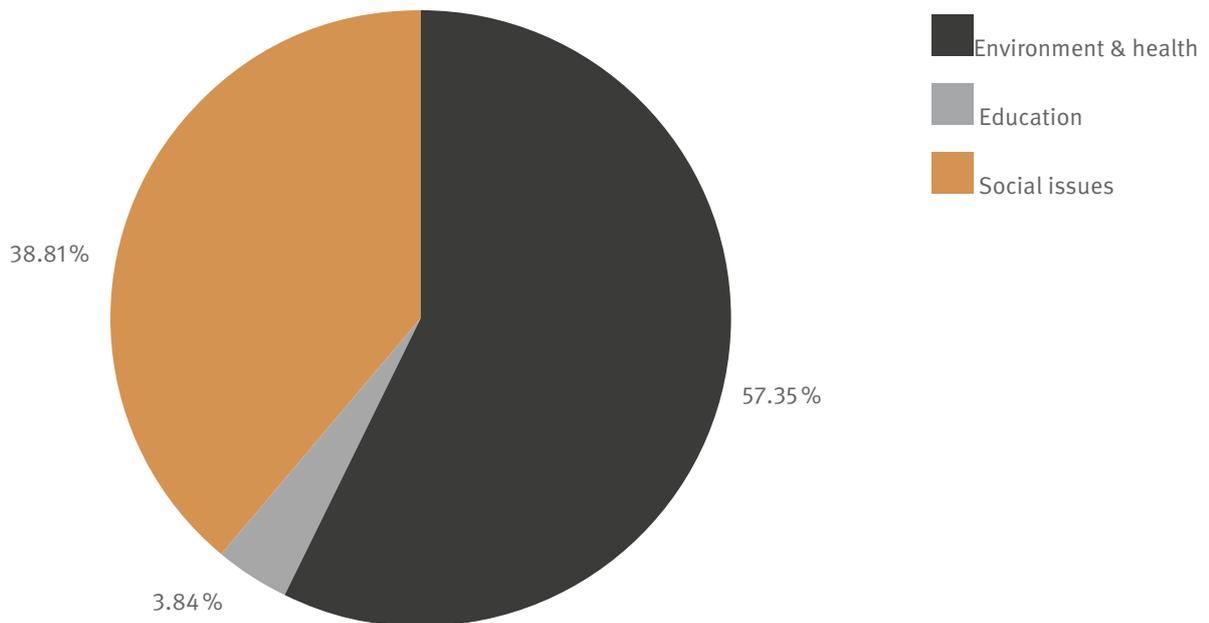
At EGGER, we have discovered that the early, active and ongoing involvement of stakeholders leads to greater acceptance and support of our activities. We especially take this into account for larger construction projects, such as plant expansions or greenfield investments.



Donations by region



Donations by sector



Donation activity

The EGGER mission statement lays down its commitment as a company to the fields of social issues, education and environmental protection. This commitment, alongside the personal involvement of many colleagues, is understood as the provision of financial resources for appropriate institutions and organisations. Overall, EGGER has donated for relevant purposes in the past financial year 2018/2019 1,287,000 EUR (previous year: 572,800,000 EUR). Russia and Romania account

for around 62% of the total donations, where the main focus was on the donation in 2018/2019. As an international company, EGGER is aware that it has a particularly high degree of responsibility for the well-being of the local community, especially in underdeveloped regions where some of the plants are located, specifically in Eastern Europe. In this respect, donation activity is focused on these regions.



Best Practice

Via Transilvanica: Long-distance hiking as an engine for the region

EGGER recruits local staff, works with local suppliers and service providers, and actively engages in the environment around the plants. But how can a region be developed further? The non-governmental organisation Tasuleasa Social Association aims to actively promote environmental, cultural, and active tourism. In 2018, it launched the long-distance hiking trail Via Transilvanica. This 1000 km hiking and cycling route crosses 10 Romanian counties. It starts in the historical town of Putna (northern Romania, Suceava region) and ends in Drobeta Turnu Severin - the strategic gate to Romania since Roman times. The project costs around EUR 1 million in total. EGGER supports this project with a donation of 100,000 Euro and thus finances 100 kilometres of the long-distance hiking trail.

The route takes you past rivers, through national parks, and provides an insight into the **spectacular landscapes**.

1 kilometre costs approximately **1,000 Euro**



1,000 Kilometres total length of the long-distance hiking trail.

The long-distance hiking route crosses **10 Romanian counties**.

Historical and cultural landmarks can also be visited along the way.

