

MORE FROM WOOD.



More from wood.
More transparency.
2019 / 2020



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Dear Readers,

We are very pleased to present the EGGER Group's third Sustainability Report.

A lot has happened since the first report in 2018: we have been in active contact with a wide range of stakeholders, have listened and fundamentally revised the report. In this third Sustainability Report, you will find a simple structure and interactive navigation that makes it easier to find the content you are looking for. The assessment of our sustainability performance is now as clear as our high standards of transparency and service quality deserve.

In December 2019 EGGER committed itself to the United Nations Global Compact. We support its ten principles in the areas of human rights, labour, environment and anti-corruption and reaffirm our commitment to proactive action, including action aimed at future generations. In the Sustainability Report, we describe our measures for continuously improving the integration of the Global Compact and its principles into our strategy, culture and day-to-day operations. We are also committed to sharing this information with our stakeholders using our primary communication channels.

We were able to improve our sustainability performance in a number of areas in the past financial year. For example, we report on training opportunities in the area of business compliance in the Business Ethics chapter, greater tax transparency, more detailed climate corporate reporting and additional information in the area of diversity and employee satisfaction. For the origin of wood we have successfully completed the certification according to ISO 38200. This enabled us to further develop our corporate reporting and management approaches. For the first time, a strategy process was launched that explicitly addresses our environmental and social impacts. As a result, we have formulated initial strategic goals to substantiate our ambition in terms of sustainability performance.

In the coming years, we will formulate further strategic sustainability goals, set our priorities for the sustainable development goals of the United Nations, deepen the analysis of our upstream and downstream climate emissions, push for the confirmation of the revised Supplier Code of Conduct among our suppliers and expand the environmental information in product marketing.



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

We would be happy to have you join us on this path.



Walter Schiegl Thomas Leissing Ulrich Bühler



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About the Report

This is the third Sustainability Report of the EGGER Group.

Reporting period

The reporting period is in line with the EGGER financial year and runs from May 2019 to April 2020 (FY 2019/2020). For better illustration, the two previous years are also given. For some indicators, data are not available at financial year level, they refer to calendar years (January-December) and are marked accordingly.

Reporting cycle

The non-financial report is published annually together with the annual financial report.

Reporting standard & external audit

This report meets the requirements for a separate non-financial report pursuant to §267a UGB (Austrian Commercial Code) and was prepared in accordance with the GRI standards: "Core" option.

An independent audit was conducted by KPMG Austria GmbH. The assessment with limited certainty can be found in the audit report in the annex.

Three separate annexes to the report make it easier to assign the report content to the requirements of NaDiVeG, GRI Standard and Global Compact.

Scope of the report

The report covers all fully consolidated companies of the EGGER Group as at 30 April 2020. Individual indicators refer to parts of the Group or a selection of locations and are marked accordingly. The data on person-

nel relate to the entire EGGER Group. Unless otherwise stated, consumption and environmental data refer to the fully consolidated companies of the four EGGER Decorative Products Divisions (West, Central, East, Americas) and the EGGER Flooring Products Division, excluding the Lexington site, which is still under construction. These cover 100% of the production volume of our decorative products, building products and flooring products.

Unless otherwise stated, employee-related figures always refer to FTEs (full-time equivalents) on an annual average. If a different calculation basis is used, this is specified in a footnote.

Language

In order to ensure the best possible legibility, gender-specific double entries are not used. All references to persons thus apply equally to both genders. The report will be published in German and English, whereby in case of doubt the German-language version shall prevail.

Further 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/credit-relations.

Contact

environment@egger.com

INFO ON THE STRUCTURE OF THE TOPICS

The sustainability topics are divided into

▪ **Three thematic groups**

- Product topics including supply chain, use and disposal
- Production topics
- Topics for employees, society and compliance

▪ **16 material topics**

- Introduction page:
 - Overview
 - Potential opportunities and risks in an inside-out perspective (potential impact of EGGER's business activities on society and the environment)
- 8 Explanations of our approach (Description of those management approaches that relate to several sub-topics)
- 43 Sub-topics
 - Attitude: Basic convictions and values
 - Approach: Management approaches
 - Target: Strategic target
 - Key performance indicators
 - Status: Assessment of current situation
 - Measures

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Key data on the EGGER Group at a glance

All information on the key financial figures of the EGGER Group can be found in the annual financial report.

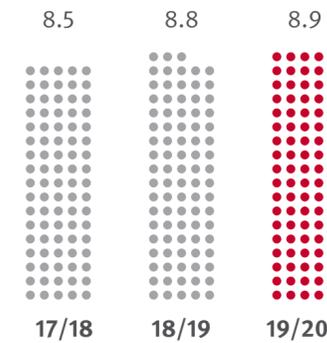
Number of employees

average number of employees per financial year



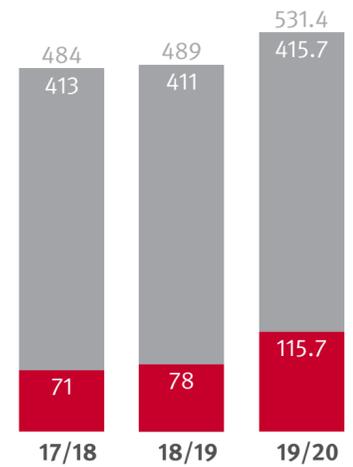
Production capacities wood-based materials

(incl. timber in million m³)



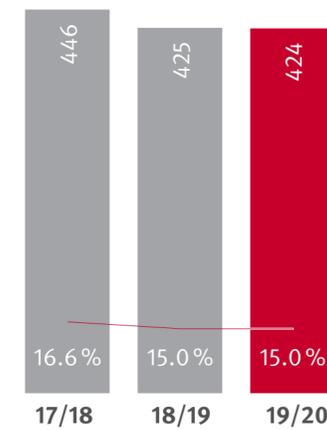
Investments and acquisitions

in million euros



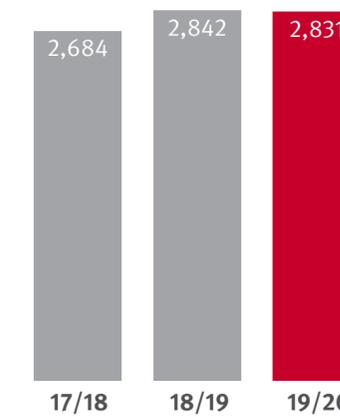
EBITDA

in million euros; EBITDA margin in %



Revenue development

consolidated annual turnover in million euros



■ Growth investments, including acquisitions
■ Maintenance investments

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Furniture and interior design



Eurospan raw chipboards



Eurodekor melamine faced boards



MDF Medium density fibreboards



PerfectSense lacquered boards



Thin MDF lacquered boards



HDF boards



Laminates



Laminate bonded boards



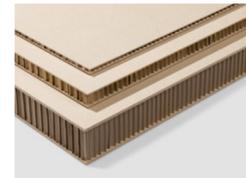
Compact laminates



OSB Combiline



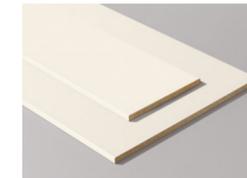
Furniture components



Eurolight Lightweight boards



Worktops



Front elements



Window sills



Thin chipboard support edging



Edging



Decor and material combination

Building products



Timber fresh, dried, planed



OSB boards square edge



OSB Tongue & Groove



Ergo Board



DHF underlay board

Flooring



Laminate flooring



Comfort flooring



Design flooring

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Who we are

We see ourselves as a transparent and modern family company.

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Organisational structure

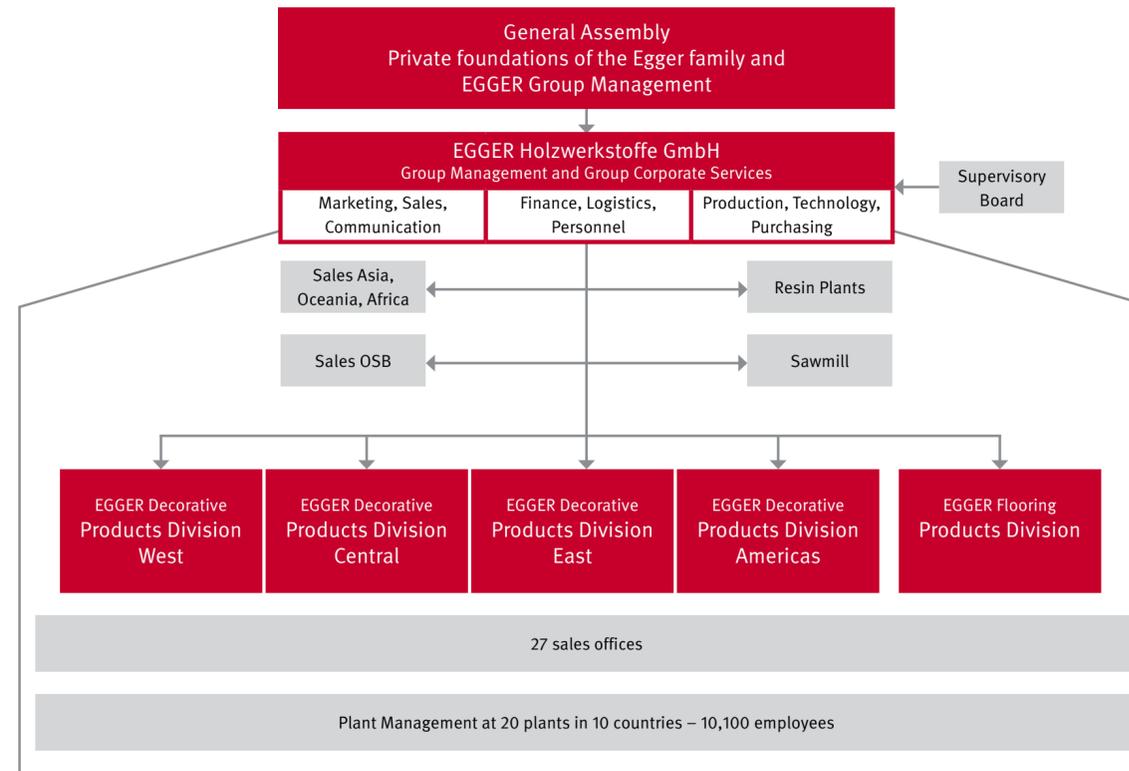
EGGER Holzwerkstoffe GmbH is the parent company of our Group. It includes companies in Austria, Germany, France, Great Britain, Russia, Romania, Poland, Turkey, Argentina and the USA as well as sales subsidiaries in Eastern Europe, Benelux, Scandinavia, Switzerland and Overseas (Asia, Australia and South America), that report directly to the respective country organizations. To ensure optimal market development and proximity to our customers, we are organised in product areas, divisionally and by market. The largest product area is furniture and interior design. These products are produced and marketed by the EGGER Decorative Products West, Central, East and Americas divisions. There is also the flooring product area, which is organised in the EGGER Flooring Products Division. Outside the divisional structure there are four other units that are organised independently: the Brilon sawmill, the glue factories, the sales organisation for Asia, Oceania, Africa and the sales organisation for building products such as OSB boards and sawn timber products.

The Managing Board (Group Management) of the parent company, EGGER Holzwerkstoffe GmbH, consists of Thomas Leissing (Speaker of the Management Board, 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 Supervisory Board. In addition to the owners' representatives Fritz Egger (Chairman of the Board) and

Michael Egger, the other members of the Supervisory Board are Dr. Robert Briem, Univ.-Prof. Dr. Ewald Aschauer, Michael Stiehl and Alfred Wurmbrand. The full Supervisory Board is responsible for issues involving the remuneration and appointment of members to the Managing Board. Cooperation between the Managing Board and Supervisory Board is organised through quarterly Board meetings, including ongoing budget and investment monitoring, and monthly reporting.

We rely on management teams for the direction of our organizational units, whereby the individual responsibilities cover production and technology, sales and marketing, logistics as well as finance and administration. This structure has been implemented for Group Management, division management and regional plant management. In addition, Corporate Services managers are responsible for the areas of technology, production, procurement, marketing, communications, sales governance, IT, logistics, human resources, accounting, treasury, legal and tax.



Simplified organisational structure of the EGGER Group*



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Growth based on our own performance

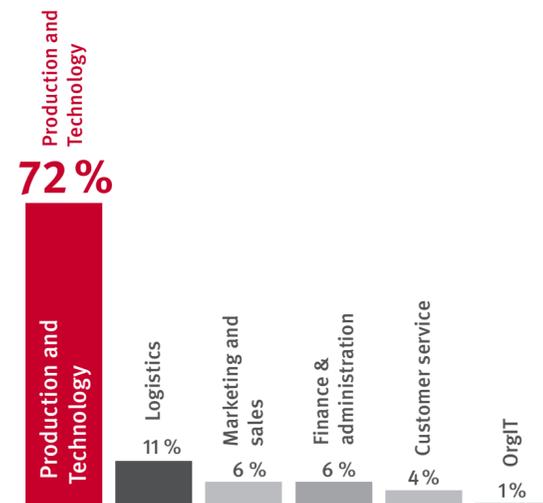
Over 9,900* employees work in our plants. We have grown significantly in recent years. Our employee numbers have almost doubled since 2010. We are growing in particular through investments in existing plants and the construction of new plants such as in Lexington, NC, USA.

* Annual average FTE



Six areas - one team

72 % of our employees work in the areas of technology and production. 11% of them work in the logistics area. Six percent are each employed in Marketing and Sales, as well as Finance and Administration. Four percent work as part of the internal sales team, and one percent works within the OrgIT department.

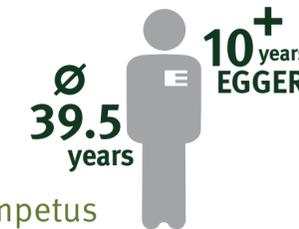
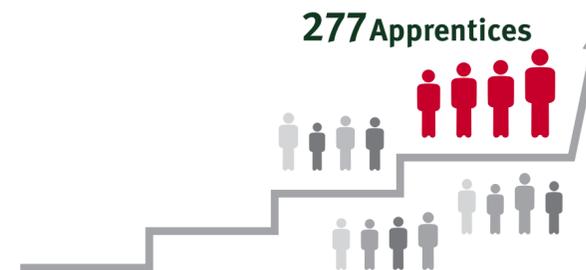


Diversity and internationality

The diversity of our employees shows: In the last 60 years we have developed into an internationally active company. Currently, nationals of 77 different countries work for EGGER. The nationalities of the countries in which our plants are located account for the largest proportions. With our sales offices we are active in many countries worldwide, including Australia, Taiwan and Vietnam.

Young generation with future prospects

Currently 277 apprentices are on their way to becoming skilled workers. Most of them are completing their training in German-speaking countries. We are currently rolling out the training format across other countries and are also training new specialists in the USA, for example. In addition, about 600 pupils and students completed an internship with us last year. By offering both apprenticeships and internships, we remain an attractive employer for the younger generation and offer opportunities for the future.



Experience and new impetus

On average, our colleagues are 39.5 years old and have been working for EGGER for more than 10 years. 29 percent of our employees have been with us for less than three years, bringing a breath of fresh air and new impetus. They learn a lot from their more experienced colleagues. After all, more than 40 percent of our employees have been part of our team for more than ten years – 37 % of them have even been with us for more than 20 years.

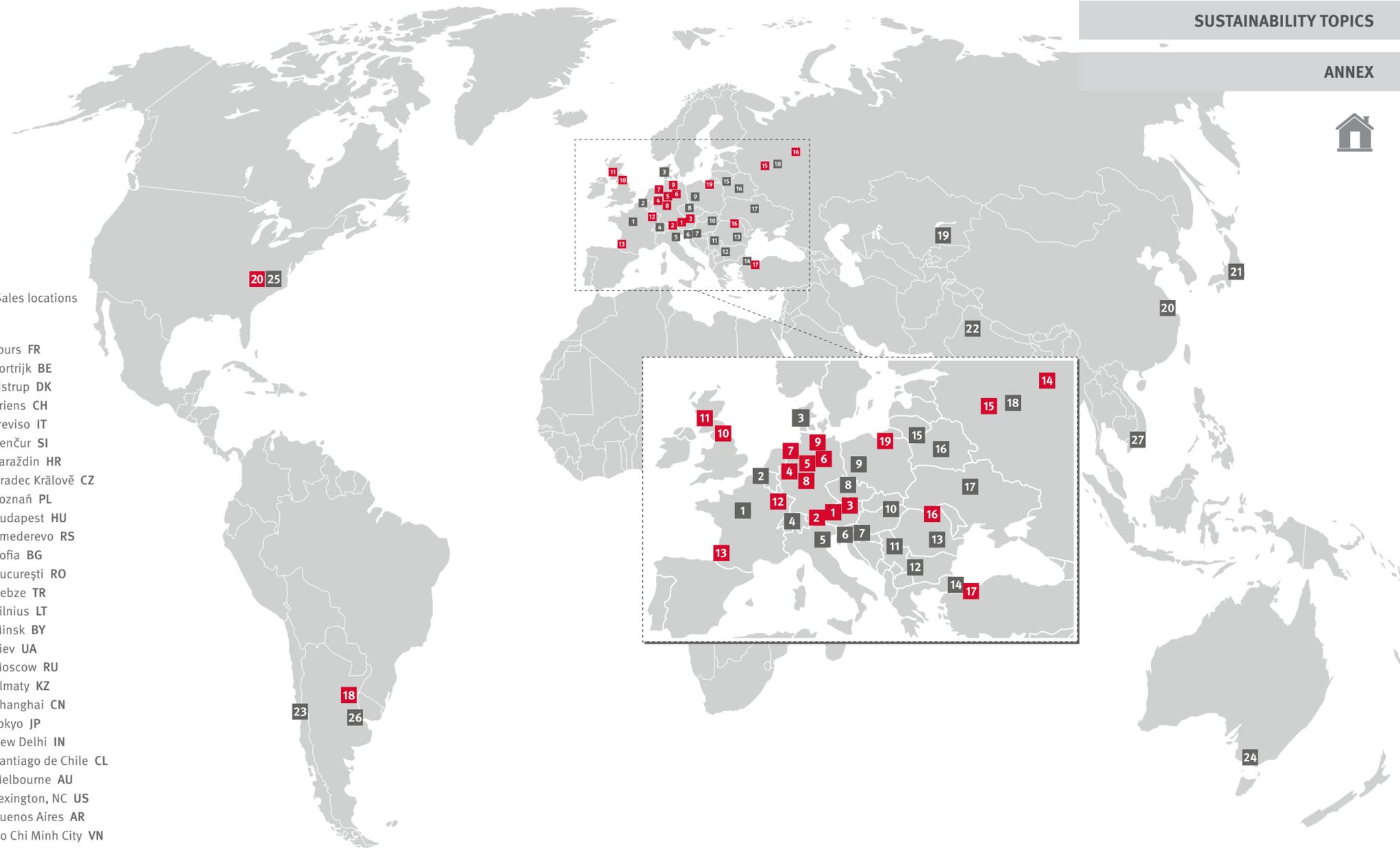


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Sales and production locations

- | | |
|---|---|
| <ul style="list-style-type: none"> ■ Production sites 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 19 Biskupiec PL 20 Lexington, NC US | <ul style="list-style-type: none"> ■ Sales locations 1 Tours FR 2 Kortrijk BE 3 Tistrup 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 Ho Chi Minh City VN |
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Furniture and interior design

Customers can obtain our decor variety for trendy furniture and interior design in decor and material combination on classic chipboard and MDF boards, Eurolight lightweight boards, OSB Combiline and laminate, among others. Matching edges complete the range. PerfectSense lacquered boards, with matt or high-gloss surfaces, seduce with their visual perfection and offer high levels of durability and resistance to micro-scratches.



Flooring

Feel at home with our floors. Whether classic floorboards or innovative decors and textures – with high quality flooring we always create a pleasant indoor climate. Our large range of Laminate, Comfort and Design floors, despite all their different properties, always have one thing in common: every floor is quick to install, robust, durable, easy to clean and environmentally friendly.



Building products

Anyone who wants to build sustainably with wood will find a wide range of OSB installation and straight-edged boards, DHF underlay boards, Ergo Board extension boards and sawn timber. With our environmentally friendly products for structural timber construction, we also provide excellent individual solutions for demanding projects. The continuously monitored product quality guarantees clean and fast processing.

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We orient our products and services to the current and future needs of our customers



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Our raw materials and suppliers

The three most important categories of material are wood, chemicals and paper. Every year we procure about 12 million tons of these with a value of about EUR 1.2 billion. Wood is used to make chips, fibres and strands, the core components of our boards. Chemical precursors are necessary both in the production of glue as a binder for the raw boards and for the production of impregnating resin for the decorative surfaces. We need raw and decorative paper for the production of coating material.

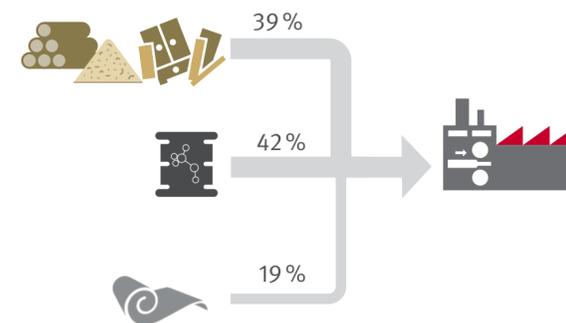
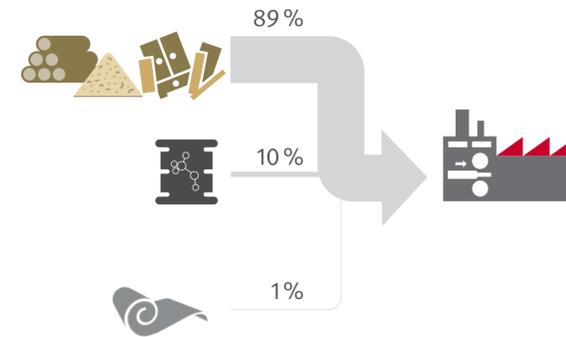
Purchased raw materials by quantity

	Percentage
total	100%
of which wood*	89%
of which chemicals	10%
of which paper	1%

* air-dry

Purchased raw materials by cost

	Percentage
total	100%
of which wood	39%
of which chemicals	42%
of which paper	19%



Wood

Consolidated, over 3,000 partner companies supply us with wood. We divide the wood into three main groups according to its characteristics: Roundwood, sawmill by-products and waste wood. EGGER wood-based material plants and the EGGER sawmill currently procure their roundwood from around 1,600 suppliers. Sawmill by-products are supplied by about 1,200 companies, waste wood by about 900 recycling companies.

Chemicals

The most important chemical raw materials are UF and MUF glues, UF and MF impregnating resins, melamine and urea. 40% of the company's glue and impregnating resin requirements are covered by its own resin plants in Wismar (DE), Rădăuți (RO) and Hexham (UK), 60% are purchased from companies in the chemical industry. In total, about 200 suppliers supply us with various raw materials and products.

Paper

In the area of paper supply, we purchase directly from companies in the decorative paper industry, whereby 97% of these specialty papers are purchased from approx. 30 suppliers in Central Europe.

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Our customers

Our range of products can be found in many areas of private and public life - for example in kitchens, bathrooms, offices, living and sleeping rooms, but also in shop and restaurant equipment, in trade fair construction or in the commercial sector. Our direct and indirect customers include the furniture and wood industry, wood and building material specialised retailers, DIY markets, architects and fabricators.

Turnover distribution by customer

Specifications in %



Customers by sales channel / branche



Industry

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

Retail

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

DIY

Comprises DIY market chains and DIY stores directly selling to consumers.

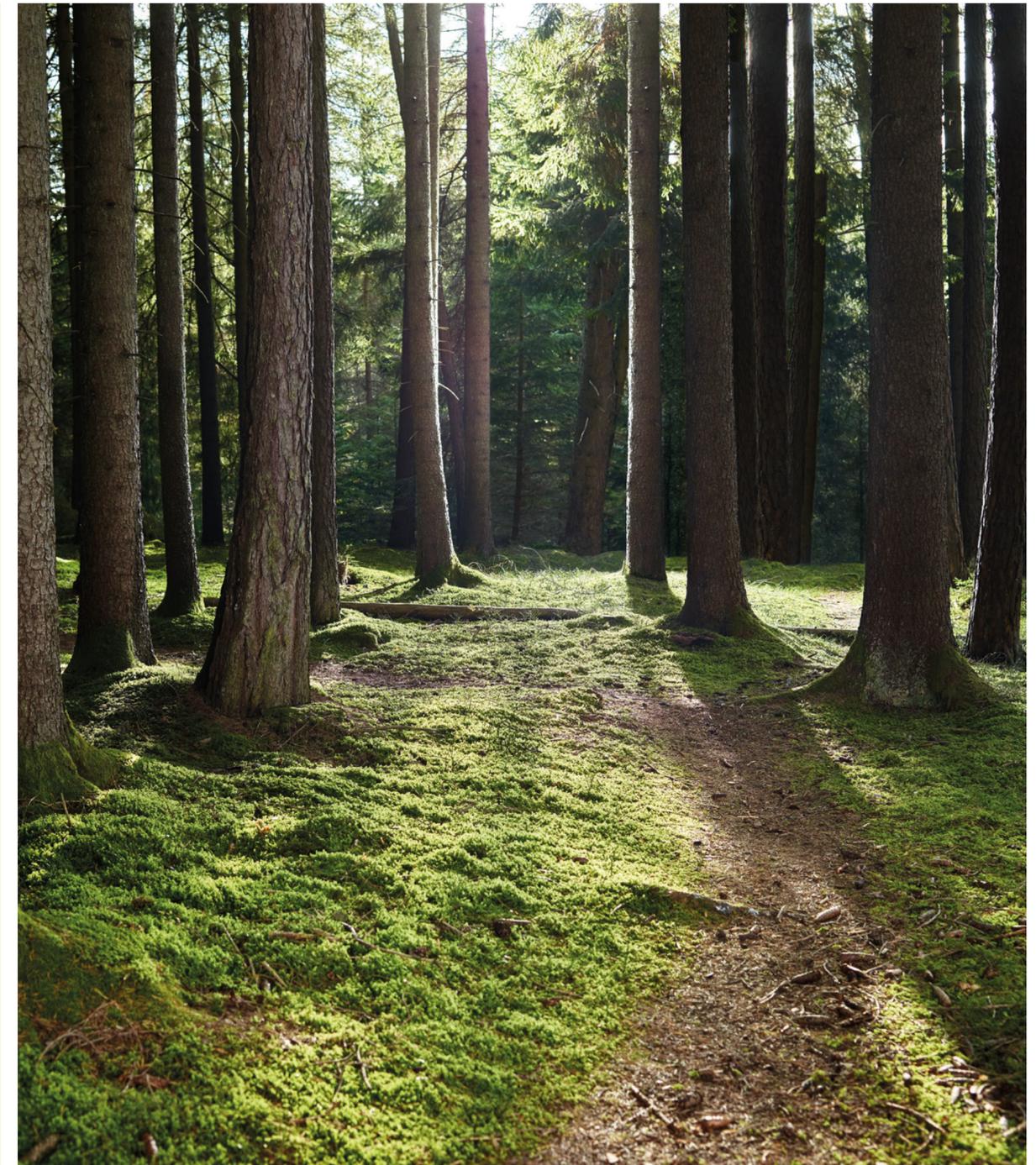


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At the beginning of the past financial year, EGGER created a central coordination office for corporate sustainability. It bundles methodological competence via the established frameworks and regulations that measure the sustainability performance of companies. It deals with corporate strategy from the perspective of socially and ecologically sustainable development.

EGGER is committed to public accountability for its environmental and social impacts, both positive and negative. With this third Sustainability Report, we feel that we are also achieving the quality standards we set for our products and services in our corporate reporting.

We have now made good progress in terms of commitments and management approaches. Over the next few years, we intend to review our corporate strategy in terms of sustainability aspects and underpin it with further strategic goals.



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Core values

Our values as family company

- We see ourselves as a transparent and modern family company and present ourselves as such to the employment market.
- Sustainability and the further development of the company for the benefit of future generations take centre stage in our decisions.
- Respect, trust, partnership and loyalty define our everyday actions.
- We stand by our word.
- Professional action and efficient decision-making processes constitute key success factors.
- We live by our mission statement and our values (quality, respect, progress).

Our customer service

- We recognise the importance of developing long term customer relationships as the basis for mutual success.
- The cornerstones of our work include reliable quality, design and technical competence, specialised consulting, as well as services for sales support. All our services are based on current and future customer needs.

Our quality commitment

- For us quality is fulfilling defined requirements in everything we undertake.
- We have committed ourselves to continuous improvement, backed up by a certified management system.

Our employees and management team

- We treat each other with respect.
- We expect high performance and develop our employees through specific training and information programmes.
- Particular credit is given to experience, passing on this experience and long employment service.
- Our managers are predominantly recruited internally. They stand out with their high leadership competence and positive role model behaviour.

Our organisation

- We are a decentralised group structured around individual business units and regional organisations. Central functions are carried out only where we can benefit from synergies, increase productivity or when driven by strategic demands.
- Our decision-making processes are clear and efficient.

- The rules of procedure and reporting requirements form the basis of proper business management.
- The strategic direction of the group is defined by the owners and Group Management, with the support of Corporate Services as well as division management.
- Individuals have the responsibility for pursuing mutually agreed targets.



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Core values

Our social environment

- In accordance with our core values, we embrace the culture and customs of the countries and regions in which we operate.
- We actively integrate into the life of our local communities.
- We promote the employment of qualified employees and managers from the regions around our sites.

Our natural 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.

Our information and communication systems

- We invest in the latest information and communication technologies.
- We use these systems to manage our business efficiently and bring our business partners closer to the relevant business processes.

INFO

Code of Conduct

The EGGER Group's Code of Conduct is based on its values, mission statement and company goals. It must be observed by all employees.

Download the Code of Conduct

 egger.com/compliance

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External initiatives we have joined

- ColorNetwork
- Forest Stewardship Council® (FSC-C017963)
- IBU (Institut für Bauen und Umwelt)
- PEFC (Programme for the Endorsement of Forest Certification)
- UN Global Compact

Memberships to promote research, development and standardisation

- Christian Doppler Research Society – Austria
- CEN (European Committee for Standardisation)
- EHD (Trägerverein Institut für Holztechnologie Dresden) – Germany
- ISO (International Standardisation Organisation)
- NCASI (National Council for Air and Stream Improvement) – USA
- Wood K+ (Kompetenzzentrum Holz GmbH) – Austria

Memberships in associations and interest groups

- BAV (Bundesverband der Altholzaufbereiter und -verwerter) – Germany
- CEFIC (European Chemical Industry Council)
- DeSH (Deutsche Säge- und Holzindustrie Bundesverband e. V.)
- EPF (European Panel Federation)
- UIPP (Union des Industries de Panneaux de Process) – France
- VHI (Association of the German Wood-based Materials Industry)
- WPIF (Wood Panels Industry Federation) – United Kingdom
- EPLF (Verband der Europäischen Laminatbodenhersteller e.V.)
- Professional Association of the Wood Industry – Austria
- Industriellenvereinigung (Federation of Austrian Industry) – Austria
- Herstellerverband Haus & Garten e.V. – Germany, Austria, Switzerland
- MMFA (Verband der mehrschichtig modularen Fußbodenbeläge e.V.) – EU
- SPPDwP (Main Association of the Polish Wood Panel Industry) – Poland

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Sustainability governance

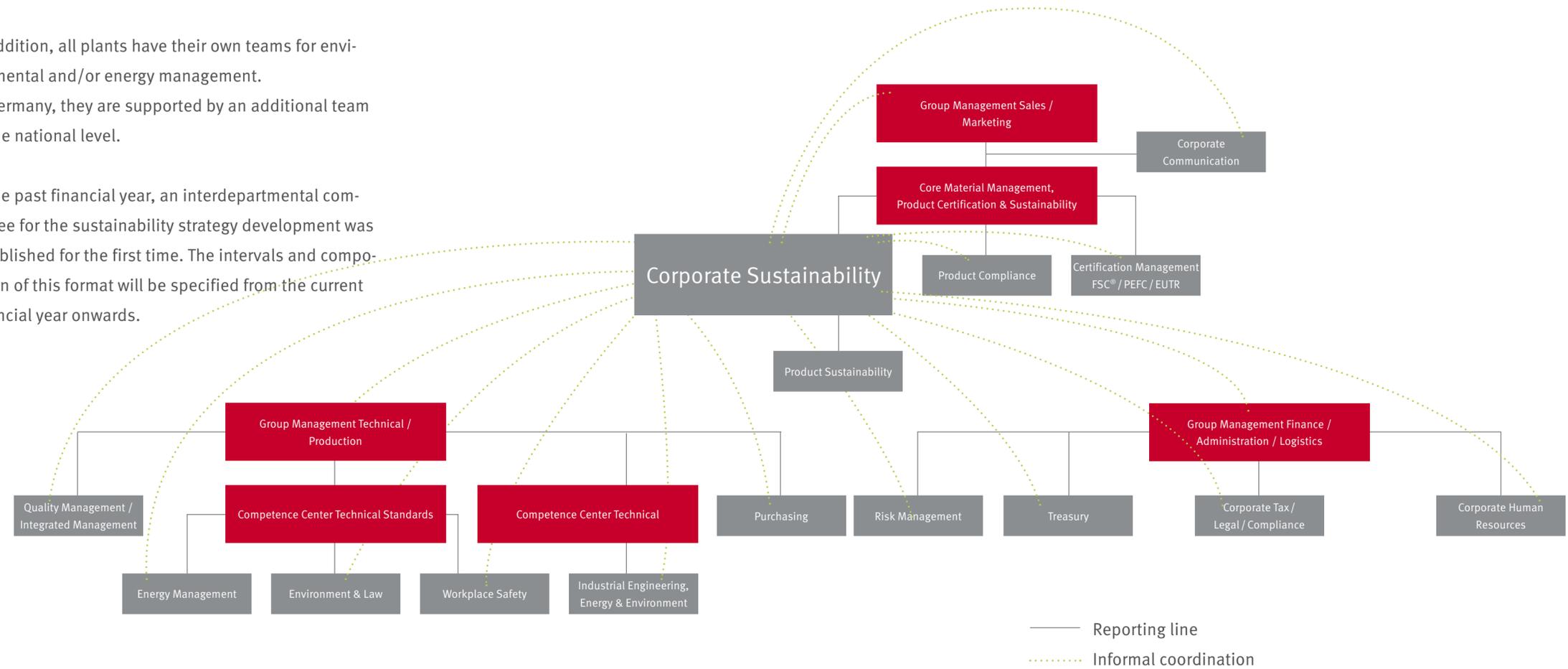
Since the beginning of the 2019/2020 financial year, the central "Corporate Sustainability" coordination office has been in place at Group level. The organisational chart on the side shows how it fits into the company, once with the formal reporting line and once with the main horizontal coordination lines.

As the highest authority, Group Management is responsible for strategic and operational sustainability-related decisions.

In addition, all plants have their own teams for environmental and/or energy management.

In Germany, they are supported by an additional team at the national level.

In the past financial year, an interdepartmental committee for the sustainability strategy development was established for the first time. The intervals and composition of this format will be specified from the current financial year onwards.



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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 EGGER Management System (EMS) is basically structured according to 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
- ISO 45001: Work safety
- Fire protection
- ISO 38200: Supply chain of wood and wood-based products

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



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Certified plants

Country	Location	Quality	Environment	Energy	Work 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	ISO 45001
	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	ISO 45001
	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	Rădăuți	ISO 9001	ISO 14001	—	—
Turkey	Gebze	ISO 9001	—	—	—
Argentina	Concordia	ISO 9001	ISO 14001	—	OHSAS 18001
Poland	Biskupiec	—	—	—	—
USA	Lexington*	—	—	—	—

* Plant under construction

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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.

Stakeholder identification is based on the externally supported process from the first materiality analysis in 2017. This year we have grouped the stakeholders into the ten groups mentioned below.

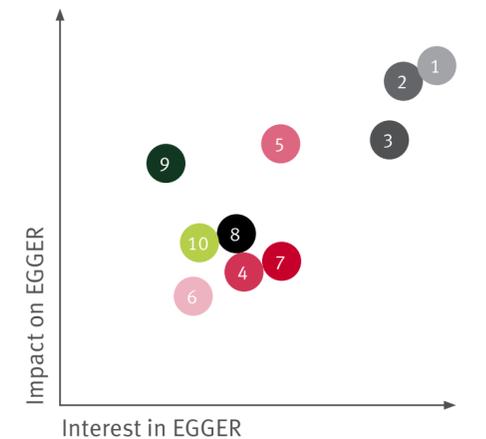
Relevance of the stakeholders

The importance of the stakeholders was reassessed this year in a workshop with representatives of all special fields. The y-axis shows the level of interest of a stakeholder in EGGER, while the x-axis shows the stakeholder's importance in relation to its influence on EGGER.

Stakeholder involvement

Stakeholder interests are recorded at EGGER using different approaches, which are shown in the following table.

Type of stakeholder group	Stakeholder group	Instruments & interval for the integration of interests
internal	Owners	formal meetings 1x per month in the extended Group Management circle Ongoing informal contact via an office workstation at the headquarters in St. Johann in Tirol
internal	Board of Directors	formal Board meeting 1x per quarter
internal	Employees	annual appraisal with manager, 3-yearly employee opinion survey by independent provider
external	Suppliers	ongoing informal contact via central purchasing departments (chemicals, paper, technology) and decentralised wood purchasing (timber)
external	Customers	ongoing informal contact via personal sales service visits, internal sales team, hotlines and service centres, customer portal on the website; traceability of interests via CRM system; systematic customer satisfaction analysis (every 3-5 years)
external	Public & civil society	in operation at plants: Regular open days and guided plant tours by appointment; in the case of greenfield investments and significant structural and operational changes: early stakeholder dialogue by means of information events and the offer to visit existing comparable locations
external	Neighbours & Citizens' Initiatives	at plants in operation: regular open days, guided plant tours by appointment and an incident management system to record complaints from residents; in the case of greenfield investments and significant structural and operational changes: early stakeholder dialogue with information events and the offer to visit existing comparable locations
external	Banks, investors and capital market	informal contact via Treasury department; regular banking days
external	Authorities & legislators	Official reports in intervals between online reports (live) and 3 years
external	NGOs	ongoing informal contact through responses to inquiries; structured dialogue formats via industry NGO forums organised by associations



- 1 Owners
- 2 Board of Directors
- 3 Employees
- 4 Suppliers
- 5 Customers
- 6 Public & civil society
- 7 Neighbours & Citizens' Initiatives
- 8 Banks, investors and capital market
- 9 Authorities & legislators
- 10 NGOs

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Materiality analysis

The materiality analysis determines the topics that are essential for the company's sustainability performance. The materiality is presented in two dimensions: On the one hand, whether the company's business activities and business relationships have a significant impact on society and the environment, and on the other hand, how relevant the topics are for the stakeholders. The materiality matrix shows both dimensions. Only material topics are dealt with in the Sustainability Report.

Survey of sustainability topics

The topics defined in the 2017 materiality analysis have been broken down more precisely this year and expanded to a total of 43 sub-topics. These include the sub-topics from 2017 (from research on topics common to the industry and an externally supported workshop) and newly added sub-topics that have a relevant weighting in the criteria of ESG ratings for the furniture and wood processing industry.

Evaluation of sustainability topics by impact

In order to assess the impact for each sub-topic, an internal workshop was held in 2020 with ten employees with a cross-departmental focus. The underlying common understanding of sustainability is the Brundtland Commission's definition of sustainability extended by the priority model ("Our Common Future" 1987). In order to take a holistic view of the effects, a combined SWOT and PESTEL analysis was conducted

along EGGER's value chain, with a special focus on the inside-out perspective. The impact of the sub-topics was then assessed.

- The impact on the society was assessed on two axes. To what extent is the quality of life of the respective stakeholder group affected by EGGER's activity in this topic? How many people are potentially affected? By mapping to ten intervals, the two axes were then brought back to one dimension.
- The impact on the environment was evaluated on one axis: How much does EGGER's activity on this topic contribute to climate change, resource scarcity, biodiversity and local environmental quality? This axis is also ten-step.

Subsequently, the importance of the sub-topics was again concentrated on the material topics. The x-axis of the materiality matrix represents both the intervals of the social impact and the assessment of the environmental impact.

Evaluation of sustainability topics according to their relevance for stakeholders

In order to determine how relevant the topics are for the respective interest groups, the Sustainability Department conducted one interview with an EGGER internal representative per stakeholder group. The representatives are either stakeholders themselves or in direct contact with the relevant stakeholder. The owners and Board of Directors were represented by Michael Egger junior.

The importance of the topics is either directly derived from the topic or from the mean value of the individual sub-topics, if several related sub-topics have been combined to form a material topic. For each material topic, the average value is calculated from the stakeholder assessments and is included in the materiality matrix.

The sub-topic "Clear rights of withdrawal and fast processing of complaints" was summarised in the main topic "Health safety of products". The sub-topic "data protection" was summarised in the main topic "Business ethics". Both sub-topics are described in the overview on "Relevance of the topics for stakeholders" and are specified separately to illustrate their meaning.



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Materiality analysis

Relevance of the sustainability topics for the stakeholders

Topic group	Topic	Stakeholders	Average value	Stakeholders								
				Public/civil society/end users	Citizens' initiatives, NGOs	Neighbours	Owners, Board of Directors	Employees	Suppliers	Customers (excl. end customers)	Banks, investors, capital market	Authorities & legislators
Product responsibility	Products from renewable raw materials		2.3	3.0	2.0	2.0	3.0	2.0	2.0	3.0	2.0	2.0
Product responsibility	Use of wood from sustainable sources & recycled material		2.3	2.5	2.5	1.8	2.5	2.0	2.5	2.5	2.3	2.0
Product responsibility	Health safety of products		2.4	3.0	3.0	1.0	2.0	2.5	2.0	3.0	3.0	2.0
Product responsibility	Clear rights of withdrawal and fast processing of complaints		1.3	1.0	1.0	1.0	2.0	1.0	1.0	3.0	1.0	1.0
Product responsibility	Durability/recyclability of the products		1.8	2.0	1.5	1.0	1.5	2.0	2.0	2.5	2.0	1.5
Responsible production	Material efficiency and waste prevention		1.8	1.5	2.0	1.5	2.5	2.0	1.5	1.5	1.5	2.0
Responsible production	Climate protection, energy efficiency, renewable energy in production		1.8	1.8	2.3	1.8	2.0	1.0	1.8	1.8	1.8	2.0
Responsible production	Plant emissions (pollutants, noise and odour)		2.0	2.5	3.0	3.0	1.5	2.0	1.0	1.0	1.0	3.0
Responsible production	Water cycle and rainwater utilisation		1.7	2.0	2.5	2.5	1.0	1.5	1.0	1.0	1.0	2.5
Corporate Social Responsibility	Occupational health and safety		2.1	2.7	1.7	2.3	2.0	2.0	1.7	1.7	2.0	2.7
Corporate Social Responsibility	Equal opportunities and diversity		1.4	1.5	1.5	1.0	2.0	1.5	1.0	1.5	1.0	2.0
Corporate Social Responsibility	Further education and promotion opportunities		1.5	1.3	1.0	1.3	2.3	2.0	1.0	2.0	1.3	1.3
Corporate Social Responsibility	Employee satisfaction		1.5	2.0	1.5	1.3	2.0	1.8	1.0	1.5	1.5	1.3
Corporate Social Responsibility	Business ethics / Business compliance		2.4	2.3	2.5	1.5	3.0	1.0	2.5	2.5	3.0	3.0
Corporate Social Responsibility	Data protection		2.4	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Corporate Social Responsibility	Tax transparency / Tax erosion and profit shifting		1.8	2.0	3.0	1.0	2.0	1.0	1.0	2.0	2.0	2.0
Corporate Social Responsibility	Regional value creation		2.0	2.7	2.0	2.7	2.0	2.0	1.7	2.0	1.3	2.0
Corporate Social Responsibility	Working conditions in the supply chain		1.7	1.0	2.0	1.0	2.0	1.0	2.5	2.0	2.0	2.0

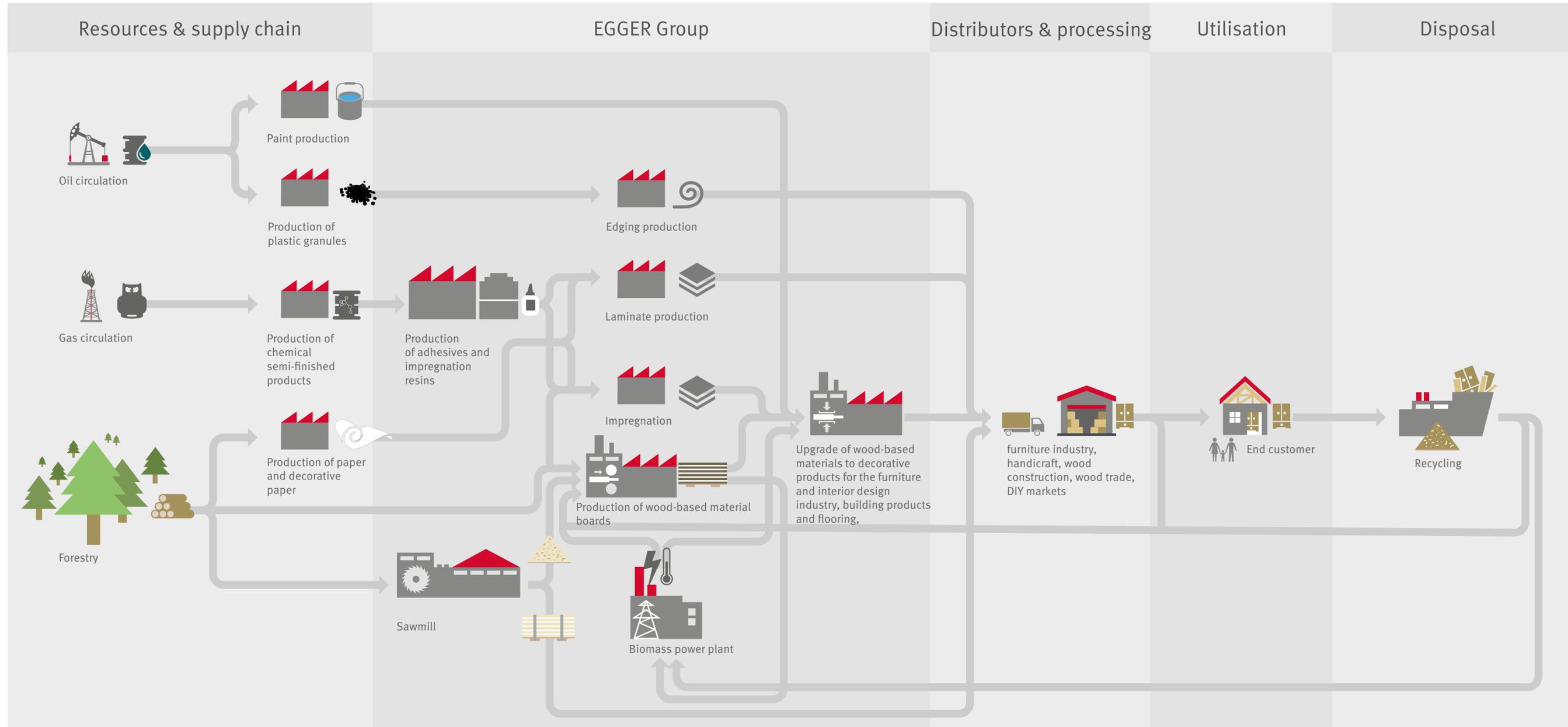
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Importance of the topic for the stakeholder

- 1 minor importance
- 2 large importance
- 3 very large importance

Value chain



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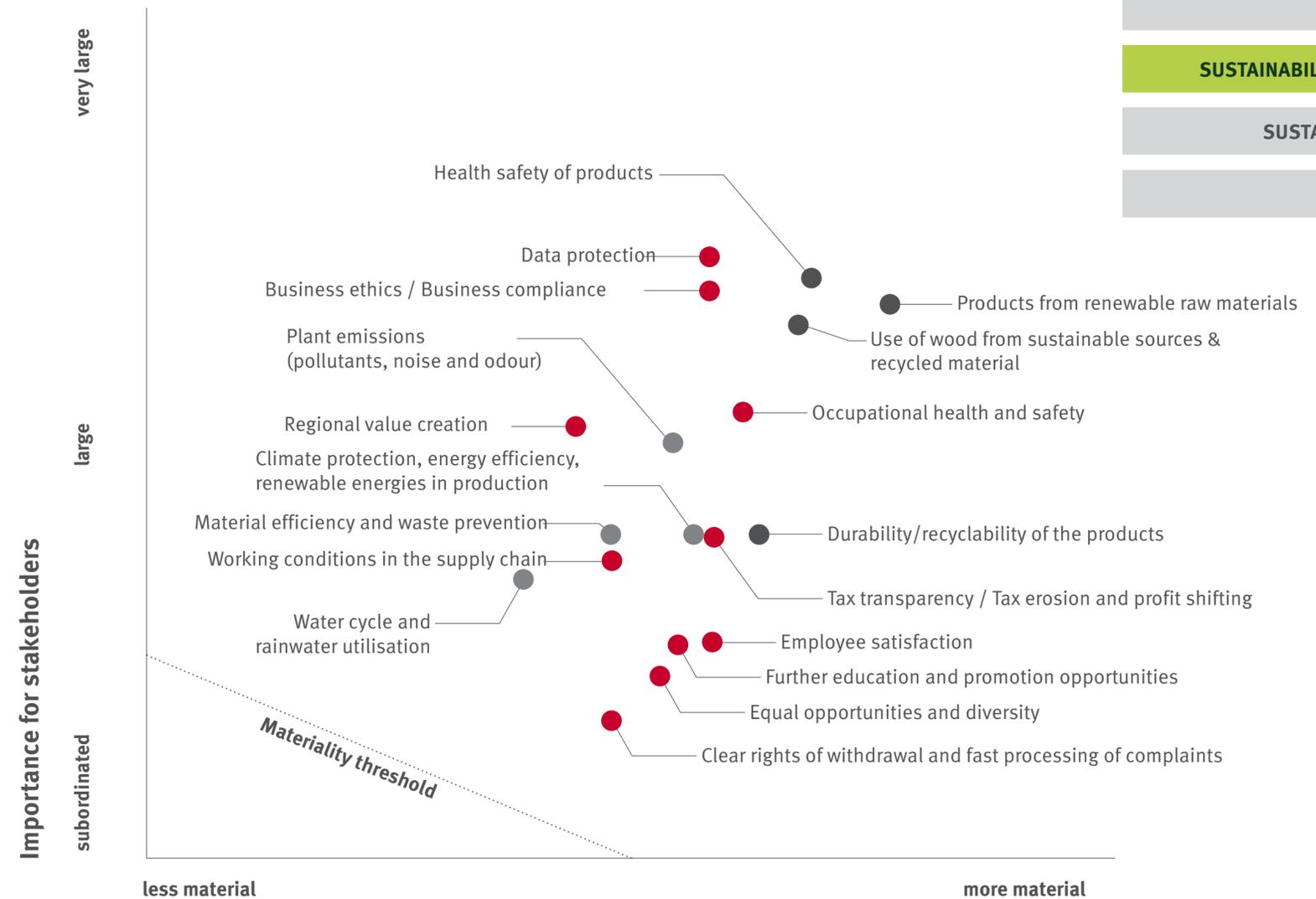
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Materiality matrix

The x-axis of the materiality matrix represents the impact of a topic. The further right on the axis, the greater the potential environmental and social impacts of the business activity and business relations is assessed for this topic.

The y-axis represents the relevance of the topics for the stakeholders. The higher up on the y-axis of the materiality matrix a topic is, the more important EGGER's actions in this area are for our stakeholders.



Significance of the economic, ecological and social impact

- Topic group**
- Product responsibility
 - Responsible production
 - Corporate Social Responsibility



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Selection of sustainability topics

Compared to the last materiality analysis, the methodology has been revised. The exact position of the topics on the axes is therefore not directly comparable with the old matrix, but the relative importance of the topics to each other can be compared well. The following development can be seen:

❖ **The following topics from 2017 were no longer queried and are not included in the new materiality matrix:**

- Delivery reliability:
Although this topic is important for our stakeholder customers in their operative business, it is not a sustainability topic.
- Future viability of the business model:
Future viability is not a topic in itself, but arises from all sustainability topics together.

NEW **The following topics have been newly included in the analysis and were classified as material for the first time:**

- Tax transparency / Tax erosion and profit shifting
- Clear rights of withdrawal and fast processing of complaints

❖ **The following topics have gained in importance compared to 2017:**

- Working conditions in the supply chain
- Data protection

- Use of wood from sustainable sources and recycled material
- Products from renewable raw materials
- Business ethics / Business compliance

❖ **The following topics are comparable to 2017 in relation to the other topics and were again classified as material:**

- Equal opportunities and diversity
- Health safety of products
- Climate protection, energy efficiency and use of renewable energies
- Material efficiency and waste prevention
- Regional value creation
- Water cycle and rainwater utilisation

❖ **The following topics have lost importance compared to 2017, but were still considered material:**

- Occupational health and safety
- Plant emissions (pollutants, noise and odour)
- Durability and recyclability of the products
- Employee satisfaction
- Further education and promotion opportunities

The overall picture with regard to the relative importance of the topics in relation to each other by impact is largely stable. There were more significant changes in the importance for stakeholders, which we attribute to the changed methodology. The fact that the importance was now queried at the level of sub-topics makes the question more precise and reduces the scope for interpretation. The most significant changes were in the sub-topic on data protection, which has now been clearly identified as material.

The materiality threshold runs between two points: on the y-axis the middle between "subordinated" and "large" and on the x-axis the middle of the potential impact. None of the topics queried in 2020 fell below the materiality threshold. The reason for this lies in the stricter pre-selection of the topics queried. This year's survey covered what was already classified as material in the last analysis. The survey also includes topics that have already been weighted by ESG ratings as material for our industry.

In the report, all topics are dealt with in the same chapter, with two exceptions: the sub-topic "Data protection" is integrated into the material topic "Business ethics" and the sub-topic "Clear rights of withdrawal and fast processing of complaints" was integrated into the material topic "Health safety of products".

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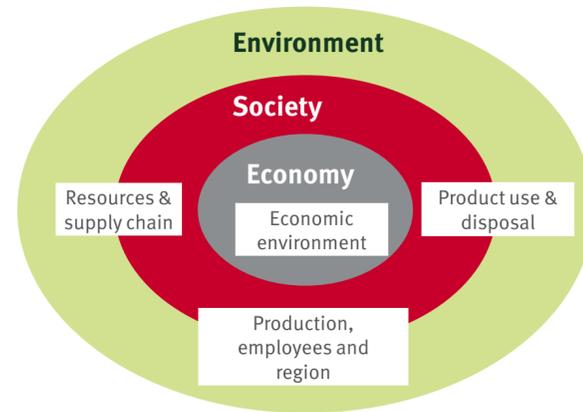
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Sustainability targets

In the past financial year, concrete strategic sustainability targets were set in four fields of action along the value chain.

Our fields of action along the value chain



Our sustainability targets

Resources & supply chain

Environmental targets:

- Circular economy Increase the proportion of recycled wood in total wood purchases from 20 % to at least 25 % (post-consumer recycled material for material use, all products) by 2025.

Social targets:

- Regional value creation: By 2025 90 % of the sawmill by-products and roundwood will be procured from the regional area (150 km road distance) (for deliveries by lorry and conveyor belt).