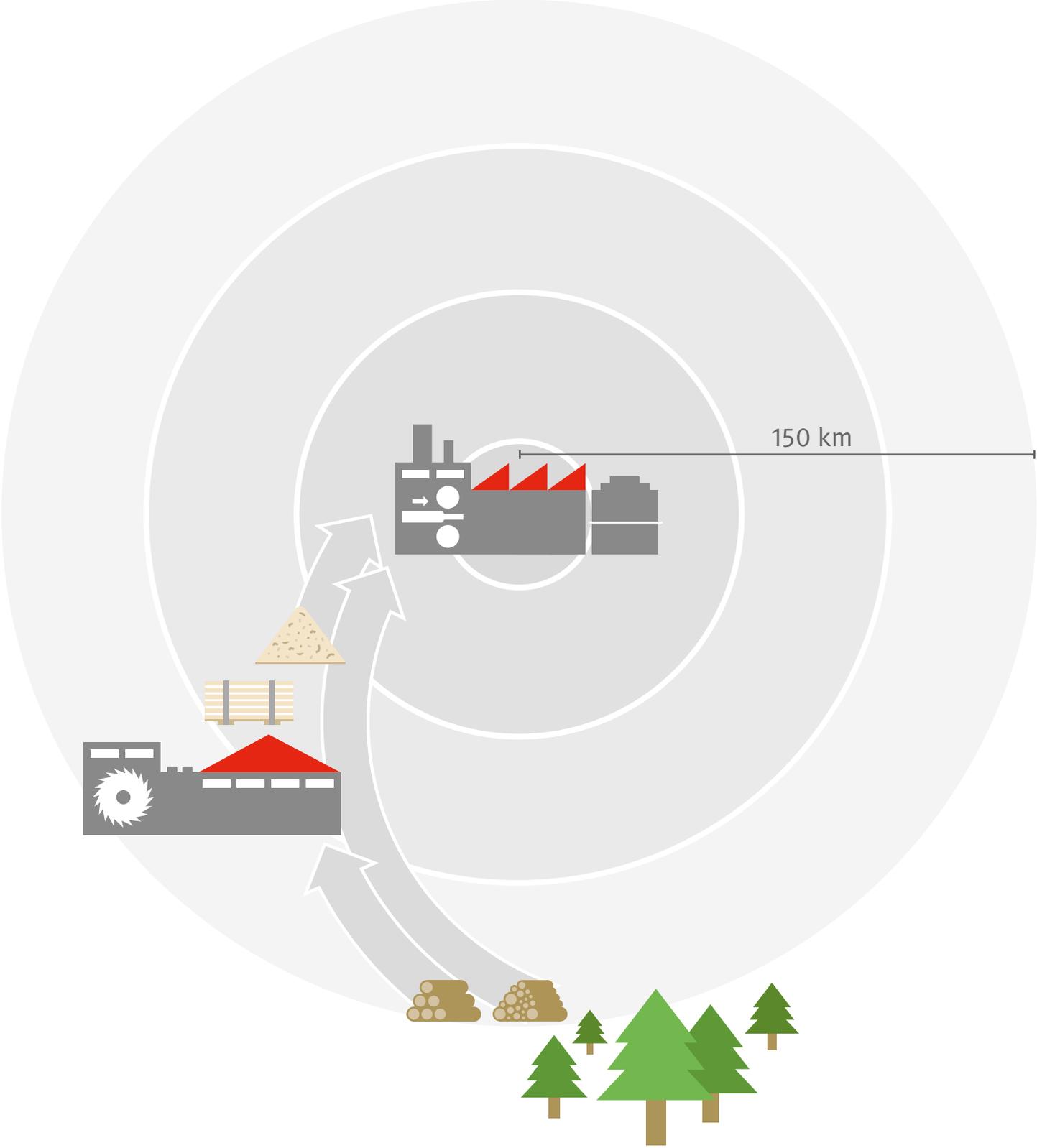
EGGER donates **100,000 Euro** and thus 100 kilometres of the route.

The infrastructure offers **access to drinking water, accommodation, and catering**.

Information: www.viatransylvania.com







Regional procurement

A further indicator of EGGER's contribution to the respective regional added value is the purchasing of products and services in the regions around the plants. For the company, this is a distinct concern and it also makes the most economic sense to cooperate to the greatest extent possible with local or regional producers and service providers.

This effort is particularly great for the purchase of wood, EGGER's most important raw material. In this respect, a Group guideline stipulates that wood is to be purchased predominantly within a radius of less than 150 km.

Regionally purchased wood*

GRI 204-1

Calendar year	2016	2017	2018
	74 %	70 %	70 %

* Share of deliveries of wood within a radius of 150 km, from all deliveries of wood. The radius refers to the distance travelled. The reference point for the route is different depending on the wood fraction. For roundwood, the distance between the forest and the plant; for co-products, the distance between the sawmill and the plant; for pre-consumer recycled wood, the distance between the customer and the plant, and for post-consumer recycled wood, the distance between recycling wood processing centre and plant. This figure includes the average of all wood fractions.

The proportion is stable at the level of the previous year. The goal of mainly regional purchases has been achieved. An increase could not be achieved for two reasons. The procurement of timber for the Radauti plant (RO) is still difficult due to challenging market conditions. This includes, on the one hand, the continuing export ban on the Ukrainian side and, on the other hand, an unexploited annual felling potential on the part of the Romanian state forestry agency Romsilva,

as evidenced by the recent timber inventory for Romania. In addition, the expansion of capacity at the Gagarin plant (RU) with the commissioning of MDF production has led to an expansion of the procurement radius in order to cover significantly increased wood requirements. Nevertheless, more than two-thirds of the wood requirements could be met from the regional environment of the plants.

Working conditions in the supply chain

Successful supply chain management is a prerequisite for a company's economic success. At the same time, taking the supply chain into account extends the area of corporate responsibility. In doing so, companies share responsibility for the labour and environmental impacts of the production of goods which they purchase as raw materials, semi-finished or finished products.

Thus, in order to be able to describe one's own production and own products as “sustainable”, suppliers must also comply with the relevant requirements. At EGGER this especially concerns the purchase of the most important raw material, wood, and in particular the working conditions at wood suppliers.



Management approaches in the wood supply chain

In the context of our due diligence system for sustainable forestry, we also pay attention to health protection, occupational safety and social affairs concerning our suppliers based on the ILO (International Labour Organisation) statement on fundamental principles and rights at work (1998).

If EGGER purchases wood in countries that have not signed the ILO core conventions, the company increasingly relies on ISO, FSC[®], or PEFC certification standards.

For further details see the chapter "Use of wood from sustainable sources".

If a supplier demonstrably fails to comply with statutory minimum labour or health protection requirements despite repeated requests, this will lead to the exclusion of this supplier by EGGER.







8.

Overview of NaDiVeG

In its structure, this sustainability report follows the main topics that were developed in line with the GRI standard. The following table provides an overview of which parts of this report contain the content specified by the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) for the non-financial report. With the NaDiVeG, the European CSR guideline was implemented in Austria and anchored in the Company Code.

Overview of NaDiVeG

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Contents of the reporting in accordance with § 267a sections 2 and 3 of the Austrian Commercial Code (UGB)		Chapter in this report	Page
Description of the business model		<ul style="list-style-type: none"> ▪ Corporate profile 	14-27
Environmental issues	Concepts, outcomes of concepts, non-financial performance indicators	<ul style="list-style-type: none"> ▪ Plant emissions (pollutants, noise and odour) and compliance with environmental legislation ▪ Durability/recyclability of the products ▪ Use of wood from sustainable sources & recycled material ▪ Products from renewable raw materials ▪ Climate protection, energy efficiency, renewable energies in production ▪ Water cycle and rainwater harvesting ▪ Material efficiency and waste prevention 	47-109
Social and employee issues	Concepts, outcomes of concepts, non-financial performance indicators	<ul style="list-style-type: none"> ▪ Safety of the products ▪ Occupational safety and health protection at the workplace at the workplace ▪ Equal opportunity and diversity ▪ Further education and internal promotion opportunities ▪ Employee satisfaction ▪ Regional added value ▪ Working conditions in the supply chain 	63-71 116-155
Respect for Human Rights	Concepts, outcomes of concepts, non-financial performance indicators	<ul style="list-style-type: none"> ▪ Business ethics ▪ Working conditions in the supply chain 	140-145 154-155
Combating corruption and bribery	Concepts, outcomes of concepts, non-financial performance indicators	<ul style="list-style-type: none"> ▪ Business ethics 	140-145
Significant risks likely to have negative impacts on the issues	Significant risks, risk management and applied due diligence processes	<ul style="list-style-type: none"> ▪ Sustainability risks 	159-161