Production, employees & region

Environmental targets:

- Climate protection: Reduction of direct fossil emissions of CO₂ equivalents (Scope 1) per m³ of rawboard by 15 % by 2030 compared to 2018.
- Energy efficiency: Reduction of the specific energy input per m³ rawboard by 10 % by 2030 compared to 2018.
- Resource efficiency: Reduction of the volume of residual waste per m³ of primary product by 10 % by 2025 compared to 2018.

Social targets:

- "Vision Zero" for safe workplaces: No serious occupational accidents by 2025.
- Promotion of internal careers: By the end of the 2021/2022 financial year, we will raise the replacement rate for management positions with internal employees back to 80 % (excluding growth investments).
- Employee satisfaction 1: All employees who have been employed for at least 1 year conduct an appraisal with their manager at least once a year. By 2025, all industrial employees will also conduct an adapted appraisal.
- Employee satisfaction 2: We keep the proportion of employees with fixed-term contracts and temporary work in relation to all employees under 15 %.

Economic environment

Compliance targets:

- Human rights, labour standards, environmental protection, prevention of corruption: 95 % of the paper and chemical suppliers (by purchase value) have confirmed in writing that they will comply with the Egger Supplier Code of Conduct by 2025 and are thus committed to promoting the ten principles of the UN Global Compact.
- Fair competition: All managers, sales and purchasing staff follow at least every 2 years online or offline training on antitrust law.

Product use & disposal

Environmental targets:

- Transparent environmental performance of products: By 2025, 95 % of products will have a suitable environmental declaration (Type I, Type II or Type III eco-labels, measured by turnover share, for products in the areas of furniture and interior design, flooring and building products).

Social targets:

- Health safety: We continue to research new binding agents as an alternative to formaldehyde.

SUSTAINABILITY TOPICS

For EGGER, the materiality analysis identified 16 topics of particular relevance. For a better understanding, we have divided them into three areas. Environmental topics are divided into product and production topics. Social and economic topics are grouped together in the third area.



SUSTAINABILITY TOPICS

Product responsibility

- Our approach to product transparency and eco-labelling
- Products from renewable raw materials
- Use of wood from sustainable sources & recycled material
- Health safety of the products
- Durability/recyclability of the products

Responsible production

- Our environmental and energy management
- Material efficiency and waste prevention
- Climate protection, energy efficiency, renewable energies in production
- Plant emissions (pollutants, noise and odour)
- Water cycle and rainwater utilisation

Corporate Social Responsibility

- Occupational health and safety
- Equal opportunities and diversity
- Further education and promotion opportunities
- Employee satisfaction
- Business ethics
- Tax transparency
- Regional value creation
- Working conditions in the supply chain

Product responsibility



The topics in the chapter Product Responsibility 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 chains and using recycled materials. In the use phase of a product, the health 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.

How we work towards sustainable products

- Our approach to product transparency and eco-labelling

The material topics:

- Products from renewable raw materials
- Use of wood from sustainable sources & recycled material
- Health safety of products
- Durability/recyclability of the products

Further supply chain topics are covered in these chapters:

- Regionally purchased wood
- Our commitment to the UN Global Compact



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Our approach to product transparency and eco-labelling



EGGER stands for full product transparency and a verifiable, factual representation of environmental properties. The Code of Conduct states that we are committed to protecting our environment and achieve this through Environmental Product Declarations (EPDs) and PEFC and FSC® certificates.

EGGER offers different approaches for different products to represent environmental properties. The semi-finished products of EGGER will be, for example, further processed into pieces of furniture or construction elements. Type I ecolabels develop their full benefit for these products with increasing proximity to the end customer. But stakeholders also need environmental information for semi-finished products. EGGER provides this in two ways: On the one hand, the self-declared "Environmental and Health Datasheet", which enables EGGER to flexibly prepare all information in a product-specific manner and to provide pre-

cisely tailored information for customer requirements. On the other hand, the externally verified EPD (Environmental Product Declaration) including a cradle-to-gate life cycle assessment, which is prepared according to the high standards of international LCAs and verified by the independent expert council of the Institut für Bauen und Umwelt (IBU). EPDs also contain information on ingredients, manufacturing processes of the products and tests for harmful substances.

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.

We update our EPDs to the latest calculation methods and data every 5 years. The information in our EHDs is checked annually. Applications for and renewals of Type I eco-labels shall be evaluated individually on a market-specific basis.

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- Working conditions in the supply chain

Our approach to product transparency and eco-labelling

Overview of products with eco-label

Product / Product group	Certified with Type I eco-label					Declared with verified Type III eco-label
Eurodekor	—	—	—	✓	—	✓
Eurodekor MDF	—	—	—	✓	—	✓
Eurospan	—	—	—	—	—	✓
MDF	—	—	—	—	—	✓
OSB	—	—	—	—	—	✓
DHF	—	—	—	—	—	✓
Laminate	—	—	—	—	—	✓
Compact laminate	—	—	—	✓	—	—
OSB Combiline	—	—	—	✓	—	—
Thin MDF lacquered	—	—	—	✓	—	—
Timber	—	—	—	—	—	✓
Eurolight raw	—	—	—	—	—	✓
Eurolight decor	—	—	—	—	—	✓
Laminate flooring	✓	✓	✓	—	✓	✓
Comfort flooring	✓	✓	✓	—	✓	—
Design flooring	✓	✓	—	—	✓	—

Declared with verified Type III eco-label



Download the EPDs

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ibu-epd.com

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Our approach to product transparency and eco-labelling

Products with eco-labels by share of sales

Financial year	2017/2018*	2018/2019	2019/2020
Product groups in the product areas Decorative, Flooring, Building (total with and without eco-label)	–	39	42
Share of product groups certified with a Type I eco-label** by turnover	–	13 %	75 %
Share of product groups for which a self-declared environmental claim (Type II eco-label)*** has been published, by turnover	–	14 %	58 %
Share of product groups with an independently verified Type III eco-label**** by turnover	–	78 %	80 %

* no data
 ** Blue Angel for flooring (RAL UZ 176), M1, Greenguard Gold, TÜV ProfiCert Interior Standard, TÜV ProfiCert Interior Premium
 *** Environmental and Health Datasheet based on ISO 14021
 **** Environmental Product Declaration (EPD) according to ISO 14025, EN 15804 and IBU-PCR

For 80 % of the products (by turnover) an EPD is available. This is a good value and underlines the importance EGGER attaches to product transparency. With TÜV ProfiCert Interior, several products were certified for the first time in the past financial year. This increases the share of product groups with a Type I eco-label to 75 % (by turnover). The number of environment-related supplier declarations was also increased and now covers a share (by turnover) of 58 %. In the next few years we will create transparency for additional products. To this end, we want to maintain the EPD share at the level already achieved and further increase the number of environment-related supplier declarations with Environmental and Health Data-sheets.

Download the EHDs



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Products from renewable raw materials

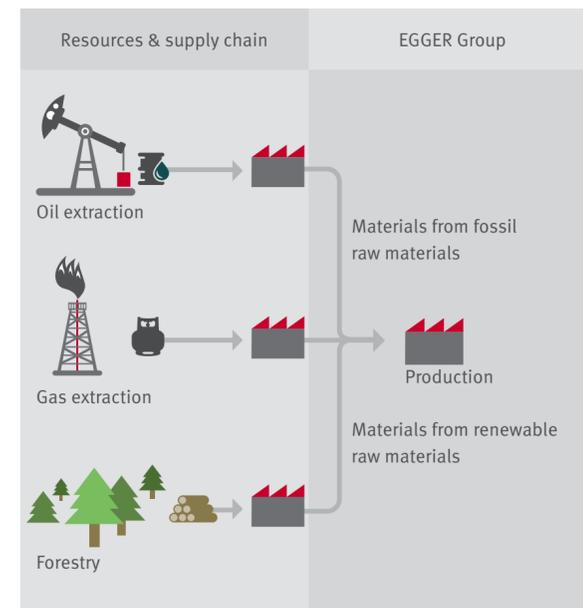
The bioeconomy, a prominent approach to resource conservation, states: It is better to use raw materials that regrow in the time horizon of a generation than raw materials that take millions of years to regenerate. In order to understand the progress towards bioeconomy, materials are categorised into two groups:

- Materials from renewable raw materials are mainly made from wood, plant fibres or microorganisms, such as paper.
- Materials derived from fossil raw materials are mainly produced from natural gas or petroleum, like most plastics, foils, synthetic resins and synthetic fibres.

Opportunities and risks

Wood-based materials from EGGER combine both worlds: Wherever possible, the renewable raw material wood is used and, whenever necessary, combined with the characteristics of synthetic materials. Our products consist to approx. 90 % of natural wood chips. By using wood from sustainable sources, carbon is bound in the product. Compared to products made of purely fossil and mineral raw materials, this is an opportunity for sustainable consumption and a contribution to combating climate change. The remaining 10% of our products are mainly binding agents, impregnating resins, waxes and additives. As with all synthetic materials, there is a potential risk of unsustainable use of fossil raw materials.

We consider the material use of fossil raw materials to be justifiable as long as they are used to manufacture durable products. The surface of the melamine resin coated Eurodekor board owes its resistant properties to impregnation with synthetic resin, which promotes durability. Recycled wood can also be used thanks to fossil-based binding agents, which prolongs the carbon storage effect.



How we promote the bioeconomy and carbon storage

The sub-topics in this chapter:

- Use of materials from renewable raw materials
- Carbon storage: From forest to wood product

Further topics on resource conservation can be found in these chapters:

- ➔ Use of wood from sustainable forest management
- ➔ Use of recycled material / cascading use
- ➔ Climate protection, energy efficiency, renewable energies in production

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Attitude

The protection of the environment, the conservation of natural resources and the use of efficient energy production are especially important to us. Our objective is to continuously improve ourselves in terms of environmental protection and energy optimisation for our activities, products, and services.



Approach

EGGER also develops wood-based products for applications where synthetic products dominate. Continuous material and process optimisation reduces the amount of binding agents and resins required. The new wood-based products include the EGGER Design flooring, 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. We are continuously working on material and process optimisation to reduce the amount of synthetic binding agents and resins required. In order to research alternative products, we actively seek dialogue with external research partners and other industries along the value chain of established raw materials and especially of potential alternative raw materials.



Target

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 currently includes the use of fossil-based raw materials and preliminary products.

88 % of all materials used to make our products are made of **renewable raw materials**



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Share of renewable raw materials in all EGGER products*

Financial year	2017/2018	2018/2019	2019/2020
Materials made from renewable raw materials (wood, paper, cardboard)	88.1 %	88.2 %	88.0 %
Materials made from fossil raw materials (all remaining materials)	11.9 %	11.8 %	12.0 %

*Material used in the production of EGGER products from the Decorative, Flooring, Building product areas (total quantity excl. water content = 6.5 million t, of which 5.7 is renewable and 0.8 is fossil, i.e. absolutely dry for wood and solid for glue)



Status

The share of materials from renewable raw materials is stable well above 80%. We see no acute need for action to replace the synthetic materials.

The alternatives known so far are either associated with an "environmental burden shift" (i.e. they only contribute to a shift of environmental impact instead of a reduction), or they are not industrially scalable.

We see this as a mandate to continue researching into alternative raw materials.

Past measures

- First practical tests on our laboratory press for the research project Susbind (binding agent made of renewable raw materials)
- Proactive representation of the content of renewable materials to a broad target group: The delivery list of the EGGER 2020 – 2022 Decorative Collection shows the share of renewable raw materials per product group
- Indication of the share of raw materials: The revised format of the "Environmental and Health Datasheet" indicates the share of renewable raw materials in our products

Future measures

- Further increase in product transparency: Creation of Environmental and Health Datasheets for additional products and product variants
- Proactive communication of the content of renewable materials to a broad target group: Integration of the "Eco Facts" in other communication channels and other product groups



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Shuya, Russia

Best Practice

Logistics, comprehensively sustainable in thinking: Cardboard instead of metal protects products in transit

The use of raw materials is constantly being optimised at EGGER, including in logistics. In order to ensure that the high-quality products reach the customer undamaged, the goods must be protected accordingly for transport. However, this packaging effort should also be as sustainable as possible. At the plant in Shuya, Russia, another decisive part of the shipping packaging was optimised in 2019: instead of sheet metal brackets on which the belts for securing the load are tensioned, environmentally friendly cardboard brackets are now used. These brackets have two tasks: firstly, to protect the goods from damage and secondly, to form a suitable base for the load securing belts. And the changeover from metal to cardboard brings advantages: the cardboard brackets are made of recycled material and thus help to extend the use phase of the natural raw material once again. The cardboard brackets also weigh less than the sheet metal brackets, which in turn saves weight during transport and thus reduces CO₂ emissions.



By switching to cardboard brackets, it was possible to **save 4.2 tons of weight during transport in the first 5 months..**

By reducing weight, **CO₂ emissions can be lowered.**

By using recycled material in the cardboard, **the utilisation phase is extended once again.**

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Approach

Wood-based products generally store more CO₂ than the production process emits. CO₂ balance sheets are part of the life cycle assessments that we calculate for our products. We have them externally verified and publish them in the form of EPDs. The potential impact on the climate is given in CO₂ equivalents in the indicator "Global Warming Potential (GWP 100)".

Such a value, also known as the cradle-to-gate CO₂ footprint, is available for all major products. It indicates how much the extraction of raw materials, the production of preliminary products, transport to the plant and the manufacture of the product at EGGER in total pollute the climate over 100 years. At values below zero, more carbon is bound in the wood than is emitted by the production and upstream chain. This is the case with all our wood-based materials, as wood binds a lot of carbon and the production is mainly done with renewable energies. An exception are products that contain a lot of synthetic resin and little wood or paper, like our laminates. As with most non-wood-based products, the CO₂ footprint is above zero.



Target

We are not pursuing a strategic target here. Our wood-based products already have a good carbon footprint.

Carbon storage in our products*

Financial year	2017/2018	2018/2019	2019/2020
CO ₂ , which is bound in our products [million tons of CO ₂ eq.]	-**	5.8	5.9

* Calculated from the global warming potential of nine EGGER wood-based products (raw and coated) and EGGER laminate according to the EPD (GWP 100, cradle-to-gate, module A1-A3) as of 30.4.2020, multiplied by the sales volume of these products
 ** no data



Status

Interested designers, architects and building planners can make well-founded, environmentally optimised decisions based on our life cycle assessment data. We want to maintain the high proportion of EPDs in the coming years.

Past measures

- Update of the EPDs of Eurospan, Eurodekor chipboard, MDF, Eurodekor MDF, raw timber, planed timber and three laminates and adaptation to the new specifications of EN 15804:2020

Future measures

- Proactive communication of the CO₂ footprint to a broad target group: Integration of the "Eco Facts" in other communication channels and other product groups



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Sustainable management means harvesting resources carefully and using them wisely. A sustainable supply of raw materials pays attention to regionality and sustainable forest management in the procurement of primary raw materials and maximises the proportion of secondary raw materials, i.e. recycled material, in the sense of circular economy.

Opportunities and risks

In the supply chain, there is a fundamental risk of illegal logging, especially in risk areas for corruption, and ecological risks include the loss of biodiversity through the destruction of nature reserves and deforestation. In general, the unsustainable use of wood entails the risk of negative impacts on forest ecosystems, e.g. through soil erosion and the loss of forest areas through clearing. Alien species may also be introduced by forestry contractors. Social risks in the wood supply chain arise from the violation of labour or safety regulations and from the violation of traditional or civil rights. Particularly in densely populated areas, even with sustainable forest management, timber harvesting carries the risk of temporarily disrupting the forest's recreational function for society.

One opportunity is our close relationships with wood suppliers and the growing proportion of monitored and certified deliveries within our controlled product chain. A contribution to the conservation of resources is also the increasing use of wood from co-products and recycled material. EGGER provides various indicators that enable a transparent assessment of the sustainability performance of wood procurement. With the percent-

age information on the origin of wood on aspects of legality, certification, regionality and recycling percentages, we document progress in achieving the sustainability goals of the United Nations (SDG).

How we work towards sustainable wood use

- Our due diligence system for tracing the origin of wood

The sub-topics in this chapter:

- Direct relationship with suppliers
- Use of wood from sustainable forest management
- Use of recycled material / cascading use

Further topics on the supply chain can be found in the chapters:

- ➔ Regionally purchased wood
- ➔ Working conditions in the supply chain



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The EGGER timber purchasing guidelines stipulate: “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, in particular the EU Timber Regulation (EUTR), when it comes to the sustainable procurement of wood. At EGGER, we have a zero-tolerance policy when it comes to illegal logging. We support the fight against illegal logging within the scope of our possibilities since sustainable forestry is in our own best interest.”

Our due diligence system (DDS) was developed with internal and external experts and is based on the new

ISO 38200 COC - standard for the supply chain of wood and wood-based products. In addition, the proper application of our due diligence system as an operator for all risky supply chains and plants of the EGGER Group is monitored by an approved monitoring organisation in accordance with Article 8 of the EU Timber Regulation. In addition to the legal regulations in each country of purchase and production, DDS is guided by the relevant standards for sustainable forest management:

- FSC® standards concerned: FSC-STD-40-004 and FSC-STD-40-005
- PEFC standard concerned: PEFC ST 2002:2013
- ISO 38200:2018 - COC standard for the supply chain of wood and wood-based products

Every supplier must have passed a risk assessment at EGGER in order to be approved as a supplier.

INFO

How new wood suppliers are verified at EGGER

- 1) The supplier must specify its certifications when creating the master data.
- 2) By means of a questionnaire, the supplier must provide information that enables a risk assessment to be made. It must confirm that no protected tree species are supplied. It must also disclose the following data:
 - Indication of the certification of the forest area
 - Origin of wood by country and region
 - Supply chain depth
 - Number of upstream suppliers
 - Confirmation of legality

In the case of complex supply chains or remaining specific risk after initial assessment, we request additional information (e.g. lease agreements, logging licenses, tax registration or delivery documents from the supply chain).

3) In the case of low risk and proof of legality, the wood purchasing department classifies the supplier's deliveries into an EGGER risk group:

- EAC: Material is legal and meets the requirements of all COC standards (FSC®, PEFC, ISO 38200)
- ECS: Material is legal and meets the requirements of certain COC standards (PEFC and ISO 38200)

- ELS: Material is legal and meets the requirements of ISO 38200

In the next step, this classification according to risk group and certification will be stored in the electronic data management system and transparently displayed on all wood acceptance documents.

If proof of legal origin cannot be credibly provided, the wood will be rejected by EGGER.

Suppliers who deceive EGGER about the legality or origin of wood or make false statements will be excluded and reported to the competent authority in the event of intentional or intended criminal acts.

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In countries with increased risk and poor indicators of corruption (e.g. Corruption Percentage Index (CPI) < 50, World Justice Project Rule of Law Index < 0.5, Environmental Performance Index (EPI) < 50) and with non-transparent supply chains, wood purchasing either uses certifications (e.g. FSC®, PEFC™, ISO38200) as a risk mitigant in these risky cases or verifies the legality of the delivery through its own supply chain auditing or additional evidence.

Within the framework of our monitoring agreement within the meaning of Art 8 of the EU Timber Regulation No. 995/2010 (EUTR), all cases of the first placing on the EU market of timber from third countries are additionally checked and verified by a recognised monitoring company.

All wood-based products are made from legally logged wood and labelled 100 % verified according to ISO 38200. In previous years and in the past financial year, no proceedings were pending for violations of EUTR or other national legislation governing the legality of the origin of wood, and no penalties were imposed on EGGER.

During the past financial year, external audits were carried out in Russia and the Ukraine as part of the EUTR monitoring agreement and once again confirmed that the requirements of the EU Timber Regulation are met. The state inspections of the EUTR due diligence in Wismar and Rădăuți and the recertification of the EGGER Group according to FSC® and PEFC-COC standard were successfully completed. We are the first wood-based materials manufacturer to have completed certification according to ISO38200.

The state achieved is a unique selling point in the industry. In order to keep it high and at the same time optimise the administrative effort, we will also examine new solutions that can be implemented within the framework of digitisation in the coming years.

Proportion of verified wood within the scope of our due diligence

Financial year	2017/2018*	2018/2019*	2019/2020
Percentage of wood deliveries classified as "verified" within the scope of our due diligence according to ISO 38200	–	–	100 %

* no data available



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Attitude

The ultimate objective of wood purchasing is to supply our production facilities adequately with the required amount and quality of the raw material wood whilst taking into account the aspect of overall economy and sustainability. We accomplish this goal by extending direct business relations with our suppliers, service providers and shippers. This includes the creation of high-quality customer/supplier support, targeted procurement marketing and targeted customer/supplier relationship management.



Approach

We focus on business relationships with raw wood suppliers who have direct access to the wood (no intermediary traders). This enables us to secure the supply of wood to our plants in the long term and to react promptly and immediately to changes in the supply situation. The low depth of the supply chain makes the entire process very transparent and helps to minimise any environmental and social risks caused by wood procurement. In addition, both sides participate directly in the value-added process and can jointly exploit optimisation potential.

The procurement strategy is set out in a Group-wide action directive of EGGER's Wood Purchasing.

This is accessible in the EMS for all employees and binding. The achievement of targets is achieved through a combination of strategy definition, definition of responsibilities and a regular control effort by the Corporate Services . In detail:

- Governance system in wood purchasing - direct business relations as KPI
- Regular analyses of supply chain depth by product management (certification)
- Standard report in the semi-annual meetings of the Wood Purchasing Department (plant/purchasing manager with the Corporate Services Wood Purchasing)
- Implementation is the responsibility of the Purchasing Managers, governance is the responsibility of the Corporate Services Wood Purchasing



Target

We are not pursuing a strategic target here. The guiding principle is to procure wood primarily through direct business relationships.

Directly purchased wood*

Calendar year	2017**	2018	2019
Directly purchased wood	–	76 %	87 %

*Share of directly purchased wood in the total quantity of wood purchased Includes all wood assortments (roundwood, sawmill by-products and waste wood). "Direct" = from the forest owner and self-producer, from the sawmill, from the recycling wood collection or processing site. Base value of the total purchase quantity of wood (100%) in 2018 = 6.1 million absolute dry tons; in 2019 = 6.0 million absolute dry tons
** no data available; governance system only operational since 2018



Status

In the past calendar year, the share of directly procured quantities in wood purchasing was significantly increased. In future, we aim to raise individual plants with significantly lower values to this level in order to keep the average value within the Group stable.



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Past measures

- Direct business relations as focus topic in the half-yearly meetings between the Corporate Services Wood Purchasing and the responsible plant and purchasing managers
- IT optimisation: Addition of the characteristic "Type of business relationship" in the Supplier Relationship Management tool with uniform definition
- Certification according to ISO 38200 as the first wood-based materials manufacturer

Future measures

- *no further measures are currently planned*

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Attitude

EGGER supports the UN Sustainable Development Goals (SDGs) and is committed under SDG 15 to protecting, restoring and promoting sustainable forest management, combating soil degradation and the loss of biodiversity.

Sustainable forestry has the highest priority. It is a 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 a 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



Approach

EGGER does not buy or process exotic woods that are traded under special protection or with strict conditions according to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

It is our social objective to stop deforestation, restore degraded forests and increase forestation and reforestation in our purchasing regions. Given that we as a company usually have no direct influence on sustainable forest management, we focus our purchasing activities on certified wood from certified suppliers. The two certification systems for sustainable forest management FSC® and PEFC™ are rated positively by EGGER as "More Sustainable Sources".

The classification of each wood delivery is done transparently via our ERP system - from the proof on the wood receipt to the naming of the rawboard recipe. This ensures that only standard-compliant and legal wood is physically used in production. On customer request, it is possible to have the certification shown on the sales documents. Each certification statement is made in accordance with the standard. Our manufacturer's declaration on the origin of wood discloses the origin of the wood. It also provides a

transparent overview of the proportion of certified wood by product group and supplier plant, calculated and monitored in accordance with ISO 38200. Compliance with ISO 38200 and data quality of the indicators are ensured by internal and external audits carried out at least once a year. At our plants in Romania and Russia, each location is externally audited annually. See also

→ Our due diligence system for tracing the origin of wood



Target

We are not pursuing a strategic target here. The guiding principle is to promote the purchase of certified wood in the supply chain, in line with the demand for certified products from our customers or depending on the risk with regard to sustainable forest management in the purchasing region.



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Certification share in fresh wood

Calendar year	2017	2018	2019
Share of certified wood deliveries**	—*	41 %	66 %

* no data available

** Share of fresh wood deliveries (roundwood and sawmill by-products), absolutely dry, classified as "certified" within the scope of our due diligence according to ISO 38200. Including Biskupiec plant, excluding Lexington and EGGER Forestry



Status

Through direct purchasing and the high proportion of certified wood from our new plant in Poland (approx. 80 %), we have succeeded in increasing the certified proportion in chipboard. The proportion of certified forest area also increased in the purchasing region of our Russian plants.

Past measures

- Completion of the recertification of the EGGER Group according to FSC® and PEFC-COC standard
- Certification according to ISO 38200 as the first wood-based materials manufacturer

Future measures

- Comparison of providers of IT-supported compliance management systems to increase transparency in the supply chain



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Rambervillers, France

Best Practice

The reforestation of the forest of tomorrow: FA3R Plantation Fund secures softwood resources in the French Vosges

Sustainable forestry has always been a particular concern for EGGER: The amount of wood resources that are present in the environment is limited. This makes it all the more important to harvest and use the wood carefully and to reforest the forest. In France, the efforts of foresters to reforest their mostly small forest areas have been strengthened in recent years with a special initiative: The FA3R Plantation Fund has set itself the goal of supporting in particular private small forest owners in replanting. This is also the case in the Vosges region, near the EGGER plant in Rambervillers. The burdens on small forest owners have increased there in particular over the past 20 years (rising costs of planting, climatic difficulties, etc.). Since then, more than 75% of the local plots have not been replanted. To counteract this trend, local companies from the timber industry have pledged their support for the FA3R Plantation Fund. EGGER is now also participating in the initiative to reforest local forests.

Further details:

→ www.fibois-grandest.com/secteurs/focus-sur-le-fa3r-2/



Since its foundation in 2012, the FA3R Plantation Fund has planted around **720,000 plants** in **436 plantation campaigns** on **556 hectares of forest**.

FA3R: founded in 2012, **EGGER has been a member since 2020.**

The fund is managed by the **local timber industry association**.

Sponsor: **14 companies** in the wood sector (sawmills, paper industry, chipboard industry, forestry cooperatives etc.).

The annual donation of the contributors is **EUR 100.000 per year** (of which ~ EUR 9,000 from EGGER).

Thanks to the donation from EGGER, in 2020 about **15,000 trees** were **newly planted**.

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Use of recycled material / cascading use



Attitude

The use of recycled materials is an important contribution to the protection of the environment, the conservation of natural resources and the use of efficient energy generation.



Approach

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 wood processing steps, e.g. wood chips, sawdust, shavings, splinters, chipped wood
- Residues from the furniture industry (= pre-consumer recycled material), i.e. production residues from customers, furniture parts or chipboard of third choice
- Recycled waste wood (= post-consumer recycled material), i.e. wood assortments already disposed of by the end customer, e.g. pallets and transport boxes made of solid wood, untreated wood from construction sites, furniture, interior doors, floorboards.

Waste wood is processed, cleaned of impurities and used in chipboard production. Procurement is carried out by qualified specialist companies. The overall process (purchasing, quality control, complaints management) is defined. Legal requirements, such as the Scrap Wood Directive in Germany, are applied. For product monitoring for impurities see

→ Control of pollutants in products

In addition, the wood-processing plants generate by-products and wood residues, which EGGER also refines into wood-based materials or, if material recycling is no longer possible for quality reasons, uses them to produce heat and green electricity, see

→ Use of renewable energy

In the sense of backward integration, EGGER also operates independent waste wood recycling companies. Also, board cuts are taken back from customers and serve as raw material in the production cycle. Internal guidelines ensure that only harmless and suitable pre- and post-consumer recycled material enters our production.

In chip processing, impurities such as metals, non-ferrous metals, sand, stones and plastic are removed from the material flow e.g. via magnets, air classifiers and screens. Nine of the total of thirteen chipboard plants in the Group process waste wood.

60 % of the wood used comes from by-products or recycling



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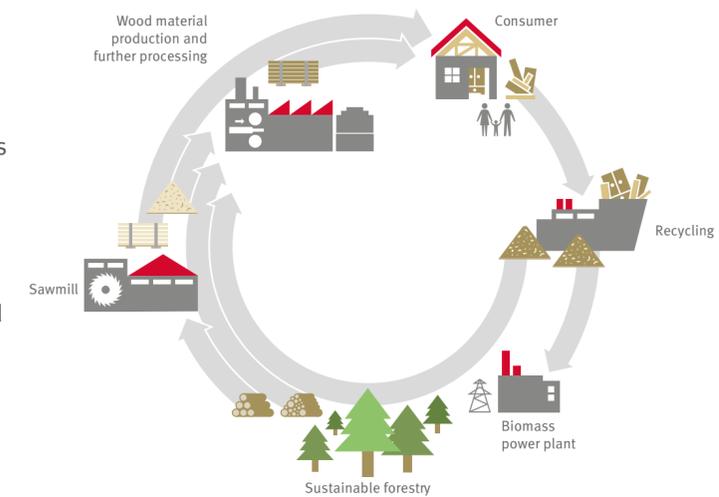
Target

The strategic goal is to increase the share of post-consumer recycled material in all wood used in the production of wood-based materials to at least 25% by 2025.



Status

The mix of wood fractions used is relatively constant. The slight decline in the proportion of recycled wood is due to the commissioning of the new Biskupiec plant, where the use of recycled wood is only gradually beginning. Over the next few years, we will increase the proportion thanks to investments in the collection and processing infrastructure for recycled wood in order to achieve the strategic goal by 2025.



Past measures

- Expansion of backward integration in the purchase of recycled wood
- Commissioning of a new recycling collection site in Germany
- Expansion of the amount collected at the recycling collection sites in Romania
- Commissioning of the recycling plant at the new location in Biskupiec

Future measures

- Construction and commissioning of two recycling collection sites in Poland
- Development of collection infrastructure in Romania and Poland to increase the proportion of recycled wood from local sources
- Further optimisation of the throughput of existing plants for the processing of recycled wood

Recycling mix in the wood used

Financial year	2017/2018**	2018/2019	2019/2020
Total wood use*	100 %	100 %	100 %
of which roundwood	41%	37%	40%
of which are co-products	37%	41%	39%
of which is pre-consumer recycling wood	3%	2%	2%
of which is post-consumer recycling wood	20%	20%	19%

* Recycling components used in wood production of EGGER wood-based materials (weighted average of all chipboard, thin chipboard, MDF, thin MDF and OSB boards). Base quantity for total wood input in FY 2017/2018 = 5.3 million absolutely dry tons; FY18/19 = 5.6 million absolutely dry tons; FY 2019/2020 = 5.7 million absolutely dry tons; ** Due to rounding effects, the total is not always 100 %.



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Rădăuți, Romania

Best Practice

Recycling at the Rădăuți plant: Cascading wood use in practice

For EGGER, wood is far too valuable to simply throw away. This principle applies throughout the Group, regardless of the location of the respective plant. However, the perception and degree of progress of sustainable recycling processes varies from region to region. In Romania, for example, it has long been common practice to burn waste wood in private households instead of extending the useful life of wood through professional recycling. However, in order to initiate a comprehensive recycling process, not only local separation and collection systems are required, but also the involvement of the public, official and municipal institutions, retailers, industry or the construction industry. In 2014, the first steps were taken: the commissioning of a state-of-the-art recycling facility at the plant and the first waste wood collection point in the south of Bucharest. In the meantime EGGER has invested almost EUR 22 million in Romania to develop the sustainable raw material source of waste wood - for example with additional waste wood collection points in Bucharest and Cluj.



Investment amount of **EUR 21.7 millions**

Increasing the proportion of recycled materials in the products and thus extending the useful life of the raw materials

Instead of releasing emissions, **around 3.1 tons of CO₂ are bound in each recycled ton of waste wood.**

The wood is crushed at the waste wood yards and then transported to the Rădăuți plant. **As a result, transport capacities are used more efficiently and the number of required lorry trips can be reduced by up to 75 %** compared to the transport of unshredded material (e.g. pallets).

The quantities of waste wood recycled by EGGER in Romania in 2019 replaced the potential use of approx. **65,900 ha of forest.**



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Health safety of products

Health is one of the major topics 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.* Healthy rooms are therefore a basic prerequisite for health and performance.

Opportunities and risks

Wood-based materials consist of wood chips or wood fibres, which are pressed 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. Through these raw materials, different substances and mixtures are introduced into the products, whose potential health hazard must be evaluated. There is also a risk of chemical contamination of waste wood through impregnation and painting, which in the past may have contained heavy metals or the now banned organic chlorine compounds such as PCP.

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. This can lead to an accumulation of moisture and substances of health concern in interior spaces. If the moisture from the occupants' breath or from showering and cooking is not sufficiently dissipated, 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).

Opportunities arise from our commitment to full product transparency and from independently tested products. By means of test reports and accompanying consulting services, we support planners in the selection of suitable products for each area of application and room situation in order to minimise the risk of exceeding the guideline values for indoor air.



How we work towards harmless products

- Our quality management

The sub-topics in this chapter:

- Control of pollutants in products
- Harmless indoor air, product transparency and correct advice

This chapter is related to this topic:

- Our approach to product transparency and eco-labelling



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Our quality management

The creation of standard-compliant products and the orientation towards the needs of our customers is clearly defined by our mission statement, the guiding strategy and the Code of Conduct. This explicitly includes the fulfilment of customer requirements, legal and official requirements. For our products we ensure conformity with international product standards. We have committed ourselves to continuous improvement, backed up by a certified management system.

Quality management is part of the EGGER Management System (EMS). Risks and opportunities are constantly raised, especially in the case of internal and external audits and quality circles, and handled with appropriate measures. Regular reports at plant and Group level (e.g. in the Management Review) escalate overdue measures.

Product supervision

For technical product properties resulting from the relevant standard requirements and the requirements of the formaldehyde emission class, there are plant-specific targets. These are documented and monitored with an aggregated quality indicator.

The control of formaldehyde emission is carried out in the factory's own laboratories during ongoing production. Different test methods are specified for the definition of the formaldehyde emission class. Since the plant inspections can differ from these test methods, correlation factors with limit values are stored in the ERP system. The correlation factors are determined internally or externally, depending on the emission class, and updated in the event of procedural changes.

Complaints Management

In the production process, a unique identification number of each production order and the time stamp enable the traceability of material batches, plant parameters and test results. Complaints are handled by a complaint management system.

The customer problem is recorded in this process, forwarded to the potentially causative areas and dealt with as quickly as possible. The clarification is not only made with the customer, but with all employees involved. The communication of the general rights of complaint and withdrawal to the customer is carried out via GTC and customer agreements.

Plant-specific targets have been set for the complaint rate and customer response time. An evaluation of the quality data is stored in the EGGER Reporting System to monitor the achievement of targets.

This includes the customer response time (time taken until the credit note is issued or information that the complaint is not accepted), reasons for complaint, product groups, costs and frequencies. Depending on the nature of the product, 125 different defect reasons are managed. These include logistical reasons (such as transport damage, wrong unloading point, wrong delivery), sales-related reasons (such as wrong price, wrong product) or technical errors (such as surface appearance, strength values). In addition to the reasons mentioned above, complaint costs also arise from the acceptance of the complaint as a gesture of goodwill. An important feature for measuring the satisfaction of our customers is the indicator "complaint rate to sales".



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Our quality management

Complaint rate*

Financial year	2017/2018	2018/2019	2019/2020
Share of complaint costs to sales	0.24 %	0.34 %	0.28 %

* Rate = Total complaint costs * 100 / actual revenue SD unconsolidated. Complaint costs for FY 19/20 amount to EUR 9.6 million and include costs for completed complaints including logistics costs and a flat-rate processing fee per report. Complaint costs include complaints from internal and external customers. Actual revenue SD unconsolidated for FY 19/20 = EUR 3,452.6 millions

If product innovations were disregarded, the complaint rate would be stable between 0.23-0.25 % over the last four years. A further factor that increased the rate in the previous year is the commissioning of a new production site. In the coming years, we will also have to raise the new products to the high level of our established product portfolio and slightly reduce the complaint rate again in order to keep the complaint costs below 0.22 % of sales across all plants and product groups.



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Unterradlberg, Austria

Best Practice

Highest quality standards: The EGGER TechCenter Laboratory

In a large number of quality controls at the EGGER plants, various aspects are tested, such as product properties (e.g. the emission of formaldehyde or surface resistance), but also production-relevant parameters such as service life behaviour. The TechCenter Laboratory (TC Lab) was established at the Unterradlberg plant in order to ensure and continuously develop quality testing standards at the highest level throughout the Group. The TC Lab uses laboratory performance tests to ensure that the equipment in the laboratories of the plants is functioning correctly. This also ensures that the tests and processes in the laboratories follow the same high standards. The TC Lab functions as a research facility, but also has a core function in the implementation of new requirements, such as the new formaldehyde regulation in Germany (reduction of formaldehyde emissions). In principle, the trend shows that the number of necessary checks is continuously increasing. These in-house inspections ensure continuous quality control, which in turn brings economic advantages. An equally important aspect is the further training of the laboratory staff of all EGGER plants, which takes place regularly in workshops and training courses.



EUR 750,000
Investment costs

Currently **9 test chambers with 1m³ capacity** (24/7 in use)

Currently around **300 measurements per year**

Regular **international "Quality Control Workshops"** to further develop standards within the EGGER Group

A further 5 test chambers will be purchased in the 2020 / 2021 financial year.

Highly demanding, international test methods according to EN717-1, EN16516, ASTM D6007, ISO 16000 and JIS A1460



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Control of pollutants in products



Attitude

EGGER takes its responsibility to ensure its products are safe very seriously. We therefore strive to check our products, the supply chain and the internal value chain for substances of concern and have them tested by independent institutes. We regularly and honestly communicate about our characteristics and ingredients, accurately verify the requirements of our customers, and provide support when there is a query.



Approach

EGGER follows the scientific discussions on relevant substances and topics, such as the health assessment of indoor air. Coordination is handled by a central Product Compliance Department, which acts in coordination with Product and Quality Management. Internal and external product tests are carried out to provide a robust basis for evaluation. A large number of the tests take place on a voluntary basis in order to accept 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. There is a risk that substances can migrate from products or packaging materials into food and thus into the body. When checking for food safety, each product is examined individually for possible migrating substances, migration is checked and, if necessary, the health impact of the measured substances evaluated. In addition to the material migrations, sensory effects are also evaluated.

Monitoring of products in which waste wood is used

EGGER checks the recycled raw materials to be used in chipboard production when the goods arrive at the plant. 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 congeners) and chlorine. These tests are carried out by an independent test laboratory in accordance with the German Waste Wood Ordinance in all plants that use post-consumer recycled wood.

Further tests

Further tests include, for example, the migration of certain elements according to EN 71-3, the content of heavy metals (e.g. lead, cadmium), tests for PCP/lindane or tests for polyaromatic hydrocarbons (PAH), free monomers and photoinitiators in paints and plasticisers (bisphenols, phthalates).



Target

We are not pursuing a strategic target here. The guiding principle is to design and review the use of recycled material in such a way that the entry of substances in concentrations that are hazardous to health can be excluded.



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Control of pollutants in products



Status

The proportion of plants where product monitoring on recycled materials is carried out is stable at 100 %. In addition to the tests listed in the table on waste wood monitoring, we carry out additional voluntary inspections of finished products over and above the legal requirements. In recent years, we have intensified the precautionary testing of our products. We want to maintain the level we have reached and continue to meet our own standards to ensure with the necessary care that the material composition of our products is harmless to health.

Food safety certification

Financial year	2019/2020
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), PerfectSense 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 renewal of the certification was delayed by the effects of the corona pandemic, the validity of the certificates of two years has therefore been exceeded as of 30.4.2020.

Sites with waste wood use and monitoring

Financial year	2018/2019	2019/2020
Product groups in which post-consumer recycled material is used	all Eurospan-based products*	all Eurospan-based products*
Locations where Eurospan products are produced	12	13
of which using post-consumer recycled material**	9	9
of which with statutory requirements for the quality of waste wood	4	4
Share of Eurospan products produced at sites where post-consumer recycled materials are used in all Eurospan products****	83 %	77 %
Percentage of plants using post-consumer recycled material where voluntary product monitoring is carried out in accordance with the German Scrap Wood Directive	100 %	100 %

* Eurospan, Eurodekor, worktops, furniture components with chipboard core material, laminated composite panels with chipboard core material, EGGER Eurolight lightweight boards, Window sills
 ** Unterradlberg, Rădăuți, Hexham, Brilon, Rambervillers, Rion des Landes, St. Johann in Tirol, Barony, Wörgl
 *** The German Scrap Wood Directive & Austrian Recycling Wood Ordinance
 **** by volume of production Previous year's figure was adjusted to the new calculation method.

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Indoor air quality and product transparency



In order to substantiate the statements on the safety of EGGER products, a wide range of tests is carried out by independent institutes. In the area of product emissions, these are mainly tests for formaldehyde according to various national and supra-regional standards (E1, CARB/TSCA, F****) as well as screening emission tests, so-called VOC measurements. VOC measurements are currently not legally binding, but due to their high relevance for indoor air quality they are often part of certification systems and voluntary label requirements. We disclose the ingredients and results of VOC tests and have the products certified by an independent body, e.g. TÜV ProfiCert Interior, see

→ Our approach to product transparency and eco-labelling



In the case of formaldehyde emissions, our aim is to ensure that the declared emission class is observed without fail. In the case of VOCs, we are striving to systematically expand the database in order to be able to make even more well-founded statements on emissions in customer consulting.

Produced rawboards according to emission class*

Financial year	2017/2018	2018/2019	2019/2020
Boards of formaldehyde emission class E1	74 %	69 %	54 %
Formaldehyde-reduced or formaldehyde-free glued boards	26 %	31 %	46 %

*Volumes of all produced rawboards (chipboards, MDF, OSB, DHF and thin MDF boards) according to formaldehyde emission class. Formaldehyde reduced = sum of E 05, TSCA/CARB2 and JIS F****



The proportion of formaldehyde-reduced and formaldehyde-free glued boards is continuously increasing. There was a major leap in the proportion of low-formaldehyde glued boards compared with the previous year, which is due to the tightening of the German Chemicals Prohibition Ordinance. In the course of this, we have not only switched rawboard production in Germany, but also, as a precautionary measure, the entire production of raw and coated boards in all plants of the EGGER Decorative Products Division Centre from E1 to E05 since 1.1.2020.

Characterised by increasing legal requirements and customer demands, interest in the subject of VOC emissions is growing. We can already make reliable statements on this for our decorative engineered wood products, and the use of the findings from VOC tests will be further expanded in the coming years.

46 % of produced rawboards fulfil more strict values than the formaldehyde class E1 stipulated in Europe



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Indoor air quality and product transparency

Past measures

- Central laboratory with new test chambers put into operation
- Test reports for VOC emissions from products standardised
- TÜVcert certificates for the VOC emissions of eight products
- Increase of available Environmental and Health Datasheets
- Query of preliminary products in the supply chain implemented with major suppliers

Future measures

- Further expansion of the central laboratory
- Integration of VOC test results from certified systems, such as TÜVcert, into product communication
- Systematic evaluation of the supplier query



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- Recyclability

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Durability/recyclability of the products

Environmentally friendly products are often equated with durable products: The longer a product can be used, the fewer new products need to be manufactured overall, the less raw materials and energy are consumed and the less waste is generated.

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.

Opportunities and risks

The basic requirement for a durable product is that it retains its function for as long as possible in the intended area of application. One opportunity lies in our comprehensive documentation and consulting services, which make it possible to optimise the technical properties of a product for its useful life. However, 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 by adding new details.

How we work towards the right products for each application and correct disposal

The sub-topics in this chapter:

- Durable products
- Recyclability

Further topics can be found in the chapters:

- ➔ Use of recycled material / cascading use
- ➔ Harmless indoor air, product transparency and correct advice



SUSTAINABILITY TOPICS

Product responsibility

- Our approach to product transparency and eco-labelling
- Products from renewable raw materials
- Use of wood from sustainable sources & recycled material
- Health safety of the products
- Durability/recyclability of the products

- Durable products**
- Recyclability

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- Our environmental and energy management
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- Plant emissions (pollutants, noise and odour)
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- Working conditions in the supply chain

Durable products



Attitude

EGGER ensures a high product quality and formulates the technical characteristics of its products in a clear and transparent way. We ensure that our products comply with international product standards. The cornerstones of our work include reliable quality, design and technical competence, specialised consulting, as well as services for sales support. All our services are based on current and future customer needs.



Approach

Our range of services is tailored to the different customer target groups of our product areas.

Flooring products

EGGER flooring products are available in various use classes (31, 32 and 33) for different areas of application. For installation in the private residential sector 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.

The processing instructions on our website also contain instructions on how to carefully replace individual damaged floorboards.

Products for furniture and interior design

In the case of decorative products, durability is defined by international and national, as well as industry and application-specific requirements. The performance of the products is documented transparently. In this way, customers are given the best possible advice on use and usage properties when selecting products. The documented knowledge is available online. The professional finishing of the products ensures the best possible and long-lasting results.

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. With the help of these performance declarations, including use classes, utility classes and durability, customers can determine the right product for the respective application.

If the product is used properly, installed professionally, and maintained and serviced appropriately (use class conditions), the conditions for a long product life are fulfilled.



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Durable products



Target

We are not pursuing a strategic target here. For us quality is fulfilling defined requirements in everything we undertake. We have committed ourselves to continuous improvement, backed up by a certified management system.



Status

Our quality and complaint management is on a solid level, see

→ our quality management

In our opinion, our quality standards are well implemented in practice, the products correspond to the specified product characteristics and these are transparent and prepared for the target group. We take digitisation as an incentive to constantly question our service offerings and expand them in line with the times.

INFO

Service offerings

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

- Floor installation instructions in the package
- Floor installation videos in social media
- Technical information, processing, care and use instructions at www.egger.com
- Declarations of performance at www.egger.com/bauprodukte
- Tips for selecting the right floor at www.egger.com/floorfinder and Floor Visualizer at <http://myfloor.egger.com>
- Digital planning documents (CAD / BIM) at www.egger.com/digitaleplanung
- Design consultant for decorative products and flooring
- technical customer service with knowledgeable application engineers
- Competent specification representatives and salespersons
- Training for dealers, planners, flooring installers, fabricators
- Wood construction planning handbook
- EGGER App
- Construction catalogue app
- E-learning
- Trade fairs and seminars
- Customer portal

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Recyclability



Approach

Solid wood products such as timber and all chipboard based products are already recyclable and can be recycled under economic conditions. Architects, furniture designers, fabricators and flooring installers have a great deal of leverage for favourable usability by using detachable connections or by installing floors in a floating manner. We offer information on professional disposal and recommendations for recycling in the Environmental Health Datasheets (EHD) as well as in the Environmental Product Declarations (EPD).



Target

We are not pursuing a strategic target here. The guiding principle is to continuously improve our environmental protection performance for our activities, products and services.

68 % of our products
can be materially recycled after use



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Recyclability

Recyclability of the EGGER product portfolio

Financial year	2017/2018	2018/2019	2019/2020
EGGER standard products*	100 %	100 %	100 %
of which recyclable**	70 %	68 %	68 %
of which not recyclable***	30 %	32 %	32 %

* Products for furniture and interior design, building products, flooring; including externally sold preliminary and intermediate products such as glue and paper; exclusive flooring retail goods, samples and advertising material
 ** The following products are among the materials we actively use as waste wood in the production of chipboard: chipboard, Eurodekor chipboard, thin chipboard, Eurolight, OSB Combiline, furniture components, OSB, worktops, wood retail goods and timber by share of sales
 *** The following products can be tolerated in small quantities in the waste wood stream, but cannot be used as the sole source for the production of new chipboard: MDF, HDF, PerfectSense MDF, thin MDF lacquered, profiled mouldings, flooring, impregnation, laminates, edges, decorative paper and film, binding agents and resins by share of sales



Status

Around two thirds of our products are already well recyclable. We do not see any acute need for action, but we will monitor the status of research into MDF recycling in the coming years.

The use of post-consumer MDF as a raw material for the production of new MDF boards is made more difficult on the one hand by high demand for homogeneous product quality and on the other hand by the energy and water required to separate and clean the fibres.

Past measures

- Increase the number of products for which a recommendation for disposal is given in EPD or EHD

Future measures

- Further expansion of the number of EHD for our products



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Responsible production

The topics in the chapter Responsible Production concern the effects of production activities on the environment.

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 in coming years.

How we work towards environmentally friendly, efficient production

- Our environmental and energy management

The material topics:

- Material efficiency and waste prevention
- Climate protection, energy efficiency, renewable energies in production
- Plant emissions (pollutants, noise and odour)
- Water cycle and rainwater utilisation

Product-related environmental topics and social aspects of responsible production can also be found in the chapters:

- ➔ Product responsibility
- ➔ Occupational health and safety



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Our environmental and energy management

The Code of Conduct specifies: Our management systems in the areas of quality, environment, energy, and safety are based on international ISO standards, wherever required.

Energy and environmental management begins at EGGER with state-of-the-art technologies: The plants are equipped with modern waste water, noise protection and air pollution control systems and modern combustion systems and drive units.

The EGGER environmental management system is designed to enable the efficient implementation of environmental goals and the integration of environment-related aspects into work processes. Its objective is to ensure compliance with legislation, to avoid or reduce negative operational environmental impact, and to continuously improve environmental performance. Environmental goals are systematically and consistently pursued in order to use resources and energy responsibly. Energy management at EGGER has initially established itself in Western and Central Europe and, alongside environmental management, forms a second, firm pillar for reducing the use of resources, expanding renewable energies and, in particular, reducing energy consumption. It is thus the cornerstone for the reduction of greenhouse gases, one of the greatest challenges of the coming years and decades.

In order to best respond to the specific requirements of a plant, each of the EGGER plants draws up its own individual energy and/or environmental programme in addition to the Group's energy and environmental goals.



This programme includes additional site-specific energy and/or environmental targets. The energy and environmental goals and the corresponding energy and environmental programmes are the results of the plant's internal Plan-Do-Check-Act processes and result from the in-depth analysis of environmental aspects, the analysis of the main energy consumers, energy and environmental key figures and also the internal suggestion system.

In order to tackle the topics of energy and the environment in as structured a manner as possible, EGGER makes use of the respective established international management standards.

EGGER locations with an environmental management system are certified according to the ISO 14001 standard. Energy management at the majority of the plants is covered by the ISO 50001 standard and the regular energy audits. In addition, an operational energy management system will be established as a minimum standard at all EGGER locations in the future.

Most sites are integrated into a matrix certification in

energy and environmental management (exceptions: Concordia, Barony and Hexham, Rion and Rambervillers, all of which have individual energy and/or environmental management system certifications). The Unterradlberg plant, which is also certified according to EMAS, is a special case.

In terms of matrix certification, the basic elements of the energy and environmental management system are the same in all matrix-certified plants. These are basic procedural instructions that are prescribed as Group standards for all plants. In addition, plant-specific conditions are covered by local work instructions of the plants.

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Our environmental and energy management

Legal compliance

EGGER produces in nine countries (as of 30.4.2020). 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. The environmental manager of each plant defines and regularly reviews the rules and regulations and the resulting obligations as well as any measures that may be necessary. An external legal adviser updates the legal database annually. Compliance with legal obligations in the production plant or on the site is checked by means of internal and external audits. In case of deviations, corrective actions are taken with deadlines and responsible persons. The results of the legal compliance review are included in the legal compliance review report and in the management review.

Continuous improvement

The plant-specific targets and measures are maintained and progress is recorded in the continuous improvement process at the sites. The energy and environmental targets are defined annually by each individual plant and measures are taken to achieve these. The lists for the continuous improvement process (CIP) are managed in the EMS. See

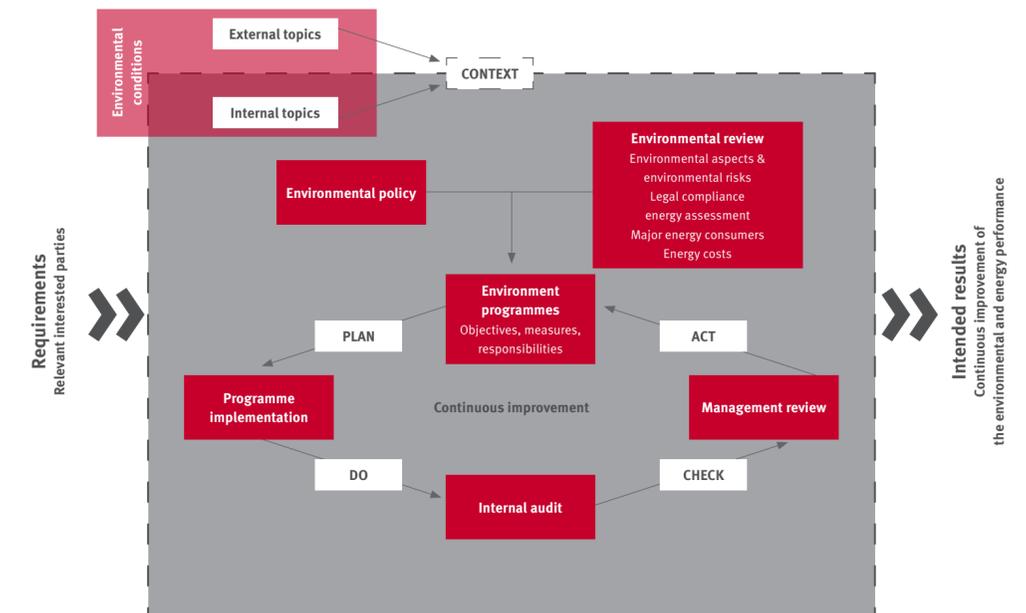
→ EGGER Management System

Increasing energy efficiency and reducing energy costs

The goal of an energy management system according to ISO 50001 is to improve energy-related performance and the associated reduction of greenhouse gases and environmental impact. However, a reduction in energy costs should also be achieved. The basis for all targets is a comprehensive energy consideration, in which current energy consumption is analysed and evaluated. The resulting savings potentials are examined and implemented if the conditions are met.

The audit system and our status at certification

Internal and external audits are carried out on a random sample basis to ensure that the system is operated effectively. This is the basis for reporting to the management and the coordination of further procedures via a management review. An internal audit takes place annually at each certified plant. Within the framework of environmental and energy audits, all corporate divisions are monitored and compliance with ISO 14001 and ISO 50001 is checked. External audits are organised as matrix audits, thus each year a specific number of certified plants are audited on behalf of the Group. Each internal audit, as well as external audits, is conducted as an integrated audit.



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Our environmental and energy management

While the number of certified plants remained stable compared to the previous year, more employees were hired at the new, not yet certified plants, which is why the figure has fallen slightly. Over the next few years, we will work on the full integration of the various management systems at the existing certified plants and successively expand the number of plants with a certified environmental management system. We are currently satisfied with the achieved status of the locations with a certified energy management system, but will create a Group-wide standard that serves as a basis for an operational energy management system, even at locations without certification according to ISO 50001.

Plants with environmental management system

Financial year	2017/2018	2018/2019	2019/2020
EGGER production plants	17	20	20
Locations covered by an externally certified environmental management system*	14**	15	15
Percentage of employees of the Group working on production plants***	97 %	97 %	97 %
Share of employees at production sites covered by an externally certified environmental management system*	78 %	76 %	74 %

* according to ISO 14001
 ** Incorrect information in last report, has been corrected in this report (14 = excl. Concordia, 15 = incl. Concordia)
 *** Remaining share results from activities in the recycling and forestry sector and sales offices Calculation of the number of employees on the basis of annual average FTE.