Sustainability risks

GRI 102-15
NaDiVeG risks

Topics and issues in accordance with § 267a sections 2 and 3 of the Austrian Commercial Code (UGB)	Significant risks likely to have negative impacts on the environment and society	Risk management at EGGER and applied due diligence processes	Outcomes see chapter
Environmental issues	<ul style="list-style-type: none"> ▪ Risk of contributing to climate change by emitting greenhouse gas emissions ▪ Risks of negative impact on forest ecosystems by suppliers ▪ Risk of negative impact on aquatic ecosystems ▪ Risk of inadequate storage and treatment of hazardous waste ▪ Risk of reducing biodiversity through surface sealing 	<ul style="list-style-type: none"> ▪ Code of Conduct ▪ Environmental management system ▪ Energy Management System ▪ Supply chain due diligence system in accordance with EUTR, FSC® and PEFC standards ▪ FSC® and PEFC certifications 	<ul style="list-style-type: none"> ▪ Business ethics ▪ Corporate profile ▪ Environmental management ▪ Regional added value ▪ Use of wood from sustainable sources & recycled material
Environmental issues	<p>Supply chain Loss of biodiversity due to:</p> <ul style="list-style-type: none"> a) Illegal felling or trade in illegal wood or illegal forest products b) Destruction of special conservation values in forests by forest companies c) Substantial transformation of forests into plantations or areas with non-forestry use d) Introduction of genetically modified organisms in forest companies 	<ul style="list-style-type: none"> ▪ Principles for certified and uncertified wood origins ▪ Supply chain due diligence system in accordance with EUTR, FSC® and PEFC standards ▪ FSC® and PEFC certifications ▪ Monitoring of our plants and supply chain by internal and external auditors 	<ul style="list-style-type: none"> ▪ Use of wood from sustainable sources & recycled material
Social and employee matters	<p>The use phase of the products</p> <ul style="list-style-type: none"> ▪ Sensory impairment of indoor air quality due to incorrect product use ▪ From the product surfaces, substances reach food and are absorbed by the body 	<ul style="list-style-type: none"> ▪ Advice for users ▪ Customer service ▪ Discounted training for fabricators participating in the customer loyalty programme ▪ Product compliance and sustainability team ▪ External product testing for food safety 	<ul style="list-style-type: none"> ▪ Durability and recyclability of the products ▪ Safety of the products

Topics and issues in accordance with § 267a sections 2 and 3 of the Austrian Commercial Code (UGB)	Significant risks likely to have negative impacts on the environment and society	Risk management at EGGER and applied due diligence processes	Outcomes see chapter
Social and employee issues	Supply chain Violation of ILO core conventions in our supply chain	<ul style="list-style-type: none"> ▪ Principles for certified and uncertified wood origins ▪ Supply chain due diligence system in accordance with EUTR, FSC® and PEFC standards ▪ FSC® and PEFC certifications ▪ Monitoring of our plants and supply chain by internal and external auditors 	<ul style="list-style-type: none"> ▪ Use of wood from sustainable sources & recycled material ▪ Working conditions in the supply chain
Social and employee issues	Plant development Significant economic or ecological factors that cause the closure of a plant have a negative impact on employees (job losses) and partners (order losses).	<ul style="list-style-type: none"> ▪ Long-term focus ▪ Sustainable investment decisions ▪ Integrated locations ▪ High technical standards 	<ul style="list-style-type: none"> ▪ Regional added value ▪ Organisational structure ▪ Employee satisfaction ▪ Business ethics
Social and employee issues	Health and safety risks at the workplace Health and safety risks for employees and others working at EGGER	<ul style="list-style-type: none"> ▪ Occupational safety management system ▪ Health management ▪ Environmental management system 	<ul style="list-style-type: none"> ▪ Occupational safety and health protection at the workplace at the workplace ▪ Environmental management
Social and employee issues	Safety risks to the local population due to extreme weather events or other reasons causing abnormal operating conditions	<ul style="list-style-type: none"> ▪ Environmental management system 	<ul style="list-style-type: none"> ▪ Environmental management
Social and employee issues	Diversity at the workplace Discrimination due to age, gender, cultural background, sexual orientation	<ul style="list-style-type: none"> ▪ Code of Conduct ▪ Core values 	<ul style="list-style-type: none"> ▪ Equal opportunity and diversity

Topics and issues in accordance with § 267a sections 2 and 3 of the Austrian Commercial Code (UGB)	Significant risks likely to have negative impacts on the environment and society	Risk management at EGGER and applied due diligence processes	Outcomes see chapter
Respect for human rights	Supply chain Violations of traditional or civil rights in the timber harvest	<ul style="list-style-type: none"> ▪ Principles for certified and uncertified wood origins ▪ Supply chain due diligence system in accordance with EUTR, FSC® and PEFC standards ▪ FSC® and PEFC certifications ▪ Monitoring of our plants and supply chain by internal and external auditors 	<ul style="list-style-type: none"> ▪ Use of wood from sustainable sources & recycled material ▪ Working conditions in the supply chain
Combating corruption and bribery	Economic relations Corruption and bribery undermine people's trust in the capability of the state to protect the population, the economy and the community, thereby endangering our state system in the long term.	<p>Our general dual control principle hinders fundamentally improper conduct.</p> <p>Training and anti-corruption guidelines ensure problem awareness among our employees.</p> <p>Specifically, we avoid bribery through the following measures:</p> <ul style="list-style-type: none"> ▪ Prohibition of cash transactions ▪ Prohibition and technical prevention of payments without accounting records ▪ Independent payment approval processes according to treasury guidelines 	<ul style="list-style-type: none"> ▪ Business ethics





9.

GRI content
index

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
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General disclosures

GRI 102: General disclosures 2016

Organisational profile

	102-1 Name of the organization	Corporate profile	Title 19	
	102-2 Activities, brands, products, and services	Corporate profile	14-27	
	102-3 Location of headquarters	Corporate profile	14	
	102-4 Location of operations	Corporate profile	19-20	
	102-5 Ownership and legal form	Corporate profile	19	
	102-6 Markets served	Corporate profile	19-21	
	102-7 Scale of the organization	Company key figures	24-25	See also finance report, chapter "2 Profit, financial and asset situation"
	102-8 Information on employees and other workers	–	–	Not specified
	102-9 Supply chain	Value chain	16-17	
	102-10 Significant changes to the organization and its supply chain	About the report	11	See also finance report, chapter "1.3.7 Current business development 2017 / 2018", "1.3.9 Production" and "2.2.4 Investments"
	102-11 Precautionary Principle or approach	Product responsibility	69	
	102-12 External initiatives	–	–	Not specified
	102-13 Membership of associations	–	–	Not specified

Strategy

	102-14 Statement from senior decision-maker	Preface	7	
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Ethics and integrity

	102-16 Values, principles, standards, and norms of behavior	Principles	30-31	
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GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
Governance				
	102-18 Governance structure	Company profile - organisational structure, sustainability management - sustainability governance	18-19 32-33	
Stakeholder engagement				
	102-40 List of stakeholder groups	Stakeholder approach	39	
	102-41 Collective bargaining agreements	Employee Satisfaction – Employee representation	139	Specification only qualitative
	102-42 Identifying and selecting stakeholders	Stakeholder approach - Determination of stakeholders	38	
	102-43 Approach to stakeholder engagement	Stakeholder approach - Determination of stakeholders Environmental management - Stakeholders	38-39 82	
	102-44 Key topics and concerns raised	Relevance of the topics for the stakeholders	40-43	Disclosure of topics as a result of the entire stakeholder analysis, without assignment of individual topics to individual stakeholders
Reporting practice				
	102-45 Entities included in the consolidated financial statements	–	–	See finance report, chapter “Consolidated companies”
	102-46 Defining report content and topic Boundaries	Selection of material topics	38-43	
	102-47 List of material topics	Materiality matrix	43	
	102-48 Restatements of information	About the report	11	
	102-49 Changes in reporting	Selection of material topics	43	
	102-50 Reporting period	About the report	11	
	102-51 Date of most recent report	–	–	Sustainability report 17/18 was published on 26.7.2018, see www.egger.com/umwelt
	102-52 Reporting cycle	About the report	11	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
	102-53 Contact point for questions regarding the report	About the report	11	
	102-54 Claims of reporting in accordance with the GRI Standards	About the report	11	Specification only "based on the GRI standard"
	102-55 GRI content index	GRI content index	164-175	
	102-56 External assurance	–	–	No external audit took place to serve for publishing conclusions. In the run-up to the audit, an opinion was obtained from the auditor on the non-financial report (and submitted to the board).