Locations with energy audit and energy management system

Financial year	2017/2018	2018/2019	2019/2020
EGGER production plants	17	20	20
Locations where regular energy audits are carried out **	–*	14	14
Locations covered by an externally certified energy management system***	–*	10	10
Share of employees at production sites where regular energy audits are carried out**	–*	71 %	70 %
Share of employees at production sites covered by an externally certified energy management system***	–*	46 %	45 %

* no data available
 ** according to ISO 50001, EN 16247 or the Romanian transposition of the European Energy Efficiency Directive. Calculation of the number of employees on the basis of annual average FTE.
 *** according to ISO 50001



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Material efficiency and waste prevention



EGGER optimises the use of wood. To achieve the maximum potential from raw material, we subscribe to the concept of cascading use. Only wood that cannot be further recycled should be used thermally. Thanks to largely closed loops in the production process, the volume of waste in the production of wood-based materials is minimal. Waste is primarily generated during various finishing steps (such as painting), in edge production or from packaging of supplied preliminary products. Waste is also generated during the maintenance of machines.

Opportunities and risks

The greatest potential risk from a macroeconomic perspective is the scarcity of resources. The danger is that material flows do not result in the production of usable

goods, but end up as by-products, rejects or waste. Landfilling of waste not only contributes to resource scarcity, but also potentially to the loss of natural or populated areas.

Waste can also cause direct environmental risks if it is improperly stored or disposed of. Hazardous waste is produced at EGGER, for example, in the form of used oil from machinery or when cleaning oil separators. Opportunities for a resource-efficient production method arise from the material cycles at EGGER, which allow cascading and thus optimal use, especially of wood residues. The Group's integrated sites achieve this without additional transport routes. With a growing finishing grade, the potential waste of primary raw materials increases. EGGER's good industrial and logistical

base is an opportunity to prevent damage to produced goods, thereby reducing waste and using resources efficiently throughout the entire value chain. The increasing degree of automation in material handling, both at new locations and through investment in existing sites, is making a particular contribution to this.

How we work towards efficient use of resources

The sub-topics in this chapter:

- Resource efficiency
- Waste prevention

Further topics on the material cycle can be found in the chapters:

- ➔ Use of recycled material / cascading use
- ➔ Recyclability



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Resource efficiency

For the use of secondary raw materials see

→ Recycling mix in the wood used

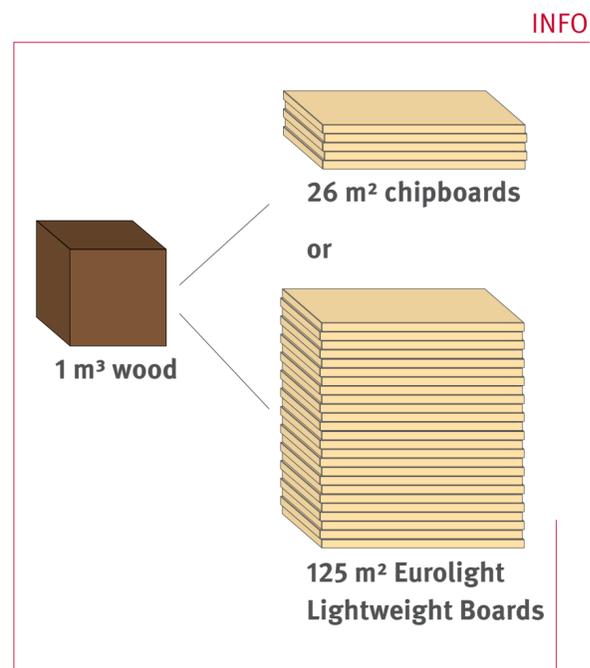
The wood dust obtained during production is used as an energy source for the plant's own power plants, see

→ Renewable energy infrastructure

Internal logistics is a major lever for optimising material efficiency. How we prevent damage in handling, see

→ Environmentally friendly logistics

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



We are constantly developing ideas to optimise the use of raw materials:

- When energy is generated in our own biomass heating and power plants, ashes are produced, the quantity of which we want to keep as low as possible. That is why we pre-sort the production residues that serve as fuel. This measure eliminates the need for subsequent additional re-screening of the ashes. This leads to a reduction in the amount of ash. A side effect is the higher energy efficiency of the boilers.
- In order to expand EGGER's management of recyclable materials, scrap boards resulting during production are used as packaging material.
- The metals recovered in the processing of recycled wood and waste from the packaging of our supplied preliminary products are also sold on and used elsewhere as secondary raw materials.

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Rion, France

Best Practice

Optimised stockkeeping: Automation reduces waste and CO₂ emissions

EGGER has always produced responsibly. Nevertheless, the processes are constantly reviewed and constantly improved in order to identify potential savings in the use of resources and further reduce the volume of waste. This was also the case at the plant in Rion, France: There, a decisive process step in production was optimised. In order to transport the rawboards from the rawboard production line to the short-cycle press for further refinement, the boards had to be loaded onto a lorry for transport by forklift. During this process a considerable amount of waste was generated, as the goods had to be protected by packaging material for transport. Lorry journeys also caused CO₂ emissions. This was countered: With the installation of an automated crane warehouse that connects the two production areas, both waste and CO₂ emissions can now be avoided.



Investment amount approximately **EUR 11 millions**

Per transport each product packaging required **1 board for packaging**. Thanks to automation, **approximately 10,000 m³ of packaging waste can be avoided annually**. This corresponds to around 45,000 pieces of board.

One round of transport by lorry was about 1 kilometre. **Annually** approximately 12,500 journeys were needed. This corresponds to **12,500 kilometres**.

By **replacing the lorry journeys** now **approximately 15 tons of CO₂ emissions can be saved annually**.



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Waste prevention



Attitude

We keep our waste volume at the plant level as low as possible.



Approach

Our environmental management system provides for an ongoing reduction in the volume of waste. To this end, waste officers are appointed for each plant and waste concepts are drawn up to achieve continuous improvement in the use of resources.



Target

Reduction of the volume of residual waste by 10 % in relation to the production of primary products by 2025, with reference to the base year 2018

Specific waste*

Calendar year	2017	2018	2019
Non-hazardous waste [kg/m ³]	20.53	20.00	25.48
of which residual waste [kg / m ³]	0.64	0.56	0.55
Hazardous waste [kg/m ³]	0.32**	0.51**	0.67

* Total volume of waste (kg of externally disposed waste) in relation to the production volume of primary products (rawboards and impregnates produced at 15 Group sites). Excluding Biskupiec (new in operation since FY 2019/2020 and Lexington (still under construction). Classification of waste streams as hazardous and non-hazardous depending on the legislation in the country of origin
 ** Correction of the values from the last report carried out to exclude waste streams that are already treated internally and do not arise as waste from the plant



Status

The main reason for the increase in the volume of non-hazardous waste is the accumulation of bark at the Gagarin site in Russia. Since mid-2018, a process change has resulted in more bark there. In addition, the bark could still be used by the company itself until 2018, but since 2019 it has been handed over to third parties for further use and is therefore included in this indicator. Another reason for the increase is demolition work and the one-off disposal of old wood fuel at the two French sites (one-off effects). In order to be able to take a more differentiated view of the waste streams in future, EGGER plans to record the data separately according to the disposal method used from the coming financial year onwards.

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.

Another one-off effect relates to the Russian site in Gagarin. Hazardous waste has increased here due to cleaning work on tanks or construction work, which also affects the Group indicator.



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Waste prevention

Past measures

- Awareness raising: Posters on waste topics in all plants
- Take-back of paint containers by suppliers at the Marienmünster plant
- Optimisation of waste separation at several locations
- Achievement of the annual target of reducing residual waste by 3% compared with the previous year
- Formulation of the strategic goal for 2025 to reduce the volume of residual waste

Future measures

- Continuation of awareness-raising measures for waste separation at all locations
- Derivation of plant-specific measures to achieve the strategic goal
- Analysis of the waste streams of the plants for a more detailed differentiation of waste according to disposal method

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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.

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

Wood from sustainably managed forests is a biogenic fuel, which in principle is climate neutral. This is an opportunity to limit climate change. Of course, fossil CO₂ emissions may also occur during transport and processing steps.

The Group's logistics is heavily dependent on transport. EGGER ships 8 million tons of raw materials and finished products every year, which corresponds to approximately 400,000 full lorry loads. 90 % of all transports at EGGER are carried out by lorry, which is why a savings potential for CO₂ and costs is relevant for every transport.

Opportunities and risks

A potential risk is that the emission of fossil CO₂ will accelerate global warming. As a major energy consumer, EGGER is also exposed to the potential risk of resource scarcity being exacerbated by inefficient energy use.

Opportunities for the sensible use of energy arise from the fact that EGGER operates many facilities for the generation of renewable energy from biomass and wood dust. Within the framework of energy management, measures to improve energy efficiency are taken on an ongoing basis. The use of combined heat and power generation and the operation of district heating networks promote the maximum utilisation of energy sources and contribute to the conservation of resources and climate protection.

In transport logistics, the choice of climate-friendly means of transport sometimes presents us with conflicts of interest between logistical, cost and ecological optimisation. Common to all objectives is to achieve the highest possible utilisation of the means of transport. We make a contribution to climate protection thanks to our good industrial base in energy generation and internal logistics. In addition to alternative propulsion for forklifts, it is above all an optimised flow of goods in the plant that helps to reduce CO₂ emissions.



How we create efficient, climate-friendly energy and transport processes

The sub-topics in this chapter:

- Use of renewable energy
- Energy efficiency
- Climate protection / CO₂ emissions
- Environmentally friendly logistics

A further chapter on the topic CO₂ can be found at

➔ Carbon storage: From forest to wood product

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Use of renewable energy



Attitude

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 and using modern, resource-saving processing technologies. Our objective is to continuously improve ourselves in terms of energy optimisation for our activities, products, and services.



Approach

In order to drive forward the decoupling from fossil fuels, we are pushing integrated energy concepts in our production plants, as these offer the highest degree of efficiency and low energy generation costs. Energy generation from renewable energies primarily serves to cover our own needs. Supplying energy to third parties in the form of district heating creates additional synergies and further enhances the overall efficiency of our energy concepts. Our processes are basically designed in resource-saving cycles, so that we have mainly wood-based fuels available as renewable energy sources. The biomass is thermally utilised at the place of occurrence and consequently causes no additional environmental impact from traffic. Predominantly residual wood and dust from the processing which cannot be used in production serve as fuels here. Biomass power plants generate electrical energy and heat through the combus-

tion of biomass. Biomass heating plants, on the other hand, only generate heat that is required for thermal oil heating for the presses and for hot gas generation for drying. This in turn saves natural gas as a fossil energy source.

Renewable energy infrastructure at EGGER

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



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Use of renewable energy

Total energy consumption*

Calendar year	2017	2018	2019
Energy consumption total [GWh]**	7,783	8,227	8,472

* Consumption data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)
 ** Sum of all energy sources (fuels) and inputs (electricity) minus the energy sold

Fuel consumption fossil*

Calendar year	2017	2018	2019
Fuel demand from fossil sources total	1,293	1,434	1,430
of which natural gas [GWh]**	1,160	1,300	1,286
of which heating oil and diesel [GWh]**	99	100	108
of which LPG [GWh]**	34	33	35

* Data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)
 ** Conversion factors to energy content according to GHG protocol

Fuel consumption renewable*

Calendar year	2017	2018	2019
Total fuel demand from renewable sources [GWh]**	5,564	5,805	5,985
Share of renewables in total fuel consumption***	81 %	80 %	81 %

* Data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)
 *** 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
 *** Bought-in energy excluded due to lack of data availability.

Bought-in energy*

Calendar year	2017	2018	2019
Electricity [GWh]	1,415	1,487	1,516
Heat**	0	0	0
Cold**	0	0	0
Steam**	0	0	0

* Data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)
 ** no external purchase, self-generated

Sold energy*

Calendar year	2017	2018	2019
Externally supplied / sold electricity [GWh]	358	372	322
Externally supplied / sold heat [GWh]	130	127	136

* Data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)

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Use of renewable energy



Status

The share of renewable fuels could be increased to 81% due to the complex energy concepts and the consistent use of wood-based fuels. The new plants of the EGGER Group (Concordia and Biskupiec) were also able to maintain the high level. As part of our goal to reduce fossil CO₂ emissions, we will further increase the proportion of renewable fuels over the next few years. See

→ Climate protection / CO₂ emissions

Past measures

- Commissioning of the biomass heating station at the new plant in Biskupiec
- Formulation of the strategic CO₂ reduction target for 2030

Future measures

- *No further measures planned*



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Energy efficiency



The production of wood-based materials is an energy-intensive production process. Against this background, the use of renewable energies has been intensified at all EGGER plants and an energy management system in accordance with ISO 50001 has been introduced and continuously developed at 10 locations to date. At other locations, the topic of energy is covered by ISO 14.001 certification.

Our energy management system contains strategic goals that follow both the economic and the ecological interests of EGGER. The focus of the management system is on improving the specific energy use in the manufacture of our products.

For details see

→ Our environmental and energy management

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.



Reduction of the specific energy input per m³ rawboard by 10 % by 2030 compared to 2018.

Total / renewable energy intensity*

Calendar year	2017	2018	2019
Energy consumption / production volume total [kWh/m ³]**	955	948	949
of which from renewable sources [kWh / m ³ ***	683	669	670

* Data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)
 Production volume = total of m³ of produced raw board + m³ of produced timber
 **** 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



In recent years, energy efficiency has been continuously improved at our ISO 50001-certified sites. We continuously evaluate our energy consumption and identify potential savings. In addition, we regularly evaluate new techniques and technologies that can help us achieve our goal of increasing energy efficiency.



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Energy efficiency

Past measures

- Formulation of the strategic energy efficiency target for 2030
- New flooring plant in Wismar is more energy-efficient thanks to shorter set-up and idle times
- Start of further development of the management dashboard for standardised Group-wide monitoring of key energy figures at Group level
- Own use of self-generated electricity at the Unterradlberg plant

Future measures

- Implementation of the management dashboard for a Group-wide standardised monitoring of key energy figures at additional locations
- Potential analysis for the modernisation and optimisation of the existing energy supply at the Unterradlberg site

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Climate protection / CO₂ emissions



Approach

At our sites, greenhouse gases are generated almost exclusively in energy conversion processes. Indirect CO₂ emissions (Scope 2) are mainly due to the purchase of electricity. This is why we can promote climate protection by planning energy concepts with appropriate energy generation plants in our company. In addition, energy consumption, electricity and thermal energy from the combustion plants are continuously analysed and evaluated within the framework of energy management. Any increase in the share of renewable energies or energy savings supports the goals set for reducing fossil CO₂ emissions. See

- Use of renewable energies
- Energy efficiency



Target

Reduction of direct fossil emissions of CO₂ equivalents (Scope 1) per m³ of rawboard by 15% by 2030 compared to 2018.



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Climate protection / CO₂ emissions

CO₂ emissions per m³ of raw board*

Calendar year	2017	2018	2019
Specific fossil portion [tCO ₂ / m ³]	0.035	0.035	0.033
Specific biogenic portion [tCO ₂ / m ³]	0.230	0.226	0.237

* tCO₂ = all direct CO₂ emissions generated at the site (Scope 1); m³ = total rawboards (chipboard, MDF, OSB) produced at these sites

CO₂ emissions*

Calendar year	2017	2018	2019
Scope 1: Direct CO ₂ emissions total [tCO ₂]**	2,158,329	2,264,464	2,412,862
of which fossil	283,808	304,240	292,464
of which biogenic	1,874,520	1,960,223	2,120,398
Scope 2: Indirect CO ₂ emissions from external electricity generation [tCO ₂]***	422,668	447,510	478,339

* Data for all EGGER locations (incl. wood-based materials production and finishing, glue production, Timberpak)

** direct CO₂ emission of combustion plants. Emission factors according to the GHG Protocol (diesel, LPG and, for locations outside the EU ETS, also natural gas, fuel oil and biomass) and own empirically determined data according to the specifications of the European emissions trading system (renewable fuels, natural gas and fuel oil for locations within the EU ETS)

*** location-based method (purchased energy x emission factor according to IEA 2017)



Status

The Group-wide target for reducing our direct fossil CO₂ emissions was adopted at the beginning of 2020.

In addition, at locations with an energy management system in accordance with ISO 50001 there are further local targets for reducing direct fossil CO₂ emissions. These targets are regularly monitored as part of energy management and (further) measures are taken to achieve them. As part of our goal to reduce fossil CO₂

emissions, we will further increase the share of renewable fuels over the next few years. Already 88% of our direct CO₂ emissions come from CO₂-neutral biogenic sources. In Scope 1 this is already a good value. In the coming years, we aim to reduce Scope 1 emissions even further. We will decide on further steps following the analysis of our Scope 3 emissions.

Past measures

- Implementation of the EPOC project (overriding control of power generation plants) for the optimisation of the combustion plants with regard to efficiency and emission behaviour at the Brilon site
- Formulation of the strategic CO₂ reduction target for 2030 in Scope 1
- Calculation of Scope 2 emissions

Future measures

- Estimation of emissions to Scope 3



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Environmentally friendly logistics



Attitude

Environmentally friendly logistics systems contribute to the sustainable use of raw materials. With integrated plants we optimise our investments and create synergies in the use of raw materials, logistics, and organisation.



Approach

Operating logistics systems in an environmentally friendly way affects both the infrastructure and the efficient utilisation and choice of suitable means of transport. We pursue the following approaches:

Transport logistics

Reduction of transport distances:

- Assignment of customers to the optimally located production or delivery location
- Optimum utilisation of the maximum legally permissible weight restrictions in lorries
- Return freight: Schedule return loading of the same lorries to their country of origin during planning
- Avoidance of part loads
- Combined transport allows higher loads over short distances

- Use of walking floor lorries in round trips between raw material suppliers and customers in the same region

Choosing efficient means of transport:

- All major EGGER locations have their own rail connections. These are used wherever logistically possible in inter-plant traffic
- Glue transports in inter-plant traffic are always handled by rail
- Tendering of freight prices:
 - » when choosing carriers, priority is given to carriers with their own lorry fleet; from the local environment of the plants, with a young vehicle fleet

Driver trainings for own fleets of recycling collection activities:

We issue annual targets for the capacity utilisation of the transports and track them systematically.

Internal logistics

Optimisation of transport routes:

- in existing plants: Investment in automatic high-bay warehouse
- in the construction of new plants:
 - » strategic planning of the layout with regard to the reduction of intralogistic transports
 - » Extensive automation of the internal material flows (automatic warehouse and conveyor systems)
 - » Reduction of the required equipment (conveyor vehicles)
- Planning software in use in some plants for the optimisation of forklift transport routes

Drive of the transport vehicles:

- Use of electric forklifts



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Plants with rail connection

Location	Loading is connected to the railway network
St. Johann in Tirol	✓
Wörgl	✓
Unterradlberg	✓
Brilon	✓
Bevern	–
Gifhorn	–
Bünde	–
Marienmünster	–
Wismar	✓
Hexham	–
Barony	–
Rambervillers	–
Rion des Landes	✓
Shuya	✓
Gagarin	✓
Rădăuți	✓
Gebze	–
Concordia	–
Biskupiec	✓



Target

We are not pursuing a strategic target here. The following guidelines apply: Wherever logistically and economically possible, use rail and sea freight, especially for interplant transport and long distances. If only lorry transport is possible, aim for the best possible utilisation of the lorries. Track connection for the construction of new plants. In internal logistics, the guiding principle is to continually switch from gas and diesel forklifts to electric forklifts. For new locations generally electric forklifts.



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Type of transport*

Financial year	2017/2018	2018/2019	2019/2020
Transportation by tons****	7,661,988	8,063,626	8,058,392
of which by lorry	90.0 %	90.9 %	90.5 %
of which by rail	3.7 %	3.3 %	2.4 %
of which by container**	7.0 %	6.5 %	7.7 %
of which by plane	0.0 %	0.0 %	0.0 %
of which by ship***	0.7 %	0.8 %	0.7 %

* Outgoing transports of all EGGER production plants
 ** includes approx. 1-5 % rail/lorry and approx. 95-99 % ship - no separate evaluation possible
 *** includes inland waterway vessels and sea freight
 **** The sum of the individual proportions is more than 100%. This is due to the multiple recording of transport quantities within combined transports (such as lorry-rail or rail-lorry)



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Lorry capacity utilisation

Financial year	2017/2018	2018/2019	2019/2020
Capacity utilisation by weight*	89.9 %	88.2 %	86.7 %

* weighted average of all transports based on the ratio of the actual transport weight per lorry to the legal maximum weight per lorry in the respective country

Electric vehicles in the EGGER motor vehicle fleet*

Calendar year	2017	2018	2019***
Number of forklifts in the EGGER Group	657	747	651
of which electrically driven (share)	213 (32 %)	229 (31 %)	171 (26 %)
Number of cars in the EGGER Group	527	772	767
of which electrically driven (share)	30 (6 %)	41 (5 %)	44**(6 %)

* status on the cut-off date of the last calendar year
 ** five plug-in hybrid vehicles included
 *** New evaluation since 2019 excluding lift trucks. For the value of previous years, a different evaluation method was used, where forklifts and lift trucks were aggregated, which is why the rate in this table is lower.



The technological development of the lithium-ion battery enables us to drive longer distances with higher tonnages per forklift, therefore the absolute number of electric forklifts is decreasing. We also save on intralogistic transports by using automated high-bay warehouses and crane storage systems and direct connection to the production facilities. We continue to test the latest forklift technologies, continuously optimise internal logistics and replace worn-out forklifts with combustion engines with electrically powered ones. We are striving to make more use of our rail connections and loading capacities, but this

is not always compatible with the necessary flexibility and adherence to delivery times. Road transport will continue to play an important role for these reasons. With the expansion of the EGGER Group to include the new Biskupiec and Lexington plants, the Group's environmental footprint has increased in absolute terms. EGGER has not yet defined a strategy to reduce CO₂ emissions in logistics. However, we want to evaluate the potential for improving our calculation methods and other measures more closely in the future.



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Past measures

Transport logistics:

- Commissioning of the Biskupiec plants, Polish customers now supplied locally instead of from Unterradlberg
- Optimisation of the key figure system for tracking average weights at plant level implemented
- Agreement concluded with freight forwarders for the use of walking floor lorries to make full use of returning transports
- Start of the project to increase the use of lorries for return loads, to plan, mark and evaluate this in the planning

Intralogistics:

- New raw chipboard crane warehouse in Rion des Landes as a replacement for lorry shuttle. Savings of approx. 12,500 lorry transports and round trips per year
- Commissioning of the new plant in Biskupiec with high-bay warehouse
- Equipping the new Biskupiec plant exclusively with electric forklifts, for the first time also above 8 t

Mobility:

- Expansion of the electric car charging station infrastructure for employees and visitors, including a rapid charging station at the headquarters in St. Johann in Tirol implemented

Future measures

Transport logistics:

- Optimisation of the operative handling of container processes for even more precise analysis
- Cross-divisional analysis for further optimisation of lorry capacity utilisation
- Continued implementation of lorry capacity utilisation targets
- Optimisation of the key performance indicators to track average weights on a monthly basis also on Group level

Intralogistics:

- Ongoing replacement of all light forklifts (<8 t) by electric forklifts
- Evaluation whether heavy forklifts (>8 t) can be replaced by electric forklifts at other locations besides Biskupiec
- Procurement of electric forklifts in all new plants
- Construction of the fully automated high-bay warehouse and crane warehouse at the new Lexington site



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- Material efficiency and waste prevention
- Climate protection, energy efficiency, renewable energies in production

Plant emissions (pollutants, noise and odour)

- Emissions from combustion processes
- Emissions from drying processes
- Noise and odour emissions

Water cycle and rainwater utilisation

Corporate Social Responsibility

- Occupational health and safety
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Plant emissions (pollutants, noise and odour)

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 wood, wood ingredients such as formaldehyde, VOC and dust are released. Combustion of wood and natural gas produces fuel-typical exhaust gases such as NOx, CO and dust. In addition, noise and dust are generated from business and road traffic and mechanical processes. The merging of industrial and residential areas also makes the topic of noise and odour emissions more important.

Opportunities and risks

The local environment at the site is exposed to the potential risk of pollution from emissions from production processes. Dust, noise and odour also carry the risk of disturbing neighbouring residential areas and ecosystems.

Our good industrial and logistical basis contributes to a low-emission production method. We are continuously working on technical process optimisation to prevent emissions through optimal operating conditions. Our structured environmental management, competent in-house technologists and close cooperation with technology suppliers, combined with modern environmental technology, contribute to environmentally compatible business.



How we work towards good air in the vicinity of the plants

The sub-topics in this chapter:

- Emissions from combustion processes
- Emissions from drying processes
- Noise and odour emissions

Further topics can be found in the chapters:

- ➔ Climate protection / CO₂ emissions
- ➔ Clean waste water



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Brilon, Germany

Best Practice

Bio-scrubbers: Resource-saving cycle thanks to bacteria

The Brilon (DE) site produces MDF boards, among other things. These are mostly used in the furniture sector. Finely shredded wood is pressed into a wood-based material that is homogeneous in both longitudinal and transverse direction. However, the fibres must first be glued and dried. An air stream (transport air) is used to dry the fibres. After drying, the exhaust air must be cleaned of fibres, dust and organic substances. Since February 2020, this cleaning has been performed at the Brilon site in a so-called bio-scrubber: In the first step, the air in the bio-scrubber is cleaned by water spraying, i.e. the pollutants are transferred from the air into the water. This water is then fed into a second part of the plant (washing water treatment), where natural microorganisms clean the water for reuse and recirculate it to the scrubber in the next step. This means that it can be used again for cleaning the exhaust air. Before installing the bio-scrubber, chemicals had to be used to treat the water. Now an environmentally friendly cycle can be guaranteed in this production step as well.



Investment sum
EUR 12 million

Water volume
during the process:
approx.
2,000 m³

Microorganisms replace chemistry.

95 % less use of chemicals

Substances dissolved in water are food for microorganisms (metabolization).

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Emissions from combustion processes



Attitude

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 energy optimisation. Our aim is to avoid environmental pollution as far as possible.



Approach

EGGER has the expectation to operate all installations in accordance with the legal requirements and the state of the art. According to the national legislation, the plants monitor emissions from combustion processes and limit values are observed. Furthermore there are specialists trained at the locations who deal with this topic. The annual assessment of the environmental aspects of each plant will include, inter alia, the assessment of air emissions, among others, 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.



Target

We are not pursuing a strategic target here. EGGER strives to further reduce emissions from combustion processes.

Plants with NOx reporting

Calendar year	2017	2018	2019
Production plants EGGER	17	20	20
Plants with NOx balancing according to the PRTR Ordinance**	8	8	8
Share of employees at these sites in all production plants	—*	—*	60 %

* no data
 ** Plants affected by the PRTR Ordinance on the corporate reporting of NOx emissions: St. Johann in Tirol, Unterradlberg, Brilon, Wismar, Hexham, Rădăuți, Rambervillers, Rion des Landes (PRTR = Pollutant Release and Transfer Register). Calculation of the number of employees on the basis of annual average FTE.

NOx emissions from these plants*

Calendar year	2017	2018	2019
NOx emissions [kg/m ³]	0.33	0.34	0.34

* kg of emitted NOx of the eight plants subject to PRTRs in relation to the production volume of primary products (rawboards and impregnates)

INFO

NOx is the generic term for a group of gases which all contain different amounts of nitrogen and oxygen, for example nitrogen monoxide (NO) and nitrogen dioxide (NO₂)



Status

NOx emissions from sites subject to PRTRs are at a stable level below the respective local limits. In order to ensure optimum combustion conditions in our boilers, we will continue to carry out optimisation projects at individual locations.

Future measures

- Implementation of an EPOC optimisation project at the Brilon plant



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Emissions from drying processes



Approach

VOC (volatile organic compounds) is the collective term for organic, i.e. carbonaceous, substances that change into the gas phase by evaporation at room temperature or higher temperatures, i.e. are volatile. During the drying of wood, for example, terpenes and aldehydes from the wood are released into the air. In accordance with national legislation, emissions from drying processes are tracked at the plants and we aim to comply with the limit values. There are also trained specialists at the locations who deal with this topic. The annual assessment of the environmental aspects of each plant will include, inter alia, the assessment of air emissions, among others, 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.

At the plants affected by the PRTR, VOC emission measurements are carried out at the emission points of the wood dryers on a selective basis, extrapolated to the year according to the method prescribed by the authorities.

We do not calculate a Group-wide key figure for emissions from drying processes.



Target

We are not pursuing a strategic target here. EGGER will continue to comply with legal requirements for emissions from drying processes.



Status

EGGER complies with the limit values prescribed in the various countries. This is regularly checked by the local authorities. In addition, we have a functioning legal compliance system at the ISO 14001 certified plants, which is checked by external auditors.

Future measures

- *No further measures planned*

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Noise and odour emissions



Approach

Noise measurements are carried out at the plants at regular intervals to ensure that the prescribed limits are observed. Both noise and odour are assessed at ISO 14001 certified sites as separate environmental aspects in the environmental aspect evaluation for each process at the plant. This ensures that these topics are in the focus of the environmental officers. In case of critical assessments, measures are taken to reduce the impact of these environmental aspects. In the event of complaints from residents, which may also relate to noise or odour nuisance, EGGER has had a centrally defined process in place since the beginning of this year. Incoming complaints are registered transparently in a central database system and measures are defined to deal with the complaints. We do not calculate a Group-wide key figure for noise or odour emissions.



Target

We are not pursuing a strategic target here. EGGER strives to further reduce odour and noise emissions.



Status

The approaches already in place at the plant for recording and processing complaints from residents were improved in the past financial year through a centralised, systematic reporting system. This allows the plants to learn from each other in order to further reduce the impact on the plants' environment. The widespread use of the tool will be promoted in the coming years.

Past measures

- Creation of a central Incident Management System

Future measures

- Implementation of the Incident Management System
- Optimisation of plant layouts for noise protection during the construction of new plants



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Water cycle and rainwater utilisation

In more and more regions of the world, the supply of water is challenging. EGGER also relies on the availability of good quality water at its plants. Water and waste water is a particularly relevant aspect in the production of MDF boards, which are manufactured at the plants in Brilon, Bevern, Wismar (Germany), Gagarin (Russia) and Concordia (Argentina).

Opportunities and risks

MDF production is a major water consumer. From a macroeconomic perspective, there is a potential risk of water scarcity, especially in areas with water stress. The enrichment of water with nutrients and pollutants also poses a potential risk if it is discharged into the environment as waste water and can then damage water ecosystems through over-fertilisation and pollution. Opportunities for resource efficiency arise from EGGER's good industrial base. All major MDF-producing plants of the Group (>200,000 m³ MDF production per year) have established water cycles and treat their waste water at the site.

How we work towards water efficiency and clean wastewater

The sub-topics in this chapter:

- Water consumption and rainwater utilisation
- Clean waste water



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Water consumption and rainwater utilisation



EGGER uses water as process water for the treatment of wood chips in MDF production or for exhaust air purification. In addition to water from public utilities, rainwater and groundwater are also used for production. With its 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 water consumption. Water consumption is monitored as a key indicator by the plants' environmental officers. In order to reduce consumption, EGGER has established transparent water balances at its plants. Thus, consumers and potential savings can be identified. The treatment and purification of rainwater and process water makes reuse possible. This recirculation reduces the amount of freshwater used.

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 the water-steam cycle losses in the power plants. The waste water from the production is also processed and used for steam generation.



A strategic target will be formulated in the coming financial year.

Water consumption*

Calendar year	2017***	2018**/**	2019
Drinking water consumption [m³]	644,071	786,652	909,161
Process water consumption [m³]	3,351,202	3,556,775	3,545,926

* Water used in all the Group's plants where primary products are manufactured (rawboards and impregnates produced at 15 Group locations). Excluding Biskupiec (new in operation since FY 2019/2020) and Lexington (still under construction).
 Drinking water = purchase of water from third parties; process water = surface water + ground water
 ** from 2018 including the Concordia plant
 *** Figures for 2017 and 2018 vary slightly from the last Sustainability Report. In some plants, the split between drinking water and process water was adjusted. The totals for drinking water and process water correspond to the totals from the last Sustainability Report.



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). The increase in 2018 compared to 2017 is due to the integration of the Concordia plant into the EGGER Group.

In the past calendar year, more drinking water was consumed than in the previous year. The main reason for this was the very dry weather. For this reason, drinking water had to be supplied to production at some plants, as the process water (in particular the extracted groundwater) was not sufficient.

Data quality is currently being improved at various locations in order to be able to develop a Group-wide strategic target for water consumption in the future.

Past measures

- Optimisation of data acquisition initiated for separate recording of water withdrawal and water use

Future measures

- Research of methodological approaches to the definition of water stress

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Clean waste water



Approach

At all five MDF-producing plants of the Group, wastewater is pre-treated on site. Surplus, pre-treated waste water is delivered to the municipal waste water treatment facilities. This pretreatment significantly relieves the municipal waste water treatment facilities. In the EGGER plants we carry out various wastewater treatment processes (e.g. flocculation, ultrafiltration, reverse osmosis) to pre-treat the wastewater before it leaves the plant premises.

In order to protect the groundwater and promote the regeneration of groundwater, the following principles are also followed at plants with dry production processes:

- 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.



Target

We are not pursuing a strategic target here. EGGER strives to further reduce the amount of waste water.



Status

Waste water treatment plants exist at EGGER plants where a high proportion of waste water is generated due to the product manufactured there. These are primarily MDF-producing plants. No further measures are planned on the basis of the standard already achieved.

MDF plants with waste water treatment

Financial year	2017	2018	2019
MDF-producing plants in the EGGER Group*	5	5	5
of which with own waste water treatment plant	100 %	100 %	100 %
of which with reuse of treated water on site**	—***	—***	98 %

* Brilon, Wismar, Bevern, Concordia and Gagarin
 ** percentage by employee (FTE on annual average). Includes all locations with their own waste water treatment facility except Bevern.
 *** no data available

Past measures

- *No additional measures were implemented due to the high level already reached in the previous year*

Future measures

- *no additional measures planned*



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Sustainability is often linked to local and global environmental topics. However, environmental topics 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.

Social topics were also identified for EGGER as part of the materiality analysis. These include both internal and external topics. Internal topics mainly concern our employees. The external topics, on the other hand, concern EGGER as a market participant in the respective economic environment and as a social player in the region.



How we take our social responsibility seriously

The material topics:

- Occupational health and safety
- Equal opportunities and diversity
- Further education and promotion opportunities
- Employee satisfaction
- Business ethics
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Further topics with socio-economic aspects can be found in the chapters:

- ➔ Use of wood from sustainable sources & recycled material
- ➔ Health safety of products



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- Our management system for occupational health and safety
- Healthy workplaces / Health protection
- Work safety / Accident rates
- Health promotion

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Occupational health and safety

“Respect” is one of the fundamental values of our family business and EGGER is aware of its responsibility as a family employer: The company’s employees are its most valuable component – their well-being and health are respected accordingly.

In doing so, we make our contribution to the prevention of work-related illnesses (health protection), focus on the prevention of work accidents (occupational safety) and contribute to the long-term, comprehensive maintenance of the health of our employees (health promotion).

Opportunities and risks

Risks to the health and integrity of employees arise from the handling of plant and heavy machinery - especially in the areas of logistics, work in the danger zone of plant, maintenance and cleaning work. Contact with hazardous substances, dust, noise and vibrations is a health risk, especially in the case of chronic exposure. Night work and stress are factors that can have a negative impact on health.

Opportunities arise from sensitisation measures for occupational safety and when safe behaviour in the company is also transferred to the private lives of employees. We contribute to a healthy lifestyle by offering voluntary courses for sports and exercise, a wide range of catering and health promotion awareness measures.

How we work towards safe workplaces and healthy employees

- Our management system for occupational health and safety

The sub-topics in this chapter:

- Healthy workplaces / Health protection
- Work safety
- Health promotion

Further topics on the protection of employees are in chapter:

- ➔ Employee satisfaction



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Our management system for occupational health and safety

The Code of Conduct defines the claim: EGGER is actively involved in protecting its employees and taking care of their health. The company aims to keep the risks to which its employees are exposed during everyday work activities to a minimum, to continuously prevent unnecessary hazards and to continuously improve its performance in the field of work health and safety protection. For this purpose, the locations are maintained to a high standard and are continuously improved from the point of view of fire protection, safety and environmental technology. This is verified with the help of external and internal audits and, when necessary, conditions are adapted. We comply with the laws, regulations and other requirements concerning work safety and health protection and are also constantly aiming to set new and higher standards. Every employee is expected to provide support in our efforts to create safe working conditions. All our employees must know and follow the safety guidelines and regulations relevant to them.

The management system for occupational health and safety covers all areas and locations of the EGGER Group and is based on the internationally recognised system standard ISO 45001. In the same way valid and binding basic rules for safe and accident-free work in all plants were formulated. These rules concern not only the employees in the plants, but everyone that enters a plant of the EGGER Group. In this way, the risks for all persons at EGGER in daily work practice can be kept as low as possible and unnecessary hazards can be prevented.

Safety and health assessment processes were implemented in the operating areas and at the workplaces. Targets in the area of occupational safety are regularly checked for degree of fulfilment. In an annual review the status is surveyed and critically evaluated. The effectiveness of the management system is checked by annual audits. These are carried out in an integrated manner with the other management systems in order to exploit synergies.

The EGGER Safety Board, which is convened every six months, serves as the central body for the responsibility of top management. Within the framework of the committee, targets are set, key figures are discussed, and measures and, if necessary, corrective action are defined.

INFO

Representative on the Safety Board

- Group management for logistics
- Group management for technology and production
- Divisional management for logistics
- Divisional management for technology and production
- Management of Human Resources
- Management of the Competence Center Technical Standards
- Management of the Competence Center Technology
- Management of the Competence Center for Occupational Safety



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Our management system for occupational health and safety

Occupational health and safety management system

Financial year	2017/2018	2018/2019	2019/2020
EGGER production plants	18	20	20
Share of Group employees working in production plants*	97 %	97 %	97 %
Share of these employees covered by the EGGER occupational health and safety management system	0 %	100 %	100 %
Production plants that are also covered by an externally certified management system**	0	1	3
Share of employees at these sites from all employees in production plants	0 %	5 %	14 %

* Remaining share results from activities in the recycling and forestry sector and sales offices. Calculation of the number of employees in the whole table based on annual average FTE.

** according to OHSAS 18001 or ISO 45001

A management system for occupational health and safety has been implemented at all locations. ISO 45001 certification has been completed at two locations.

In future, we want to certify the Brilon sawmill to ISO 45001 and convert the Concordia plant, which is already OHSAS 18001 certified, to ISO 45001 certification.



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Gifhorn, Germany

Best Practice

Safety first: Safety and health at work now certified according to ISO 45001 at the Gifhorn (DE) plant

"Respect" is one of the fundamental values of the EGGER family business. This also means, of course, that occupational health and safety have top priority. In order to underline this priority at the highest standards, the Gifhorn (DE) plant has now become the first EGGER plant to be certified according to the standards of the ISO 45001 standard "Management systems for safety and health at work". This standard is intended to help reduce injuries or illnesses caused by work activity. Because according to surveys conducted by the International Labour Organisation (ILO) in 2017, 2.78 million fatal work accidents still occur worldwide each year. This means that almost 7,700 people die every day from injuries or illnesses caused by their work. In addition, around 374 million non-fatal work-related injuries and illnesses are reported worldwide every year, often associated with longer breaks from work. The high standards of ISO 45001 should change this. In Gifhorn (DE), for example, extensive processes were worked out and training completed in numerous workshops over a period of 18 months in order to meet the extensive standard requirements. These requirements are an important tool in everyday working life to avert accidents at work and health hazards. In the next step, the EGGER sawmill in Brilon will undergo the certification process.



Project start:
February 2018, end
October 2019

**14 sub-projects
for optimisation**

**57 day
workshops** with all
organisational levels
since the start of 2018
to the end of 2019

**21 days
Management
training**

**Creation of a system for
reporting near misses
in order to prevent
dangers in time**

61 employees at the
Gifhorn plant **are ac-
tively involved as safety
officers, fire protection
or first aiders.** This
corresponds to approxi-
mately 18% of the local
workforce.

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Healthy workplaces / Health protection



Attitude

We want to continuously improve our performance in the area of health protection. Not only do we comply with laws, regulations and other requirements, but we are always striving to set new and higher standards.



Approach

The basis for the health evaluation of workplaces is the legally required "workplace evaluation" or "workplace-related risk assessment". This is carried out or updated annually for all workplaces by the production managers together with the plant safety officer.

At all locations we offer

- occupational medical care and advice for our employees by occupational physicians or company physicians
- preventive medical check-ups for employees, both by the company's own occupational physicians and in the context of priority actions with the support of external bodies
- free flu vaccinations for all workers
- safety-related support in the factory by the safety specialist
- technical-ergonomic measures for physically heavy work
- company integration management for employees, e.g. integration after long absence or illness
- personal protective equipment for all employees adapted to the conditions of the workplace
- ergonomically adjustable work equipment and work surfaces in the plant and office



Target

We are not pursuing a strategic target here. EGGER strives to offer its employees healthy workplaces.



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Healthy workplaces / Health protection

Work-related hazards that carry the risk of illness

Identified hazards in the order of the number of jobs potentially affected:

- Night work
- Noise
- Dust
- Contact with formaldehyde
- Climatic conditions, e.g. heat
- Contact with PMDI (polymer diphenylmethane diisocyanate)



Status

Workplace evaluations are carried out throughout the Group and measures are subsequently derived and implemented. The effectiveness of the measures is monitored annually. We want to maintain this level.

Hazards are determined internally in the plant on the basis of local legal requirements using workplace evaluation. This evaluation will lead to the adoption of measures based on the STOP principle, if necessary:

- Substitution before
- Technical measures before
- Organisational measures before
- Personal measures

Past measures

- Conducting over 6,000 health checks on employees in FY 2019/2020
- Physiotherapy services at six locations

Future measures

- Expansion of the physiotherapy services in our plants
- Increase in the number of ergonomic office workplaces in the course of new office buildings or office renovations

INFO

Our approach to prevent the spread of Covid-19

We have reacted to the pandemic starting in March 2020 with the following measures to protect our employees:

- Home office, where possible
- Provision of masks and disinfectants for all employees
- Strict separation of the shifts
- Maintaining safety distances at work and meetings (max. 50 % office occupancy)
- Training video on safe behaviour
- Stopping business trips
- Cancellation of all events
- Visiting ban for external persons

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Work safety / Accident rates



Attitude

We want to keep the risks for our employees in daily work practice as low as possible, continuously prevent unnecessary hazards and continuously improve our performance in the area of occupational safety.



Target

Implementation of "Vision Zero" by 2025: No serious accidents at work, as defined by GRI 2018 403-9 a ii



Approach

EGGER has a central reporting system for occupational accidents and a management system for occupational safety.

The three most common types of accidents in descending order: Accidents related to production facilities, accidents while walking due to tripping, accidents with hand tools. To prevent accidents, we continuously optimise all physical processes with regard to occupational safety (facilities, forklift traffic, passenger traffic, access restrictions, technical aids, etc.). We are also driving forward the establishment of a new awareness of occupational safety, safety thinking and safe behaviour among all employees and managers.

To reduce the accident rate, the accident figures are part of the performance-related variable remuneration of the top three management levels.

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Work safety



Status

The trend in the accident figures also shows a great need for improvement after the past financial year, as there was a fatal work accident at our Rădăuți plant at the end of 2019. During cleaning work, an employee left his working platform and fell to the ground from a height of only a few metres.

Overall, a slight improvement was recorded in the accident figures. We have not yet achieved the goal of "Vision Zero", the prevention of fatal and serious occupational accidents.

We have implemented many awareness training courses

over the past year. We will continue to adhere to this - a cultural change takes time. The intensive training courses for managers, so-called Safety Leadership Induction Workshops, were largely implemented and are still ongoing. We have also introduced e-learning for all employees. Almost 2,000 employees have already been trained online on the subject of occupational safety.

Work-related injuries

Financial year		2017/2018	2018/2019	2019/2020
Accident rate*	internal	26.44	20.38	17.00
	external	38.85	20.84	18.32
of which serious work accidents**	internal	1.22	0.52	0.73
	external	1.04	0.97	0
of which deaths***	internal	–	–	0.06
	external	1.04	–****	0

* Accidents per 1 million working hours with injury grade ≥ 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 injury grade NACA III-VI (without deaths)
 *** Fatal accidents per 1 million working hours due to work-related injuries
 **** In FY 18/19 there were two fatal accidents at work caused by external persons. As the hourly basis necessary for calculating the accident rate is not available, they could not be taken into account in the calculation.

Training courses on occupational safety*

Financial year	2017/2018	2018/2019	2019/2020
Participants in e-Learning*	0	0	1,984

* e-Learning newly introduced in FY 2019/2020 and rolled out so far at the St. Johann in Tirol, Wörgl, Wismar, Brilon plants. In addition, face-to-face training courses were held at all locations, for which an evaluation of the number of participants will follow in the next report.

Past measures

- Continuation of the Behaviour-Based Safety Training at the Wörgl site
- Implementation of occupational safety targets as part of the variable remuneration of the top three management levels
- Certification of the Gifhorn and Hexham sites according to ISO 45001
- e-Learning for occupational safety launched in Germany and Austria
- Start of safety training for the top three management levels
- Implementation of the information system for accidents in the Group
- Definition of further Group standards for safe working (e.g. lorry loading, lumberyards)

Future measures

- Certification of the Brilon sawmill according to ISO 45001
- Implementation of Behaviour-Based Safety Training at other locations
- Implementation of the e-learning offer at all locations



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EGGER international

Best Practice

Comprehensive occupational safety: The manager as a role model

Work safety is a top priority for EGGER. The manager plays a decisive role here: by setting an example, he or she makes a significant contribution to occupational health and safety for employees in the workplace. In order to fulfil this role even more comprehensively, regular occupational safety workshops have been held at EGGER locations since July 2019. The aim is, among other things, to become aware of one's own role in the safety culture and to jointly develop management behaviour with regard to occupational safety through exchange and discussion.



Project start: 2019

In the 2019/2020 financial year to date **16 occupational safety workshops at 8 locations in 2 languages** (English and German)

190 participants since then

53 % of the participants came from the fields of **technology, production and logistics.**

Objective: to become aware of their own role in the safety culture as managers

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Attitude

EGGER is actively involved in protecting its employees and taking care of their health.



Approach

In all 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. 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. All participants receive running equipment with EGGER branding (initial equipment free of charge) and EGGER pays the entry fees. In the last 4 years our employees have been able to run for a good cause with fun runs, charity runs and our own plant runs for around EUR 594,000. In 2019 it was approximately EUR 164,240.



Target

We are not pursuing a strategic target here, we want to maintain however the current level in health management.

Company physicians and medical staff*

Financial year	2019/2020
Number of occupational medicine staff in the EGGER Group	34
of which in Austria	3
of which in Germany	6
of which in UK	2
of which in France	2
of which in Russia	9
of which in Romania	1
of which in Turkey	2
of which in Argentina	7
of which in Poland	0**
of which in USA	2

* Company physicians and medical staff headcount
 **Supervision by a contract physician outside the plant

Health promotion

Calendar year	2017	2018	2019
EGGER runs kilometres total	30,356	30,365	32,848
Total number of runners	1,191	1,145	1,100



Status

The health rate of previous years continued in the past financial year. EGGER believes that this is due, among other things, to active company health management and cooperation with company physicians and medical staff. 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. In Hexham, UK, we received the North East "Better Health at Work" Continuing Excellence Award for our health management for the second year running.



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Health promotion

Health rate*

Financial year	2017/2018	2018/2019	2019/2020
Health rate EGGER Group total [%]	97.21	96.98	97.04

* Target hours minus absence hours due to illness and accident; data according to the time management module of the ERP system, which includes all locations of the group

Past measures

- Inclusion of retirees in the "EGGER runs" programme
- Newly designed running shirts and shorts (initial equipment free of charge)
- For the new Lexington plant: Development of an occupational health force

Future measures

- Improving the reporting of local health promotion measures



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Equal opportunities and diversity

We consciously focus on diversity in our human resources work. By this we mean that employees with different cultures, personalities, talents and experience work together as a team. They thus reflect the international nature and diversity of our markets, our customer structure and our business environment.

Opportunities and risks

Industry, and in particular the wood sector, is a male-dominated sector, which carries the potential risk of discrimination against women. Opportunities lie in the fact that EGGER also offers women the possibility to start and pursue a career in the technical field. Opportunities also lie in the mixed age structure of the workforce and the offers for part-time work for older employees. An opportunity for growing intercultural understanding lies in the promotion of international exchange.

How we work towards equal opportunities and diversity

The sub-topics in this chapter:

- Diversity of age, gender, nationality
- Equal treatment of employees



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Diversity of age, gender, nationality



Attitude

We are striving for a higher proportion of women in all areas of the company. We rely on a balanced ratio of local and international managers. We particularly appreciate experience, its passing on and long-term cooperation.



Approach

Like many companies in western industrialised countries, we too are confronted with the consequences of demographic change. With our strategic personnel planning, we identify demographic risks at an early stage and take targeted action to counteract them with our own training programmes, succession planning and our "Start Up" programme for young professionals. We also promote a culture of knowledge transfer within the company and thus facilitate the entry of new employees. We promote the international exchange of employees and offer professional support for deployment and business trips. For this purpose we offer intercultural training or language courses, for example. We replace specialists and managers on assignment for the development of new plants with local employees over the medium term. Global development programmes with participants from all locations and functional areas promote networking across functions and locations.



Target

We are not pursuing a strategic target here. The guiding principle is to improve the quota of women in management positions and among industrial employees.

Our employees are nationals of
77 different countries



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Diversity of age, gender, nationality



Status

The proportion of women in the past financial year was 16.1%, the same level as in the previous year. The proportion of women in management positions is representative of this employee structure. The age structure also remains stable.

The increasing 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. Particularly in Corporate Services, an increase in the number of different nationalities of the employees can be seen.

Women's quota (in %)*

Financial year	2017/2018	2018/2019	2019/2020
Total women's quota	15.8	15.8	16.1
Women's quota in Technology, Production, Logistics	8.3	8.4	8.6
Women's quota in IT, sales and marketing, finance/administration	58.2	58.3	58.6

* Quota based on annual average headcount

Women's quota in management (in %)*

Financial year	2017/2018	2018/2019	2019/2020
Total women's quota in management positions**	17.7	17.5	16.9
Women's quota in management positions in the field of technology, production and logistics	7.7	7.8	7.4
Women's quota in management positions in the IT sector, Sales and marketing, finance/administration	34.7	34.7	34.7

* Quota based on annual average headcount

** Management positions: all management levels (from divisional management to team management)

Age structure of the workforce (in %)*

Financial year	2017/2018	2018/2019	2019/2020
< 30 y.o.	22	21	20
30 – 50 y.o.	58	59	59
> 50 y.o.	19	19	20

* Quota based on annual average FTE. Due to rounding effects, the sum does not always add up to 100%.



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Nationalities

Financial year	2017/2018	2018/2019	2019/2020
Total number of nationalities	67	73	77
Number of nationalities in Corporate Services*	18	23	26

* Corporate Services Central corporate functions

Past measures

- New employer branding campaign with focus on diversity
- Third round of the international development programme "Start Up" for young professionals start in October 2019

Future measures

- Increased offer of networking events for women in business
- Development of age-appropriate working models



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Equal treatment of employees



Attitude

We do not tolerate discrimination based on gender, origin, religion or sexual orientation.



Approach

Our local wage models and our salary policy ensure equal treatment of employees, as remuneration is based on responsibility, knowledge and individual performance.

Our employees have access to employer benefits regardless of their employment relationship.



Target

By May 2021, a systematic approach will be developed on how to ensure equal treatment of employees in all countries and, for example, how to record cases of discrimination.

Inclusion of severely disabled persons*

Financial year	2017/2018	2018/2019	2019/2020
Total number of severely disabled persons employed (percentage)	166 (1.9%)	173 (1.8%)	166 (1.6%)

* Quota based on annual average headcount



Status

For strategic development programmes the composition of participants is balanced in terms of gender and nationality. In our "Start Up" development programme launched in October 2019, the female participation rate was 45 %.

Past measures

- Cases of discrimination are systematically recorded in the USA and all employees are given comprehensive training on this when they join the company.

Future measures

- Employees in the human resources area are sensitised to "equal opportunities in staffing".



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EGGER international

Best Practice

New training offer: Intercultural competence as the key to success

EGGER stands for equal opportunities and diversity. The family-owned company offers all employees the same rights and opportunities regardless of age, gender, culture, religion, origin or other diversity characteristics. This makes it all the more gratifying that EGGER can already count more than 70 nationalities among its employees in 2020. An employee's intercultural competence is considered a decisive added value: In order to promote and further develop this competence in the long term, EGGER started its first intercultural training courses in 2019. This special personnel development measure aims at positively influencing the attitude, knowledge and action competence of the participants with regard to successful interaction with people with different cultural orientations. The participants first deal with their own culture in order to identify differences and similarities between their own and foreign cultural patterns of behaviour and thinking in the next step. Ultimately, intercultural training is always also a form of personal development. In any case, it contributes to improved cooperation in the internationally active company. Intercultural competence is therefore of particular importance.



Training start 2019

2 intercultural training programmes with a total of **23 international participants**

Further expansion of the offer of intercultural training

77 nationalities supply EGGER employees

Intercultural competence as key competence

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Further education and promotion opportunities

For us, forward-looking human resources management means investing consistently in training, even if the state system in some countries does not provide for this. We actively promote apprenticeship programmes. Qualified and motivated employees are an important prerequisite for our success. Recognising the talents of our employees, developing them and retaining them in competition with other companies is therefore a material part of our strategy. All education and further training offers are located in the EGGER Campus. This allows our employees to develop both at their own location and via e-learning beyond the plant boundaries. This not only creates new knowledge, but also valuable networks, the opportunity for exchange and a common understanding.



Opportunities and risks

Potential risks for all companies lie in a lack of awareness of the educational mandate for their own employees. Opportunities arising from EGGER's activities for the creation of social value follow from the wide range of training courses for specialists and managers, from the career programmes and the training to promote young talent.

How we work towards good training and further education and internal careers

The sub-topics in this chapter:

- Apprenticeship
- Further development / promotion of internal careers
- Training

Further topics on employee development can be found in the chapter:

- Employee satisfaction



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Apprenticeship



Attitude

We continue to develop our own apprenticeship programmes, establish them in the new production plants, and reinforce them in the existing plants. We get to know our future employees during summer jobs, internships, and thesis projects, and thus ensure their link to us early on.



Approach

We have established apprenticeship programmes at 15 of 20 locations. Every year, we plan to offer 10% of the jobs per location for summer jobs, internships and final theses. Every two years, we use strategic personnel planning to determine the demand for junior staff resulting from upcoming retirements, turnover and organisational changes.



Target

We will continue to expand our apprenticeship programme at our production plants until 2025.

Apprentices

Financial year	2017/2018	2018/2019	2019/2020
Total number of new apprentices	90	113	134
Number of all apprentices (all years of training)	223	245	277
Training ratio (in %) (apprentices in relation to total employees)	2.5	2.5	2.7

* Quota based on annual average headcount

Quota of summer jobs, internships, diploma theses

Financial year	2017/2018	2018/2019	2019/2020
Employment of pupils and students in relation to total employees (in %)	6.4	6.2	5.5

* Quota based on annual average headcount



Status

Compared to the previous year, the number of apprentices has increased by 13%. The early recruitment of future employees remains an integral part of our philosophy.