Topic-specific disclosures

GRI 201: Economic Performance 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary	Corporate profile – Company key figures, regional added value	24-27 146-153	
	103-2 The management approach and its components	Corporate profile – Company key figures, regional added value	24-27 146-153	
	103-3 Evaluation of the management approach	Corporate profile – Company key figures, regional added value	24-27 146-153	

Topic-specific disclosures

	201-1 Direct economic value generated and distributed	Company profile- Company key figures, regional added value	24 – 27 146-153	See also finance report, chapter "1.3.7 Current business development 2017 / 2018" and 2.1.2 "Profit development"
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GRI 203: Indirect economic impact 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Regional added value	146-153	
	103-2 The management approach and its components	Regional added value	146-153	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
	103-3 Evaluation of the management approach	Regional added value	146-153	

Topic-specific disclosures

	203-2 Significant indirect economic impacts	Regional added value	146-153	Specification only qualitative
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GRI 204: Procurement practices 2016

Management approach disclosures

	103-1 Explanation of the material topic and its boundary	Regional added value	153	
	103-2 The management approach and its components	Regional added value	153	
	103-3 Evaluation of the management approach	–	146-153	Not specified

Topic-specific disclosures

	204-1 Proportion of spending on local suppliers	Regional added value	153	<p>“Procurement budget used for significant locations of operation that is spent on suppliers local to that operation”: Specified not by value, but by quantity, for all wood deliveries</p> <p>“The organisation’s geographical definition of ‘local’”: 150 km radius from rawboard production plant</p> <p>“Definition used for ‘significant locations of operation’”: Rawboard production plants</p>
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GRI 205: Anti-corruption 2015

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Business ethics	140-145	
	103-2 The management approach and its components	Business ethics	140-145	
	103-3 Evaluation of the management approach	Business ethics	140-145	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
Topic-specific disclosures				
	205-3 Confirmed incidents of corruption and actions taken	Business ethics	142	
GRI 206: Anti-competitive behaviour 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Business ethics	140-145	
	103-2 The management approach and its components	Business ethics	140-145	
	103-3 Evaluation of the management approach	Business ethics	140-145	
Topic-specific disclosures				
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business ethics	142	
GRI 301: Materials 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Products from renewable raw materials	50-53	
	103-2 The management approach and its components	Products from renewable raw materials	50-53	
	103-3 Evaluation of the management approach	–	–	Not specified
Topic-specific disclosures				
	301-1 Materials used by weight or volume	Products from renewable raw materials	51	No indication of weight or volume, but an indication of the proportion of renewable/non-renewable, based on calculation
	301-2 Recycled input materials used	Recycling mix in the wood used	62	
GRI 302: Energy 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Environmental management - Plants with environmental management system, Climate protection, energy efficiency, renewable energies in production	83 88-95	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
	103-2 The management approach and its components	Environmental management - Plants with environmental management system, Climate protection, energy efficiency, renewable energies in production	83 88-95	
	103-3 Evaluation of the management approach	Environmental management - Plants with environmental management system, Climate protection, energy efficiency, renewable energies in production	83 88-95	

Topic-specific disclosures

	302-1 Energy consumption within the organisation	Climate protection, energy efficiency, renewable energies in production	91	
	302-3 Energy intensity	Climate protection, energy efficiency, renewable energies in production	91	
	302-4 Reduction of energy consumption	Climate protection, energy efficiency, renewable energies in production	95	Disclosure only for EGGER Germany, disclosure only relative

GRI 303: Water 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Water cycle and rainwater harvesting	106-107	
	103-2 The management approach and its components	Water cycle and rainwater harvesting	106-107	
	103-3 Evaluation of the management approach	Environmental management - EGGER's environmental management system, Water cycle and rainwater harvesting	80-81 106-107	

Topic-specific disclosures

	303-1 Water withdrawal by source	Water cycle and rainwater harvesting	108	Disclosure only for drinking water and process water
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GRI 304: Biodiversity 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary	Use of wood from sustainable sources & recycled material	55-62	
	103-2 The management approach and its components	Use of wood from sustainable sources & recycled material	55-62	
	103-3 Evaluation of the management approach	Use of wood from sustainable sources & recycled material	55-62	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
Topic-specific disclosures				
	304-2 Significant impacts of activities, products, and services on biodiversity	Use of wood from sustainable sources & recycled material	56	Disclosure of the wood purchasing principles, which refer to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

GRI 305: Emissions 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Climate protection, energy efficiency, renewable energies in production	94-98	
	103-2 The management approach and its components	Environmental management, Climate protection, energy efficiency, renewable energies in production	83 94-103	
	103-3 Evaluation of the management approach	Environmental management, Climate protection, energy efficiency, renewable energies in production	83 94-103	

Topic-specific disclosures

	305-1 Direct (Scope 1) GHG emissions	Climate protection, energy efficiency, renewable energies in production	98-99	Indication only for plants participating in the EU emissions trading
	305-4 GHG emissions intensity	Climate protection, energy efficiency, renewable energies in production	99	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other	Plant emissions (pollutants, noise and odour) and compliance with environmental legislation	104	No absolute disclosure, but qualitative description of emissions, sources of emissions and management approaches

GRI 306: Effluents and waste 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Environmental management, Material efficiency and waste prevention	83 84-85	
	103-2 The management approach and its components	Environmental management, Material efficiency and waste prevention	83 84-85	
	103-3 Evaluation of the management approach	Environmental management, Material efficiency and waste prevention	83 84-85	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
Topic-specific disclosures				
	306-1 Water discharge by quality and destination	–	–	Not specified
	306-2 Waste by type and disposal method	Material efficiency and waste prevention – Specific waste	85	“Total weight of hazardous & non-hazardous waste”: No absolute disclosure, but specific waste quantity in relation to the production volume of primary products
GRI 307: Environmental compliance 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Environmental management	80-83	
	103-2 The management approach and its components	Environmental management	80-83	
	103-3 Evaluation of the management approach	Environmental management	80-83	
Topic-specific disclosures				
	307-1 Non-compliance with environmental laws and regulations	Environmental management – Legal compliance	80-83	Qualitative indication
GRI 308: Supplier environmental assessment 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Use of wood from sustainable sources & recycled material – Sustainable forestry	55-56 60-62	
	103-2 The management approach and its components	Use of wood from sustainable sources & recycled material – Sustainable forestry	55-56 60-62	
	103-3 Evaluation of the management approach	Use of wood from sustainable sources & recycled material – Proportion of certified wood in EGGER products	55-56 60-62	
Topic-specific disclosures				
	Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	Use of wood from sustainable sources & recycled material – Proportion of certified wood in EGGER products	60	No quantitative information within the meaning of GRI; topic partially covered by proportion of certified wood (FSC®/PEFC)

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
GRI 401: Employment 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Equal opportunity and diversity, Employee satisfaction	122-125 133-139	
	103-2 The management approach and its components	Equal opportunity and diversity, Employee satisfaction	122-125 133-139	
	103-3 Evaluation of the management approach	Equal opportunity and diversity, Employee satisfaction	122-125 133-139	
Topic-specific disclosures				
	401-1 New employee hires and employee turnover	Equal opportunity and diversity, Employee satisfaction	134 136	Partial disclosure: Average employment with the company Employee turnover
GRI 403: Occupational health and safety 2018				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Occupational safety and health protection at the workplace	116 -117 120-121	
	103-2 The management approach and its components	Occupational safety and health protection at the workplace	116 -117 120-121	
	103-3 Evaluation of the management approach	Occupational safety and health protection at the workplace	116 -117 120-121	
Topic-specific disclosures				
	403-1 Occupational health and safety management system	Occupational safety and health protection at the workplace	116	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health protection at the workplace	116	
	403-6 Promotion of worker health	Occupational safety and health protection at the workplace	120-121	
	403-8 Workers covered by an occupational health and safety management system	Occupational safety and health protection at the workplace	116	

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
	403-9 Work-related injuries	Occupational safety and health protection at the workplace	117	Indication of accident rates. No differentiation between employees and workers who are not employees, but whose work and/or workplace are controlled by the organisation. No indication of the dangers.

GRI 404: Training and Education 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Further education and promotion opportunities	126-132	
	103-2 The management approach and its components	Further education and promotion opportunities	126-132	
	103-3 Evaluation of the management approach	Further education and promotion opportunities	126-132	

Topic-specific disclosures

	404-2 Programs for upgrading employee skills and transition assistance programs	Further education and promotion opportunities - personnel development and promotion of internal careers	131	
	404-3 Percentage of employees receiving regular performance and career development reviews	Further education and promotion opportunities - personnel development and promotion of internal careers	131	Indication of measures for all employees. No differentiation of this information by gender, level, or area.

GRI 405: Diversity and Equal Opportunity 2016

Management approach disclosures

	103-1 Explanation of the material topic and its Boundary"	Equal opportunity and diversity	122-125	
	103-2 The management approach and its components	Equal opportunity and diversity	122-125	
	103-3 Evaluation of the management approach	-	-	Not specified