Past measures

- Start of the third year of apprenticeship in the USA
- Expansion of the apprenticeship programme in Romania
- Preparation of the apprenticeship programme in Argentina

Future measures

- Introduction of the apprenticeship programme in Argentina and Poland



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Further development / Promotion of internal careers



Attitude

We give preference to qualified internal candidates over external ones and facilitate internal specialist and management careers. We recognise and utilise the potential of our employees and, on the basis of the job description, each employee receives initial training and further training in line with their needs. In addition, managers are responsible for succession planning.



Target

By the end of the 2021/2022 financial year, we will raise the replacement rate for management positions with internal employees to 80 % again (excluding growth investments).



Approach

With a new digital and revised form of the appraisal and the job description, we create clarity regarding the goals and strengths as well as further development goals of each individual employee since 2018. The personal exchange between line supervisor and employee is key in this regard. The new Talent Management System provides support in this regard and provides an overview, on what should be discussed at least once a year.

We inform employees on the intranet and on bulletin boards about open positions. The strategic development programme "Startklar" provides comprehensive support for internal high potentials. The EGGER STEP specialist career path is being successively expanded and has so far included marketing, logistics and IT.

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- Equal opportunities and diversity
- Further education and promotion opportunities
 - Apprenticeship
 - Further development / Promotion of internal careers
 - Training
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Further development / Promotion of internal careers



Status

Through our specialist and management development programmes, we see ourselves as an attractive employer in our local labour markets. Personnel and management development has been greatly expanded over the past five years. During the corona crisis, we are increasingly relying on internal digital development paths. We will continue to work continuously to offer our employees prospects.

Past measures

- Introduction of the Talent Management System
- Implementation of annual succession planning for around 200 management positions
- Introduction of the development programme "Start Up" (in 2019 start of the 3rd round)

Future measures

- Start of the 8th cycle of the "Startklar" management trainee programme

Appraisal

Calendar year	2017**	2018	2019
Ratio of employees with appraisal to total employees (in %)	–	–	36.4
Average number of defined development measures per employee	–	–	2.3

* Ratio based on headcount on 31.12.2019
 ** no data available

Internal appointments to management functions (in %)

Financial year	2017/2018	2018/2019	2019/2020
Total internal appointments to management functions	80.8	80.3	75.8

* in the financial year newly filled management positions with internal candidates, excluding Poland and USA as greenfield investments.



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EGGER international

Best Practice

Development through feedback: Comprehensive consideration of your own behaviour and performance through multi-source feedback

Managers face many challenges in their daily work. As in all other companies, managers have a crucial function as direct role models for their employees through their behaviour and performance. This makes it all the more important for EGGER to accompany and support the managers on a continuous basis. Since 2017, a new tool has been used in the context of management development: Multi Source Feedback. In this feedback, behavioural dimensions that are tailored to the corporate and leadership culture are evaluated from different sides: by the feedback recipient himself and by his direct professional environment. For example by superiors, employees, colleagues and internal customers. The feedback recipient carries out a self-assessment, which enables him to put his self-perception in relation to the perception of others and to determine the necessary need for development. This structured approach lays the foundation for organisational development, increased team efficiency and personal development of the employee. After receiving the results, the manager can also take advantage of coaching with an external consultant to absorb the feedback in a sustainable way. In 2019, the circle of participants was again expanded: Since then, all plant managers have also faced up to the comprehensive feedback process. A gradual expansion of the circle of participants is planned.



Project start 2017: Currently a total of 152 managers in the programme

Multi Source Feedback as instrument for **manager development**

Objective: To put **self-perception** in relation to the **perception of others** and to determine the necessary **development needs**.

Multidimensionality ensures the validity and **credibility of the assessment**

External institute supports anonymous multi-source feedback



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Training



Attitude

We expect high performance and develop our employees through specific training and information programmes.



Approach

The EGGER CAMPUS offers relevant training for all employees. In the digital employee appraisal, which takes place at least once a year for all employees, training needs are specifically recorded in the development plan and their implementation is tracked. In addition to training courses, we also record measures for learning on the job or learning from others there. 50% of our training needs are covered by e-learning. Our internal training initiative EGGER Kompakt ensures the exchange of information across departments and strengthens the understanding of the value-added process of all employees.



Target

All employees who have been employed for at least 1 year conduct an appraisal at least once a year. By 2025, all industrial employees will also conduct an

Participation in training

Financial year appraisal	2017/2018	2018/2019	2019/2020
Number of participations in seminars / congresses / further education and e-learning	13,915	14,076	16,587
of which face-to-face training (in %)	100	77.9	66.0
of which e-learning (in %)	N/A	22.1	34.0
Participations per employee in face-to-face training	1.8	1.3	1.3

Regarding e-learning: Includes all e-learning courses from EGGER CAMPUS Online that require a knowledge check or issue a certificate of completion; EGGER Campus Online was introduced after FY 2017/2018; the figures show higher participation in training courses than in the last Sustainability Report, as legally required training courses have been added to the system extensively since July 2019. Key figure training participation per employee in face-to-face training courses excluded: Turkey, Poland, Argentina, USA (data collection here will only take place from FY 2020/2021)



Status

The EGGER Intranet already enables employees with office workstations and at terminals to access local and Group-wide information as well as many services and systems. We want to make this internal communication and employee services available to all employees by the end of 2021 with a mobile strategy. Campus Online (digital learning management system) was introduced successively from 2018 onwards and has since then provided a good overview of training and further education opportunities. In 2019, we have put a special focus on expanding the range of professional e-learning services and have made them availa-

ble in many countries. In addition to increased training on the subject of occupational safety, the EGGER Kompakt training offensive continues to play an important role in our face-to-face training courses. We also focus on project and conflict management.



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Training

Past measures

- Introduction of Campus Online in Austria, Germany, UK, France, Romania, Russia and USA
- Provision of standard e-learning (e.g. personality development, language training)
- Onboarding E-Learning in all countries
- Occupational Safety E-Learning in Austria, Germany
- Comprehensive documentation of all legally required training courses in the system

Future measures

- Introduction of Campus Online in Poland, Turkey and Argentina
- Expansion of the mobile version of the EGGER Intranet
- Central Service Center e-Learning



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Employee satisfaction

The satisfaction of our employees is important to us and is the basis of our successful business activities. In this chapter we present our approaches specifically to the compatibility of leisure, work and family, employee representation, the longest possible employment relationships, questions about leadership and benefits for employees.

Opportunities and risks

Satisfied and loyal employees are the most important building block for the success of a company. Risks can arise from a lack of compatibility between work and family life or other factors that negatively influence employee satisfaction. We see all measures to create and maintain good working conditions as an opportunity. Employee satisfaction is reflected in low staff turnover.

How we work towards satisfied employees

The sub-topics in this chapter:

- Work-life balance
- Employee representation
- Long-term cooperation
- Benefits and operating performance

Other topics relevant to employee satisfaction can be found in the chapters:

- Occupational health and safety
- Equal opportunities and diversity
- Further education and promotion opportunities



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EGGER Germany

Best Practice

EGGER is an "Excellent employer": German plants received the seal of TÜV Rheinland

TÜV Rheinland's certification as an "Excellent Employer" is a holistic, systematic concept for checking the effectiveness of human resources management. In the course of audits, an experienced external team of experts examined to what extent the German EGGER plants meet the requirements of the solid TÜV standards. It was launched in February 2017 with a holistic review of processes in the human resources area: starting with corporate culture and personnel marketing, continuing with recruitment and personnel development and ending with personnel governance. The review was carried out by interviewing the employees and inspecting the existing documentation. Two new reviews in 2018 and 2019 were also concluded positively. EGGER scored particularly well as an attractive employer thanks to its transparent and lively corporate culture and its imaginative and diverse presentation. The award is limited in time and expired in March 2020. The German EGGER plants have already registered for a renewed transparent and external certification in spring 2021.

→ Further details:
www.tuv.com/germany/de/ausgezeichneter-arbeitgeber.html



3, 040 employees at 6 locations in Germany

Certificate **"Excellent Employer"** achieved for all **German locations**

Decisive step towards **transparency through employee involvement**

Renewed independent, **external review planned for spring 2021**



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Work-life balance



Attitude

We offer modern working time models that make it possible to balance family and professional life. In the administration and sales area we facilitate home office and mobile working within clear guidelines.



Approach

Reductions in working hours (retirement, part-time and parental leave as well as time off) as well as home office and mobile working are possible in consultation with the manager and depending on the task in the company. Here too, clear rules draw a line between work and private life and ensure recreation.

In addition to core working hours, we offer employees in non-shift operations a flexitime framework that allows them to individually combine their private and professional lives.

We enable employees to re-enter the workforce after the birth of a child with the desired working hours and in the same or a comparable position (according to parental leave or local regulations).



Target

A strategic target will be formulated in the coming financial year.



Status

The proportion of part-time employees increased slightly throughout the Group in the past financial year. Due to the increasing demand for work in the home office, we have adapted the guideline for this.

Parental leave (in %)*

Financial year	2017/2018	2018/2019	2019/2020
Total parental leave to total number of employees	2.3	2.1	2.2

*Ratio based on average annual headcount. This figure refers to all employees on parental leave in the respective financial year.

Past measures

- Summer camp 2019 - 1 week holiday care for children of EGGER employees in St. Johann in Tirol
- Revision of the Home Office Regulation

Future measures

- Expansion of holiday child care services at other locations as well



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Employee representation



Attitude

We are in an appreciative and regular exchange with employee representatives.



Approach

The local works councils represent the interests of our employees and are in close dialogue with the respective management and personnel management. Measures are proposed and implemented on the initiative of our employee representatives.

The European EGGER Forum (EEF) is the association of the works councils of all locations in the EU and meets twice a year with the Group Management on cross-location topics. Similar bodies exist in the countries themselves.

Together with the respective management, the employee representatives can support employees or their families in emergency situations through a disaster fund. In the last two years, employees or their families in the UK and France who have got into an emergency situation were supported with a total of EUR 9,525.



Target

We are not pursuing a strategic target here.

To recognise many years of cooperation, in the financial year 2019/2020 just under EUR 4.3 million were paid out as part of the anniversary bonus.



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Employee representation



Status

Our anniversary bonus is a concrete example that has been implemented on the initiative of our employee representatives for the entire EGGER Group. In this framework, for example employees receive two gross monthly salaries after 25 years of service paid out as an anniversary bonus. EUR 4,284,537 was paid out in the 2019/2020 financial year.

Past measures

- EEF employee representatives were involved in the selection of the new working clothes
- Election of the works councils for our new location in Poland

Future measures

- *No further measures planned*

Employee representation

Financial year	2017/2018*	2018/2019*	2019/2020**
Number of works councils (of which exempted)			
... in AT	N/A	N/A	21 (3)
... in DE	N/A	N/A	56 (7)
... in UK	N/A	N/A	13 (0)
... in FR	N/A	N/A	25 (0)
... in RU	N/A	N/A	0 (0)
... in RO	N/A	N/A	8 (0)
... in TR	N/A	N/A	14 (0)
... in AR	N/A	N/A	3 (0)
... in PL	N/A	N/A	4 (0)
... in USA	N/A	N/A	0 (0)

* no data available
 ** Key figure query was performed manually for financial year 2019/2020



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Long-term cooperation / employee turnover



Approach

Permanent employment is the usual form of employment at EGGER, and fixed-term contracts and temporary work are only used when joining the company or for temporary overtime. Temporary workers receive the same equipment and training as permanent employees (e.g. work clothing, safety training) and are permanently employed after 18 months at the latest. In the case of internal restructuring measures, we avoid layoffs wherever possible and, together with the employees, look for alternative internal employment. Every 3 years we survey employee satisfaction throughout the Group by means of an employee survey.



Target

The share of fixed-term contracts and temporary work is below 15%.

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Long-term cooperation / employee turnover



Status

EGGER continues to grow and has increased its workforce, particularly at the new locations in Poland and the USA. Despite full employment (before the outbreak of the corona pandemic) and the associated high competition for labour in many countries, it is clear that our measures are working.

In many countries we were able to further reduce employee-related turnover.

Past measures

- Group-wide employee survey 2018 and processing of the measures derived
- Reduction of temporary employment at many locations
- During the corona pandemic: Reduction of holidays and overtime before local short-time working models were used

Future measures

- Planning the next employee survey

Internal and external employees*

Financial year	2017/2018	2018/2019	2019/2020
Total number of employees	9,792	10,591	10,999
of which EGGER internal	8,754	9,506	9,928
of which external	1,038	1,085	1,071

*Quota based on annual average FTE. External employee = a) Leased personnel/temporary workers who have been sent to EGGER by their employers to perform work. There is no employment contract between the assigned employees and EGGER. b) Service and work contracts (outsourcing) are included, provided that the services are rendered on the EGGER site to 100%, recurring and plannable. This includes work for the gatehouse, cleaning and security.

New and replacement staff*

Financial year	2017/2018	2018/2019	2019/2020
Total number of newly hired employees	1,643	1,533	1,612
of which replacements (in %)	64	69	65
of which new appointments (in %)	36	31	35

* Quota based on annual average headcount

Employee turnover (in %)*

Financial year	2017/2018	2018/2019	2019/2020
Total employee-related turnover**	5.7	5.2	4.3
Total employer-related turnover***	3.3	3.3	3.8

* Quota based on annual average headcount

** Employee-related turnover: voluntary departure by the employee

*** Employer-related turnover: Termination + expiring fixed term contracts



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EGGER international

Best Practice

New management training: Teamwork between manager and personnel department

A multitude of challenges determine the everyday life of a manager. This makes it all the more important for managers to closely coordinate and cooperate with the experts in the HR department. To further optimise this interaction, EGGER has been offering a management training course since 2019: The aim is to gain a better understanding of the various processes involved in the employee cycle: from selection, through onboarding to leaving the company. In a direct exchange, the participants receive a complete overview of the distribution of roles and cooperation between the HR department and the manager. The managers learn more about the expectations EGGER has of them and their role. At the end of the training, the participants know their contact persons and the offer of the personnel department. In this way, the cooperation between management and the human resources department can develop sustainably.



Project start in 2018

Comprehensive consideration of the role of the **manager**

The training is already offered in **6 countries.**

Worldwide **16 trainings** have already taken place.

190 managers have already completed the training.

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Employee benefits



Attitude

Our employees receive fair and adequate compensation.



Approach

Our compensation models are based on expertise, performance, and market conditions. We continue to develop our remuneration models (qualification pyramid, benchmarks, variable remuneration, bonus system) to ensure fair remuneration.

Defined persons in charge from the personnel department advise managers and further develop local wage and salary models.



Status

In all countries, employees receive an annual salary adjustment, even though we are often not subject to collective bargaining agreements.



Target

We are not pursuing a strategic target here.

Past measures

- Introduction of a new job evaluation system
- Analysis of the wage models

Future measures

- Expansion of the expertise of those responsible in the personnel area



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Business ethics

- Our compliance strategy
- Fair competition
- Prevention of corruption
- Capital market compliance
- Data protection
- Export control & sanctions

Tax transparency

Regional value creation

Working conditions in the supply chain

Business ethics

As a large company, EGGER has a special responsibility to comply with legal standards and its own values. The expectation is to be a fair economic player and to comply with all regulations of the countries in which EGGER operates. This includes in particular respecting free competition, preventing corruption, protecting personal data and, due to participation in the capital market, complying with its rules. As a globally active company, export controls and compliance with trade sanctions also play an important role.

Opportunities and risks

Some of our sites are located in areas with an increased risk of corruption and bribery. The concentration of wood-based material manufacturers in some markets entails the risk of anti-competitive collusion. We see digitisation as a great opportunity to improve our service offerings, but it also increases the risk of data protection violations. A further risk is the violation of trade sanctions.



How we ensure legal conformity

- Our compliance strategy

The sub-topics in this chapter:

- Fair competition
- Prevention of corruption
- Capital market compliance
- Data protection
- Export control & sanctions

Further compliance-related topics can be found in the chapters:

- ➔ Health safety of products
- ➔ Our due diligence system for tracing the origin of wood
- ➔ Our environmental and energy management



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Our compliance strategy

EGGER is committed to legal compliance. This is reflected in the EGGER Code of Conduct, which applies throughout the Group. EGGER undertakes to "comply with all legal, official or licensing regulations of the countries in which EGGER operates". The Code of Conduct is based on the values, the mission statement and the corporate goals. It contains clear standards of conduct. The owners, the Group Management and the Board of Directors are committed to these rules of conduct.

EGGER is also committed to the United Nations Global Compact sustainability initiative and the principles laid down therein.

Further information on the Global Compact can also be found in the chapter

→ Working conditions in the supply chain

In order to implement the 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 regulations is ensured by a strict dual control principle and processes are improved where necessary, taking into account (in individual cases also external) audits or due to individual events. Overall, EGGER follows a risk-based approach.

The Code of Conduct is available in various languages at www.egger.com and on the intranet in the EGGER Management System. In the course of the past financial year, it was systematically integrated into the onboarding process. By the coming financial year, all new employees will sign to have read and understood the Code of Conduct. Managers are particularly committed to observing the Code of Conduct in everything they do, and special regular events for employees are held to raise awareness of problems, build knowledge and train correct behaviour.

EGGER also expects legal compliance from its business partners and clarifies this in the EGGER Supplier Code of Conduct. Against the background of joining the Global Compact, the Supplier Code of Conduct has been adapted and now also includes the ten principles of the Global Compact. The Supplier Code of Conduct is also available at www.egger.com.

All EGGER employees are also expressly encouraged to report circumstances that indicate a breach of the code of conduct or our guidelines. Every employee can report this to his superior or the EGGER Legal Department. Such referral can also be done anonymously. EGGER does not pursue a strategic goal when it comes to business ethics. The guiding principle is that all employees must at all times behave in a manner that is in accordance with the law and the values of the company and comply with the legal and internal regulations. Internal procedures for the prevention and detection of violations are to be continuously improved.

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SUSTAINABILITY TOPICS

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- Our approach to product transparency and eco-labelling
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- Use of wood from sustainable sources & recycled material
- Health safety of the products
- Durability/recyclability of the products

Responsible production

- Our environmental and energy management
- Material efficiency and waste prevention
- Climate protection, energy efficiency, renewable energies in production
- Plant emissions (pollutants, noise and odour)
- Water cycle and rainwater utilisation

Corporate Social Responsibility

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- Business ethics
 - Our compliance strategy
 - Fair competition**
 - Prevention of corruption
 - Capital market compliance
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- Regional value creation
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Fair competition



Attitude

EGGER is committed to a market organisation that relies on competition. We strictly prohibit anti-competitive conduct, such as cartel agreements with competitors, suppliers or customers.



Approach

All employees are obliged "to strictly comply with the regulations of competition and in particular antitrust law applicable in their country". EGGER has a Group-wide antitrust law guideline that is available on the intranet and publicly at www.egger.com. The guideline as well as classroom and online training courses, some of which include a performance test, help to ensure fair and correct conduct in competition under antitrust law. In addition, suppliers are also expected to "behave fairly and with integrity in competition. In particular, EGGER expects its suppliers to comply with competition and antitrust laws".



Target

We are not pursuing a strategic target here. The guiding principle is that all employees must at all times behave in a manner that is in accordance with the law and the values of the company and comply with the legal and internal regulations. Internal procedures for the prevention and detection of violations are to be continuously improved.

Proceedings due to antitrust violations

In 2016, Romanian authorities launched investigations into possible anti-competitive behaviour in the field of wood procurement against the Romanian wood industry. In July 2019, the Romanian authorities invited EGGER to discuss the current state of play of the investigation. In the meantime, a meeting between EGGER and the competition authorities has taken place, which was limited to procedural topics and further proceedings. It was agreed that a further meeting would be held in the near future. No proceedings were concluded and no fine of more than EUR 5,000 was imposed. No proceedings were concluded in the previous year either, and no fines of more than EUR 5,000 were imposed.



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Fair competition

Training on fair competition

Financial year	2017/2018*	2018/2019*	2019/2020
Number of employees for whom participation in the online training has been identified as relevant	–	–	1,406
Participants in online trainings (quota of participants / relevant participants)	–	–	930 (72%)
Participants to face-to-face training	–	–	476

* no data available



Status

No new proceedings have been added since the last financial year and no fines of more than EUR 5,000 have been reported. This shows that EGGER is on the right track with its risk-based approach and is consistently pursuing its guiding principle.

The online training courses on fair competition were successfully completed by the majority of the relevant employees. We will continue to pursue the goal of raising awareness.

Past measures

- Revision and publication of the guideline on antitrust law
- Implementation of a new online antitrust law training with a final performance test. Mandatory participation for employees with contact to competitors, customers and suppliers
- Implementation of classroom training, e.g. in the new location in Biskupiec

Future measures

- Mandatory participation in the e-learning compliance course for every new employee (salaried employee)
- Establishment of a whistleblower's office with an external lawyer of confidence - also for possible compliance violations of fair competition.



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Prevention of corruption



Attitude

EGGER refuses any kind of corruption. Illegal business practices will not be tolerated in any form. No employee may offer, promise or grant other persons, in the context of a business activity, unjustified advantages or approve such advantages. This also applies to accepting such unjustified advantages.

EGGER is committed to the Global Compact of the United Nations. Its Principle 10 states that businesses should work against corruption in all its forms, including extortion and bribery.



Approach

The Code of Conduct specifies donations (gifts, payments, etc.) may only be initiated by employees if they are for a generally accepted purpose and if they correspond to normal practices and internal guidelines. Such donations must be proportionate and adequately recorded in bookkeeping. No donations may be initiated that could be perceived to be bribery.

This also applies to accepting such gifts. However, it is always necessary to ascertain that no legal conditions are violated and that a business decision will not be influenced.

Donations and sponsorship may only be granted by EGGER in compliance with relevant legislation and ap-

plicable internal guidelines. Only the managing directors of the companies concerned decide on the allocation of donations and sponsorship money, and EGGER also has a Group-wide guideline for the prevention of corruption. For information on dealing with corruption risks, see also

→ **Our due diligence system for tracing the origin of wood**

Past measures

- Adaptation of the Supplier Code of Conduct to the requirements of the Global Compact

Future measures

- Mandatory participation in the e-learning compliance course for every new employee
- Establishment of a whistleblower position with an external lawyer of confidence - also for possible corruption cases
- Adaptation of the Code of Conduct to the requirements of the Global Compact



Target

We are not pursuing a strategic target here. The guiding principle is that all employees must at all times behave in a manner that is in accordance with the law and the values of the company and comply with the legal and internal regulations. Internal procedures for the prevention and detection of violations are to be continuously improved.

Criminal proceedings for corruption

In the past financial year, no corruption proceedings were pending, no proceedings were concluded and no fines of more than EUR 5,000 were imposed. No proceedings were concluded in the previous year either, and no fines of more than EUR 5,000 were imposed.



Status

As neither pending proceedings nor fines of more than EUR 5,000 have been reported, it is clear that EGGER is on the right track with its risk-based approach and is consistently pursuing its guiding principle.



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Capital market compliance



Attitude

EGGER is also committed to legal compliance when it comes to capital market compliance.



Approach

With its guideline on capital market compliance, EGGER aims to ensure that the legal regulations for the capital market are taken seriously by EGGER and possible infringements 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. Information on this is also provided on the EGGER homepage under the heading "Compliance".



Target

We are not pursuing a strategic target here. The guiding principle is that all employees must at all times behave in a manner that is in accordance with the law and the values of the company and comply with the legal and internal regulations. We want to continuously improve internal procedures for the prevention and detection of infringements.

Confirmation of the obligations of insiders

All persons who have been included in the insider list and who have been instructed about this and about their duties have signed this instruction.



Status

We take measures to create the necessary awareness among employees of the importance and content of these areas.

All persons who have been included in the insider list and who have been instructed about this and about their duties have signed this instruction.

Past measures

- Eight insiders were newly included in the insider list and instructed about their inclusion and their duties

Future measures

- Establishment of a whistleblower's office with an external lawyer of confidence - also for violations

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Data protection



Attitude

EGGER complies with the relevant regulations concerning data protection and handles personal data as well as all documents and information regarding business processes with strict confidentiality.



Approach

The Code of Conduct sets clear standards in the area of data protection: to protect sensitive data, EGGER uses state-of-the-art and appropriate information technology and implements standardised IT processes. To this end, EGGER uses a certified information security management system.

EGGER also has a Group-wide guideline on data protection. In some countries this is supplemented by local guidelines. The guidelines as well as an online training course - which is currently being developed - and in some cases local classroom training courses will help to ensure that employees act in accordance with data protection regulations. The online training also includes basic aspects of data security. We provide internal FAQs on certain data protection aspects.



Target

We are not pursuing a strategic target here. The guiding principle is that all employees must at all times behave in a manner that is in accordance with the law and the values of the company and comply with the legal and internal regulations. Internal procedures for the prevention and detection of violations are to be continuously improved.

Reported data protection incidents

No incidents were reported to the data protection authorities either in the previous year or in the past financial year. No proceedings for data protection violations were concluded and no fines of more than EUR 5,000 imposed for data protection violations.



Status

1,828 employees completed the online training. It serves to create the necessary awareness of data protection among employees.

As neither in the past financial year nor in the previous year any data protection incidents were reported, nor were any fines of more than EUR 5,000 announced, the guiding principle is being consistently pursued and EGGER is on the right track with its risk-based approach.

Past measures

- Expansion of classroom training
- Voluntary appointment of an external data protection officer in Austria

Future measures

- Establishment of a whistleblower's office, also for possible intentional breaches of data protection, with an external lawyer of confidence

Training on data protection

Financial year	2017/2018*	2018/2019	2019/2020
Participants in online training	-	1,229	1,828

* no data available



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Shuya, Russia

Best Practice

Highest data protection standards: European GDPR as Group-wide standard

Since the European General Data Protection Regulation came into force in May 2018, the protection of personal data is not only a matter of respect, but also a strictly regulated corporate task (compliance). As in all other areas, EGGER also pursues a uniform standard throughout the Group in the area of data protection. Thus, the high data protection standards were also established in the non-European plants. This was done in accordance with the respective national legal requirements, including at the Shuya plant (Russia). There too, all standards are now fulfilled in order to meet the high compliance requirements.



Around **4 00 contracts with suppliers** were updated to meet the high data protection requirements.

All of the approximately **1 00 employees** who work with **personal data** at the Shuya plant **have received comprehensive training on the subject and attend regular advanced training courses.**

All **p rocesses** involving personal data are subject to **r egular checks.**



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Export control & sanctions



Attitude

EGGER pledges to comply with all legal, regulatory or permit conditions of the countries where EGGER is active.



Approach

Export declarations within the European Union are processed by a central customs software using a Single Authorisation for Simplified Procedures (SASP). The foreign trade data (customs tariff number, preferential origin) are managed centrally. A software-supported approach was implemented for sanctions list verification, which enables the comparison of customer and supplier master data with sanctions lists.



Target

We are not pursuing a strategic target here. The guiding principle is that all employees must at all times behave in a manner that is in accordance with the law and the values of the company and comply with the legal and internal regulations. Internal procedures for the prevention and detection of violations are to be continuously improved.

Proceedings for violations of sanctions lists

In the past financial year, no proceedings were instituted for violations of sanctions lists, no proceedings were concluded and no fines of more than EUR 5,000 were imposed. No proceedings were concluded in the previous year either and no fine of more than EUR 5,000 is imposed.



Status

The recommendations from the review of IT systems and processes initiated in the previous year were implemented in the past financial year. As a precaution, we are expanding our measures to actively check and ensure compliance with sanctions lists. of more than EUR 5,000.

Past measures

- On the basis of the guideline drawn up in the previous year:
 - » Optimisation of the software for sanctions list verification
 - » Connection of the software for sanctions list verification to the "Dow Jones Compliance and Risk" database for verification of the business partners' shareholders
 - » Creation of a department for handling the sanctions list verification as of 01.04.2020
- In-depth training for additional employees

Future measures

- Live connection of the software for sanctions list verification
- Enhancement of the use in HR, so that employees can also be checked against sanctions lists in the case of new hires or applications



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Tax transparency

The business activities of the EGGER Group generate worldwide taxes and duties that flow into numerous government budgets. In the past financial year, the EGGER Group paid more than EUR 220 million in taxes and duties to the public sector.

National tax laws were not always designed to cope with the increasingly complex structure of globally operating companies. In order to prevent the erosion of tax bases and the shifting of profits, state and supra-national actors are increasingly focusing on closing tax loopholes.

Opportunities and risks

One potential risk is that companies may overshoot the legal limit in optimising their tax rate and fail to meet their tax obligations properly. An opportunity for social prosperity lies in companies that make their contribution to tax revenue.

How we contribute to tax revenue

- Our tax strategy

The sub-topics in this chapter:

- Profit reduction and profit shifting
- Our tax payments



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Our tax strategy

The company management, the board of directors, and the owner family are committed to complying with all applicable 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 honesty can be found in the Tax Controlling Directive.

In this guideline, the entire tax function of the EGGER Group, together with the management bodies and the responsible employees, commits itself to legally compliant conduct with regard to tax obligations, to tax reliability and to the avoidance of improper and abusive arrangements.

The tax function of the EGGER Group must ensure that all taxes and duties are always declared and paid in the correct amount and on time. To achieve this, tax transparency is an elementary component of the EGGER Group's tax strategy. In the past financial year, the pilot project for horizontal monitoring was completed with the Austrian tax authorities and the transition to the regular operation of the accompanying control was started. The external audit of the tax control system was successfully completed.

As a rule, EGGER does not exert direct political influence on the tax legislation in individual countries. Where it appears appropriate or necessary, EGGER participates in measures taken by industry associations. The tax function of the EGGER Group fully supports the OECD's approach to co-operative compliance, and therefore strives for an open, co-operative and relevant approach to the tax authorities in all countries. For this reason, the EGGER Group also participates in the accompanying inspection in Austria. The Tax Compliance Management System (TCMS) set up for participation in the accompanying inspection in Austria was audited by an independent tax consulting firm in the past financial year to determine its appropriateness and certified without reservation.

Any employee within or outside the tax function may at any time raise concerns about the handling of tax matters with the tax department, his own supervisor or the commercial management and report his concerns. In future, the whistleblower system will also be available for such communications from an external lawyer of confidence.

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Tax base erosion and profit shifting

The EGGER Group fully supports the OECD BEPS project and its implementation. BEPS stands for Base Erosion and Profit Shifting, profit reduction and profit shifting. The tax departments of the EGGER Group support the core business and should avoid atypical arrangements motivated purely by tax law. 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".

With its transfer prices, the EGGER Group reflects the actual economic circumstances of the business relationships between its affiliated companies. 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 policy implements the above-mentioned requirements

and ensures that intra-group transactions are always arm's length and that the usual and recognised methods for determining transfer prices are applied. In addition, this guideline, which applies throughout the Group, is intended to ensure that the necessary documentation with country-by-country report, master file and local files is available. We are not pursuing a strategic target here. The guiding principle is that we are committed to tax honesty and comply with all applicable laws.

Past measures

- The functions of a financing company of the EGGER Group previously located in Ireland were taken over by an Austrian company of the EGGER Group in the past financial year

Future measures

- *no further measures planned*



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Our tax payments

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 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 role as "payer" of these taxes and duties is of great importance to government budgets.

If, for a company in a certain country, the balance of a tax payable and a corresponding refund claim led to a refund, the tax payment was reported as zero for this tax.

Taxes collected include all taxes and parafiscal payments collected by the EGGER Group on behalf of the tax authorities as well as VAT and similar sales-related taxes paid by the EGGER Group. The economic burden of such taxes ultimately rests with the contractor or the purchaser or end user.

State support is often provided in the form of subsidies that are not taken into account in the presentation of the tax contribution.

Total amount of taxes paid as a taxpayer and duties paid as a taxpayer (MEUR)

State	Total taxes and duties paid	
	2018/2019	2019/2020
Austria	46.37	28.36
Germany	53.27	58.64
GB	44.92	44.25
France	27.99	22.95
Romania	11.15	13.21
Russia	22.96	25.53
Turkey	5.75	6.21
Poland	5.00	4.75
USA	0.80	3.42
Argentina	25.83	21.65
Total	244.04	228.98



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Our tax payments

Taxes paid as taxpayer (MEUR)*

State	Corporate income tax and similar income taxes		local charges		Other taxes and duties including customs		Total taxes paid as taxpayer	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Austria	24.66	4.96	2.67	2.82	2.85	3.85	30.18	11.63
Germany	18.26	19.31	0.32	0.35	5.86	3.96	24.44	23.63
GB	7.99	7.16	0.00	0.00	2.01	2.66	9.99	9.82
France	3.57	0.49	3.10	2.86	2.77	3.06	9.44	6.41
Romania	2.88	3.24	0.00	0.00	4.40	5.07	7.28	8.31
Russia	0.39	4.34	0.12	0.05	18.66	15.33	19.17	19.73
Turkey	3.89	3.83	0.00	0.00	0.38	0.77	4.27	4.60
Poland	0.23	0.67	0.16	0.10	0.65	0.38	1.05	1.15
USA	0.00	0.00	0.05	0.22	0.20	0.93	0.25	1.15
Argentina	2.53	0.01	0.83	0.68	1.64	1.25	5.00	1.94
Total	64.40	44.02	7.25	7.07	39.43	37.26	111.08	88.36

* Taxes paid by companies of the EGGER Group as taxpayers. Figures in EUR million.

Taxes paid as tax debtor (MEUR)*

State	Wage tax and other wage-related taxes		Value added tax and similar taxes and duties		Other taxes and duties		Total taxes paid as tax debtor	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
Austria	14.40	15.16	1.79	0.95	0.00	0.62	16.19	16.73
Germany	19.71	21.02	8.91	13.84	0.21	0.16	28.83	35.01
GB	4.75	4.72	30.17	29.70	0.00	0.00	34.92	34.43
France	0.20	0.68	18.35	15.86	0.00	0.00	18.55	16.54
Romania	0.96	1.05	1.74	3.53	1.17	0.33	3.87	4.91
Russia	0.06	1.65	3.72	4.15	0.00	0.00	3.78	5.80
Turkey	1.46	1.60	0.00	0.00	0.02	0.01	1.48	1.61
Poland	0.48	3.60	3.45	0.00	0.02	0.00	3.95	3.61
USA	0.16	2.10	0.06	0.18	0.33	0.00	0.55	2.28
Argentina	0.00	1.95	20.74	17.74	0.08	0.02	20.83	19.71
Total	42.18	53.54	88.93	85.95	1.84	1.13	132.96	140.62

* Taxes paid by EGGER Group companies as tax debtors for other taxpayers, in EUR million.



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- Climate protection, energy efficiency, renewable energies in production
- Plant emissions (pollutants, noise and odour)
- Water cycle and rainwater utilisation

Corporate Social Responsibility

- Occupational health and safety
- Equal opportunities and diversity
- Further education and promotion opportunities
- Employee satisfaction
- Business ethics
- Tax transparency

Regional value creation

- Plant visits & stakeholder dialogue
- Donation activity
- Regionally purchased wood

Working conditions in the supply chain

Regional value creation



EGGER thinks globally and acts locally. We manufacture worldwide at 19 plants in nine 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 plants, and as such we aspire to have a positive effect in the long term on the respective local economy and local communities. Our plants also have the ambition of a positive influence on economic development at their locations through the use of local suppliers and local infrastructure like hotels and restaurants. Purchasing products and services in the regions around our plants is a dedicated goal for us and also makes the most economic sense.

* excl. Lexington

Opportunities and risks

A potential risk to the social environment of our plants is noise and odour nuisance. Conflicts of use can arise during the harvesting of timber in our supply chain. Opportunities lie in the social and local economic value created by our investments. This includes the promotion of employees and managers from the regions and the use of local infrastructure. Through donations we contribute to the support of local charitable organisations. Particularly in the case of wood as a raw material, we are well able to involve local and regional suppliers and offer them a long-term source of income.

How we support the regions of our plants

The sub-topics in this chapter:

- Plant visits & stakeholder dialogue
- Donation activity
- Regionally purchased wood

Further topics with an influence on regional value creation can be found in the chapters:

- ➔ Noise and odour emissions
- ➔ Use of wood from sustainable sources & recycled material
- ➔ Direct relationship with suppliers



SUSTAINABILITY TOPICS

Product responsibility

- Our approach to product transparency and eco-labelling
- Products from renewable raw materials
- Use of wood from sustainable sources & recycled material
- Health safety of the products
- Durability/recyclability of the products

Responsible production

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- Business ethics
- Tax transparency
- Regional value creation
 - Plant visits & stakeholder dialogue
 - Donation activity
 - Regionally purchased wood
- Working conditions in the supply chain

Plant visits & stakeholder dialogue



Attitude

EGGER sees itself as an open and transparent family business. In accordance with our fixed core values we embrace the culture and customs of the countries in which we operate. It is our aim to involve our respective local stakeholders in our activities. It is also a matter of course for us to open our plant gates for different groups of visitors. In addition to customers and suppliers as well as neighbours and families of employees, it is above all schoolchildren and students who get to know EGGER as an employer.



Approach

EGGER pursues a local approach to plant visits & stakeholder dialogue: The respective plant management of the EGGER production locations coordinates the involvement of local stakeholders and the local public in general, adapted to local conditions. For example, regular plant tours are also offered. The various stakeholders can thus get an idea of the business model and at the same time gain insights into production processes.



Target

We are not pursuing a strategic target here. The guiding principle is that all residents of the places around our plants and all stakeholders should have the opportunity to get to know our family business and gain insight into our activities.



Status

We perceive a growing interest in active participation of our stakeholder groups. We meet this demand with regular campaigns such as "open days". Likewise, plant tours are increasingly being made possible for people from outside the company by appointment. By involving our stakeholders in our activities at an early stage, actively and continuously, we want to promote the acceptance and support of our projects.

Past measures

- Plant tours and visitor events at all EGGER locations. Among other things, in the financial year 2019 / 2020 we hosted employee and family celebrations, e.g. in Rion des Landes and St. Johann in Tirol

Future measures

- Group-wide continuation and further expansion of the visitor system in all plants



SUSTAINABILITY TOPICS

Product responsibility

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- Tax transparency
- Regional value creation
 - Plant visits & stakeholder dialogue
- Donation activity**
 - Regionally purchased wood
- Working conditions in the supply chain

Donation activity



Attitude

EGGER has the welfare of the local community at heart. The company is not only an employer in the regions of the respective production plants, but also part of the local community. We are committed to support projects in the areas of social, educational and environmental protection.



Approach

EGGER takes a local approach to the topic of donations: The achievement of these expectations is incumbent upon the locally responsible Plant Managers in accordance with our decentralised organisational structure. They represent EGGER in the respective regional environment.

It also states that we exclusively support organisations or activities that focus on social, education and environmental issues. Regular donations are made at all locations.



Target

We are not pursuing a strategic target here. The guiding principle is to have a long-term positive impact on the local community concerned and thus on the region as a whole.



Status

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 structurally weaker regions - especially in Eastern Europe. In this respect, donation activity is focused on these regions. Around two thirds of the total donations in the 2019/2020 financial year go to Russia and Romania. When the corona pandemic hit in March 2020, our plants also provided emergency aid in this respect. For example, face visors were manufactured at the Turkish plant in Gebze and donated to local hospitals. Disinfectant was produced in the glue factory at Rădăuți and – in addition to an immediate donation of EUR 25,000 – was made available to local hospitals. The immediate donation made it possible to procure appropriate protective equipment for the hospital staff.



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Donation activity

Donations and sponsoring

Financial year	2018/2019	2019/2020
EUR	1,286,982.11	924,859.73

* Value also includes funds that are classified as sponsorship according to local definition. Nonetheless, EGGER's main focus with this amount is the donation to a non-profit organisation or local community, not the mere purpose of promoting company names and products.

Past measures

- Extensive social, educational and environmental activities with a focus on local needs: e.g. purchase of medical equipment for hospitals (Gagarin), support of children's homes (Rădăuți), support of reforestation projects (Rambervillers)

Future measures

- Group-wide continuation of donation activities
- Creation of a Group-wide guideline for donations and sponsoring



SUSTAINABILITY TOPICS

Product responsibility

- Our approach to product transparency and eco-labelling
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Regionally purchased wood

Working conditions in the supply chain

Regionally purchased wood



Attitude

The principles for sustainable forestry and wood purchasing at EGGER stipulate: We protect the climate and natural resources by purchasing as regionally as possible in the immediate vicinity of the plant.



Approach

We are specifically promoting cooperation with suppliers from the region and are committed to procuring wood mainly 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.

The Group-wide Wood Purchasing Guideline is the central document for the job description of the employees of the Wood Purchasing Department. The operative wood procurement in the respective plants is responsible for the implementation of the strategy.

The Corporate Services Wood Purchasing analyses the values on a semi-annual basis. The development as well as the definition of targets / measures are discussed together with the plant and purchasing managers and the Corporate Services in the wood purchasing semi-annual meetings.



Target

As a group-wide target for the calendar year 2025, 90% of the sawmill by-products and roundwood is to be procured from within a radius of 150 km when supplied by lorry and conveyor belt.

72 % of the fresh wood is bought regionally



SUSTAINABILITY TOPICS

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- Donation activity

Regionally purchased wood

Working conditions in the supply chain

Regionally purchased wood

Regionally purchased fresh wood*

Calendar year	2017	2018	2019
Regional share	75 %	73 %	72 %

* Percentage of fresh wood deliveries by lorry and conveyor belt coming from within a radius of 150 km of all fresh wood deliveries (weighted average). The radius refers to the distance travelled. The reference point for roundwood is the distance between the forest and the plant, for sawmill by-products the distance between the sawmill and the plant. Values since 2018 including the Biskupiec and Concordia plant.



Status

The proportion of wood purchased regionally remains stable at the level of previous years. The key objective of mainly regional purchases has been achieved. A further increase could not be achieved for the following reasons:

- The procurement of timber for the Rădăuți plant (RO) is still difficult due to challenging market conditions.
- The capacity expansion at the Gagarin (RU) plant with the start-up of MDF production has led to an extension of the procurement radius.
- At the Concordia (AR) site, the procurement target cannot be achieved due to the geographical location (forests along the Rio Uruguay).

- In Poland, the forestry authority (which owns 80 % of the forest) markets roundwood centrally via Internet auctions. Active control with regard to the transport distance is therefore not possible.

Over the next few years, we will take further measures to achieve the 90 % target by 2025.

Past measures

- Standardisation of the transport distance in the governance system
- Inclusion of the transport distance key figure in the standard reporting of wood purchasing
- Revision of the internal wood purchasing guidelines to include a key figure for regional target achievement (90 % from 150 km radius)
- Formulation of the strategic target

Future measures

- Internal publication of the revised Wood Purchasing Guideline
- Plant Rădăuți (RO): Reduction of wood procurement from Central Europe, stronger focus on domestic market
- Plant Gagarin (RU): Expansion of our own forest lease activities in the direct vicinity of the plant (maximum transport distance 50 km)



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- Our commitment to the UN Global Compact
- Working conditions in transport logistics
- Working conditions in the wood supply chain

Working conditions in the supply chain

We divide our suppliers into four main groups: technology, chemistry, wood and paper. Chemicals, wood and paper are used in the product and are therefore particularly material (see "Our raw materials and suppliers"). The transport sector is also relevant to the topic of working conditions, as each plant has approximately 250 inbound and outbound transports per day, most of which are carried out by external transport companies.



Opportunities and risks

Potentially, any longer supply chain carries the risk of human rights violations or working conditions that do not meet the minimum standards of the International Labour Organisation (ILO). Our chemical and paper suppliers are large companies based in OECD countries that have ratified all ILO standards. Here we have no reason to assume that human rights are being systematically violated or that working conditions are poor. In the wood supply chain, the risk of dangerous and precarious working conditions exists, especially during harvesting. Here we use the instruments of the established Chain of Custody standards for the wood supply chain, which also examine social aspects. The increasing proportion of certified timber, the high proportion of direct relationships with suppliers and our strong due diligence system are an opportunity for better working conditions, especially in countries at risk for corruption. In the transport sector, the challenge is to ensure good working conditions without, for example, increased driver checks causing delays or increasing costs.

How we promote good working conditions in the supply chain

- Our commitment to the UN Global Compact

The sub-topics in this chapter:

- Working conditions in transport logistics
- Working conditions in the wood supply chain

Further topics on the supply chain can be found in the chapters:

- ➔ Our raw materials and suppliers
- ➔ Our due diligence system for tracing the origin of wood
- ➔ Direct relationship with suppliers
- ➔ Use of wood from sustainable forest management



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- Working conditions in the supply chain

Our commitment to the UN Global Compact

- Working conditions in transport logistics
- Working conditions in the wood supply chain

Our commitment to the UN Global Compact

We are committed to the 10 principles of the UN Global Compact, among others:

Human rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: the elimination of all forms of forced and compulsory labour,
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

EGGER has supported the ten principles of the Global Compact as a "Signatory" since 10.12.2019. We promote all ten principles in the areas of human rights, labour standards, environmental protection and anti-corruption. The progress report on our efforts to implement the principles is published annually as an annex to the Sustainability Report, starting with this report.

In order to incorporate the principles of the Global Compact, we revised the EGGER Code of Conduct and the Supplier Code of Conduct in the past financial year. Publication will follow in the coming financial year. We also want to strengthen the confirmation of the Supplier Code of Conduct by our suppliers. As a strategic goal, we aim for 95% of paper and chemical suppliers (by purchase value) to have confirmed in writing that they comply with the EGGER Supplier Code of Conduct by 2025 at the latest, thus committing themselves to promoting the ten principles of the UN Global Compact.



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Our commitment to the UN Global Compact

Working conditions in transport logistics

Working conditions in the wood supply chain

Working conditions in transport logistics



Attitude

Long-term, contractual partnerships with suppliers mutually guarantee security and success. We define standards for our suppliers to help them meet our requirements for sustainable operations.



Approach

In the last financial year, we conducted two anonymous satisfaction surveys throughout the Group, one among freight companies and one directly among lorry drivers. The freight forwarders evaluated the cooperation with EGGER dispatchers as well as the process flows. Of the 265 carriers surveyed, 97 % said they were satisfied overall*. The drivers assessed the site infrastructure, work safety, the personal contact of EGGER employees and waiting times. Of the 985 drivers surveyed, 81 % said they were satisfied overall*.

Based on the survey results, the plant and division management decided on measures for improvement. This includes, for example, the gradual introduction of yard management systems to reduce waiting times and the renewal of sanitary facilities in our parking lots.



Target

We are not pursuing a strategic target here. The guiding principle is to become the most attractive shipper in the respective region.

* Satisfied = sum of answers "rather satisfied", "very satisfied" and "extremely satisfied" in relation to "overall satisfaction".



Status

The survey showed that overall satisfaction is high, which confirms that our employees live our commitments and that we are in good shape. There is still room for improvement in individual areas, which we intend to implement in the coming years.

Past measures

- Survey of satisfaction among freight companies and lorry drivers
- Evaluation of the results and decision on improvement measures

Future measures

- Completion of the planning for the renovation of the sanitary facilities at the lorry parking lots
- Further measures to reduce the standing times of lorry when loading finished goods



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- Working conditions in transport logistics
- Working conditions in the wood supply chain**

Working conditions in the wood supply chain



Attitude

As part of our due diligence system for sustainable wood procurement, we pay attention to the working conditions in our supply chain as described in the ILO Declaration on Fundamental Principles and Rights at Work. Occupational safety and employee protection is anchored in our mission statement at EGGER, which is why EGGER will always set an example for our suppliers and encourage them to follow suit.



Approach

The establishment and further development of long-term relationships with our suppliers is the basis for the joint creation of value and improvement of working conditions at our suppliers, especially in structurally weak countries. Through long-term cooperation with our suppliers we have a solid basis for good working conditions. We aim to pay a fair, market-driven price for our timber and pursue long-term supplier management.

All countries in which EGGER purchases wood have committed themselves to comply with all 8 ILO conventions and to enact national laws to protect employees. Every supplier of fresh wood is contractually obliged to comply with the ILO working conditions. Should the respective legislator demand stricter standards, then

these legal requirements must be met. If EGGER carries out its own logging, we use checklists to check with our contractors whether the employees wear personal protective equipment and are legally employed. Within the framework of ISO 38200 and with the purchase of certified wood, we ensure that our suppliers comply with the national laws for occupational health and safety with due diligence.

See also:

- Our due diligence system for tracing the origin of wood
- Direct relationship with suppliers
- Use of wood from sustainable forest management



Target

We are not pursuing a strategic target here. The guiding principle is to create transparency in our supply chain by purchasing as directly and regionally as possible. We support our suppliers to improve the working conditions in our supply chain if we identify deficits.



SUSTAINABILITY TOPICS

Product responsibility

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- Our commitment to the UN Global Compact
- Working conditions in transport logistics
- Working conditions in the wood supply chain**

Working conditions in the wood supply chain

New wood suppliers that have been checked against social criteria

Financial year	2017/2018*	2018/2019	2019/2020
Percentage of new suppliers who have been checked for compliance with the principles*** as part of our due diligence system**, out of all wood suppliers	–	100 %	100 %

* no data available

** according to ISO 38200.

*** the "Principles for sustainable forest management and wood purchasing at EGGER" include the exclusion of wood from areas where traditional or civil rights are violated and the exclusion of wood in violation of one of the ILO Core Conventions, as described in the ILO Declaration on Fundamental Rights and Principles at Work.



Status

In our purchasing areas all ILO conventions have been ratified by the respective state. In addition, our risk assessment of suppliers also includes confirmation of the principles in which two social principles are included. In risk regions where state controls still show weaknesses, we are increasingly focusing on the purchase of certified wood and the associated external auditing of suppliers. We will continue to pay fair, market-driven prices for our timber, pursue long-term supplier management and improve working conditions in high-risk regions by purchasing certified timber.

Past measures

- Completion of the certification according to ISO 38200
- Completion of the re-certification according to FSC® C017963 and PEFC/06-38-171

Future measures

- *No further measures planned*



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Glossary A-O

ABS	Plastic (Acrylonitrile-Butadiene-Styrene)
General Terms & Conditions	General business terms and conditions
Committee for Health-related Evaluation of Building Products (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)
CO2	Gas (carbon dioxide)
CoC	Chain of custody
CRM	Customer Relationship Management
COD	Chemical oxygen demand
CSO	Chief Sales Officer
CTO	Chief Technology Officer
DDS	Due diligence system
DHF	Vapour-permeable wood fibreboard
DIN	German Industry Standard
DIY	Do it yourself
E05	Industrial marking for wood-based panels that comply with the revised German Chemicals Prohibition Ordinance. The limit value of E05 is about half as high as that of E1.
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)
ERP	Business Resource Planning (Enterprise Resource Planning)
ESG	Environmental and social performance and organisational structure of corporate management (environment, social, governance)
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 (Institute for Building and Environment)
IED	Industrial Emissions Directive
ICS	Internal control system
ILO	UN special organisation for labour rights (International Labour Organisation)
ISO 9001	International Quality Management System Standard
ISO 14001	International Environmental Management System Standard
ISO 38200	International system standard for the controlled chain of custody of wood
ISO 45001	International Occupational Health and Safety Management System Standard
ISO 50001	International Energy Management System Standard
IT	Information technology
KPI	Key Performance Indicator
CIP	Continual improvement process
MCS	Multiple chemical sensitivity
MDF	Medium Density Fibreboard
MVOC	Microbiological volatile organic compounds
NaDiVeG (Austrian Sustainability and Diversity Improvement Act)	Sustainability and diversity improvement act (Austria)
NOx	Collective term for nitrogen monoxide and nitrogen dioxide

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Glossary O-Z

OHSAS 18001	UK Occupational Safety Management System Standard
OSB	OSB (Oriented Strand Board)
PCB	Substance: Poly-chlorinated biphenyls
PCP	Substance: Penta-chlorophenol
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
RAL UZ 176	Voluntary eco-label Blauer Engel for low-emission floor coverings, panels and doors made of wood and wood-based materials for interiors
REACH	EU Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals
SBS	Sick building syndrome
SDG	Sustainable Development Goals of the United Nations
SVHC	Substances of Very High Concern
THG	Greenhouse gases
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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GRI Content Index

In its structure, this Sustainability Report follows the material topics that were developed in line with the GRI standard.

The GRI Content Index provides an overview of where in this report the content can be found.

Download the GRI Content Index

 [GRI Content Index](#)

NaDiVeG Annex

The NaDiVeG Annex 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.

Download the NaDiVeG Annex

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This non-financial report for the 2019/2020 financial year was approved and released for publication on 16 July 2020.

St. Johann in Tirol, on 16 July 2020

The Managing Board



Thomas Leissing
(Speaker of the Group Management, CFO, Finance / Administration / Logistics))



Walter Schiegl
(CTO, Production / Technology)



Ulrich Bühler
(CSO, Sales / Marketing)

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Audit report

Our engagement applied to the German version of the NFI-Report 2019/20. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

To the management of EGGER Holzwerkstoffe GmbH

Report on the independent audit of the non-financial corporate reporting pursuant to § 267a UGB

We have performed an independent limited assurance engagement on the combined consolidated non-financial report (hereinafter "NFI report") for the financial year 2019/2020 of

EGGER Holzwerkstoffe GmbH

(hereinafter also referred to as the "Company")

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI-Report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, Option "Core") as reporting criteria and publishes the NFI report under the designation "Sustainability Report 2019/2020".

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for non-financial reporting (es-

pecially the selection of material topics) as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems, processes and internal controls relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-Report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards), Option "Core", in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements, including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a

conclusion with reasonable assurance, thus providing reduced assurance. In spite of conscientious planning and execution of the engagement it cannot be ruled out that material mistakes, unlawful acts or irregularities within the non-financial reporting will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel on corporate level, which are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;
- A risk assessment, including a media analysis, on relevant information concerning the sustainability performance of the Company in the reporting period;
- Evaluation of the design and implementation of systems and processes for the collection, processing and control of the disclosures on environmental, social- and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of data;
- Inquiries of personnel on Group level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external



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documents to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;

- Survey of employees during a (virtual) site visit in Unterradlberg to assess the local data collection and corporate reporting processes and the reliability of the reported data;
- Analytical evaluation of the data and trend explanations of quantitative disclosures regarding the GRI Standards listed in the GRI-Index, submitted by all sites for consolidation at Group level;
- Evaluation of the consistency of the for the Company applicable requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the GRI Standards , Option “Core” with disclosures and indicators in the NFI report;
- Evaluation of the overall presentation of the disclosures by critical reading of the NFI-report.

The procedures that we performed do not constitute an audit or a review in accordance with Austrian professional guidelines, International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE). Our engagement did not focus on revealing and clarifying of illegal acts such as fraud, nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures, figures from previous periods, statements from external information sources and

expert opinions and references to additional external reporting sources of the Company. Disclosures which were audited within the scope of the Annual Financial Statement were assessed for correct presentation (no substantial testing).

In addition, the following key figures or data are not part of our order:

- Recyclability of the EGGER product portfolio
- Global Compact Progress Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our evaluation.

Evaluation

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI-Report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the GRI Standards, Option “Core” in all material respects.

Restriction of use

As our report is prepared exclusively on behalf of and in the interest of the client, it does not form the basis for any possible reliance by third parties on its contents. Claims by third parties can therefore not be derived from this. Accordingly, this report may not be passed on to third parties, either in whole or in part, without our express consent.

Terms and conditions

With regard to our responsibility and liability towards the company and towards third parties, point 7 of the General Conditions of Contract for the Public Accounting Professions applies.

Innsbruck, on 16 July 2020

KPMG Austria GmbH
accounting firm and tax consultancy

Mag. Ulrich Pawlowski
Austrian Chartered Accountant

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Global Compact Communication on Progress

The Global Compact Communication on Progress annex provides an overview of which parts of this report contain the content specified by the Global Compact for the Communication on Progress. In its annual Communication on Progress, EGGER testifies that the company is working to implement the 10 principles of the UN Global Compact and is taking concrete measures in the area of corporate responsibility and sustainability.

Download the Global Compact Communication on Progress

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