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
Topic-specific disclosures				
	405-1 Diversity of governance bodies and employees	Equal opportunities and Diversity	122-125	Not specified
GRI 414: Supplier Social Assessment 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Working conditions in the supply chain, Use of wood from sustainable sources & recycled material	154 -155 55-62	
	103-2 The management approach and its components	Working conditions in the supply chain, Use of wood from sustainable sources & recycled material	154 -155 55-62	
	103-3 Evaluation of the management approach	Use of wood from sustainable sources & recycled material	55	
Topic-specific disclosures				
	414-2 Negative social impacts in the supply chain and actions taken	Use of wood from sustainable sources & recycled material – Proportion of certified wood in EGGER products	60	Topic partially covered by percentage certified wood (FSC® / PEFC)
GRI 416: Customer Health and Safety 2016				
Management approach disclosures				
	103-1 Explanation of the material topic and its Boundary"	Safety of the products	63-71	
	103-2 The management approach and its components	Safety of the products	63-71	
	103-3 Evaluation of the management approach	Safety of the products	63-71	
Topic-specific disclosures				
	416-1 Assessment of the health and safety impacts of product and service categories	Safety of the products	65, 67, 69	Indication of the monitoring of products in which waste wood is used, indication of food safety certification and indication of the raw boards produced by emission class

GRI standard	GRI disclosure no.	Reference to the chapter	Page	Remark
GRI 419: Socioeconomic Compliance 2016				
Management Approach Disclosures				
	103-1 Explanation of the material topic and its Boundary"	Safety of the products	63-71	
	103-2 The management approach and its components	Safety of the products	63-71	
	103-3 Evaluation of the management approach	Safety of the products	63-71	
Topic-specific disclosures				
	419-1 Non-compliance with laws and regulations in the social and economic area	-	-	Not specified

Glossary

ABS	Plastic (Acrylonitrile-Butadiene-Styrene)
AgBB	German committee for health-related evaluation of building products
BAT	Best Available Technique
BREF	Best Available Techniques reference documents
CARB 2	Formaldehyde emission class (California Air Resources Board Phase 2)
CFO	Chief Financial Officer
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CO	Gas (carbon monoxide)
CO ₂	Gas (carbon dioxide)
CoC	Chain-of-custody
CSB	Chemical oxygen demand
CSO	Chief Sales Officer
CTO	Chief Technology Officer
DDS	Due Diligence System
DHF	Vapour-permeable wood fibreboard
DIN	Deutsche Industrie Norm
DIY	Do it yourself
E1	European emission class for formaldehyde
EHD	Environmental and Health Datasheet
EMAS	Voluntary EU eco-management and audit scheme
EMS	EGGER Management System
EN	European standard
EN 71-3	European standard Safety of toys - part 3: Migration of specific elements
EPD	EPD (environmental product declaration)
ETS	EU Emissions Trading System
EUTR	European Timber Regulation
F****	Japanese emission class for formaldehyde
FSC	Voluntary system for sustainable forest management, chain-of-custody and product labelling (Forest Stewardship Council)
GHG	Greenhouse Gas
GRI	Sustainability reporting standard (Global Reporting Initiative)
IBU	The German programme operator for EPDs (Institut für Bauen und Umwelt)
IED	Industrial Emissions Directive
IKS	Internal control system
ILO	UN special organisation for labour rights (International Labour Organisation)

ISO 14001	International Environmental Management System Standard
ISO 5001	International Energy Management System Standard
ISO 9001	International Quality Management System Standard
IT	Information technology
CIP	Continual improvement process
MCS	Multiple chemical sensitivity
MDF	Medium Density Fibreboard
MVOC	Microbiological volatile organic compounds
NaDiVeg	Sustainability and diversity improvement act (Austria)
NOx	Collective term for nitrogen monoxide and nitrogen dioxide
OHSAS 18001	UK Occupational Safety Management System Standard
OSB	OSB (Oriented Strand Board)
PCB	Substance: Poly-chlorinated biphenyls
PCP	Substance: Penta-chloro phenol
PDCA	Cycle of management systems for continuous improvement (Plan-Do-Check-Act)
PEFC	Voluntary system for sustainable forest management, chain-of-custody and product labelling (Programme for the Endorsement of Forest Certification schemes)
PMDI	Binding agent (polymeric diphenylmethandisocyanat)
PMMA	Plastic (acrylic glass)
PP	Plastic (polypropylene)
PVC	Plastic (polyvinyl chloride)
RAL UZ 76	Voluntary eco-label Blauer Engel for low-emission board-shaped materials (construction and furniture boards) for interior design
REACH	EU Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals
SBS	Sick Building Syndrome
SVHC	Substances of Very High Concern
THG	Greenhouse gas
TSCA Title VI	Toxic Substances Control Act
UGB	Corporate code
Regulation 995/2010	Timber Regulation
VOCs	Volatile organic compounds
VVOCs	Very volatile organic compounds

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