SCHÜCO

Sustainability Report 2021/2022

The Schüco Group at a glance

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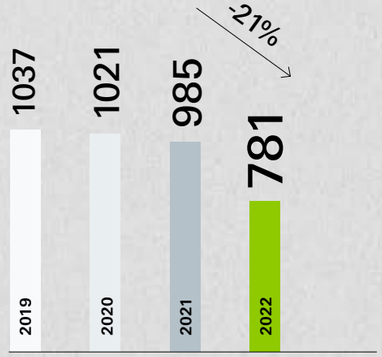
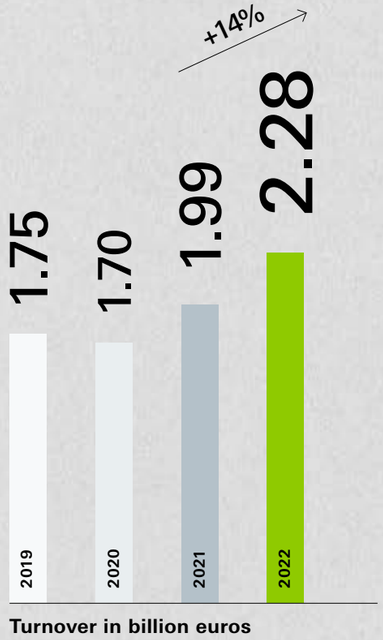
Emission Zero:
Climate neutral by 2040
The Emission Zero focus project aims to help Schüco become climate neutral for the long term. We are aiming to no longer generate any emissions that are harmful to the environment by 2040.



Development of carbon intensity (in tonnes of CO_2e per million euro)

Heinz Schürmann founds the company Heinz Schürmann & Co. in 1951 in Porta Westfalica.

1951



Turnover in billion euros

Schüco – System solutions for windows, doors and façades
Based in Bielefeld, the Schüco Group develops and sells system solutions made of aluminium, steel and PVC-U for the building envelope. The product portfolio includes window, door, façade, ventilation, security and sun shading systems, as well as intelligent networked solutions for residential and commercial projects. Schüco also provides consultancy and digital solutions for all phases of a building project – from the initial idea through to design, fabrication and installation, as well as after sales with maintenance and servicing.

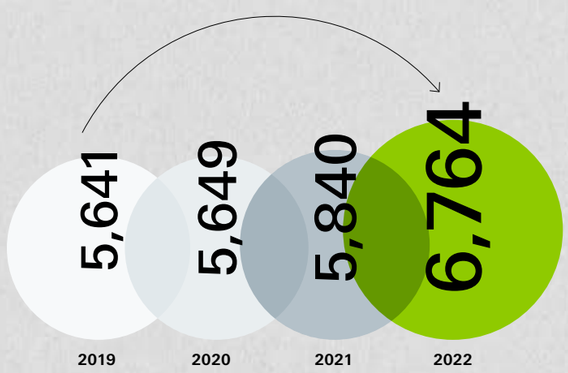
Fabrication machinery and customer-oriented service complement the product portfolio. As one of the leading companies in the construction industry, Schüco is committed through its products and services to being a pioneer for comprehensive sustainability and actively contributing to climate neutrality and the circular economy within the construction sector.

Schüco is represented by sites in 45 countries worldwide.

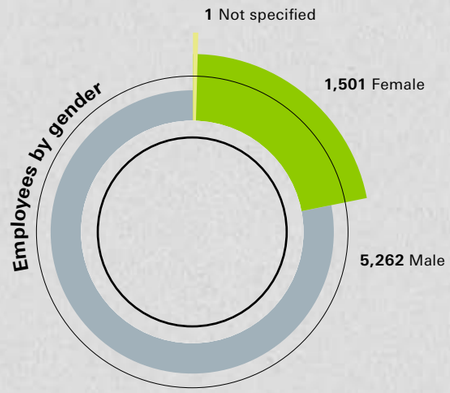
45

40,000

Around 40,000 architects, developers, fabricators and investors all over the world work together with Schüco to develop products.

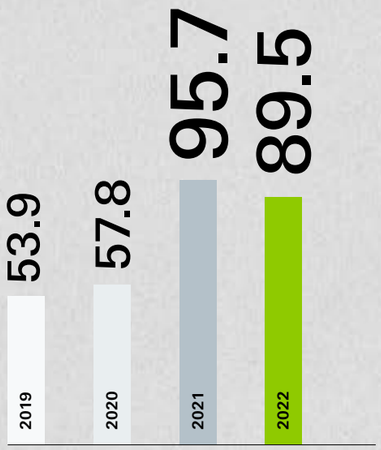


Total number of employees



WORKING TOGETHER FOR A SUSTAINABLE CONSTRUCTION INDUSTRY

Partnership with WWF Germany
Schüco and WWF Germany have been working together since 2018 to drive forward the transformation of the company with effective climate protection targets and responsible procurement of raw materials.



Investments in million euros

Products

Greater perspective with CO_2

How can we turn a window with outstanding thermal insulation into one that meets the future requirements for net-zero building components? A cross-departmental team at Schüco has been working on an answer to this since 2021.

Focus 1

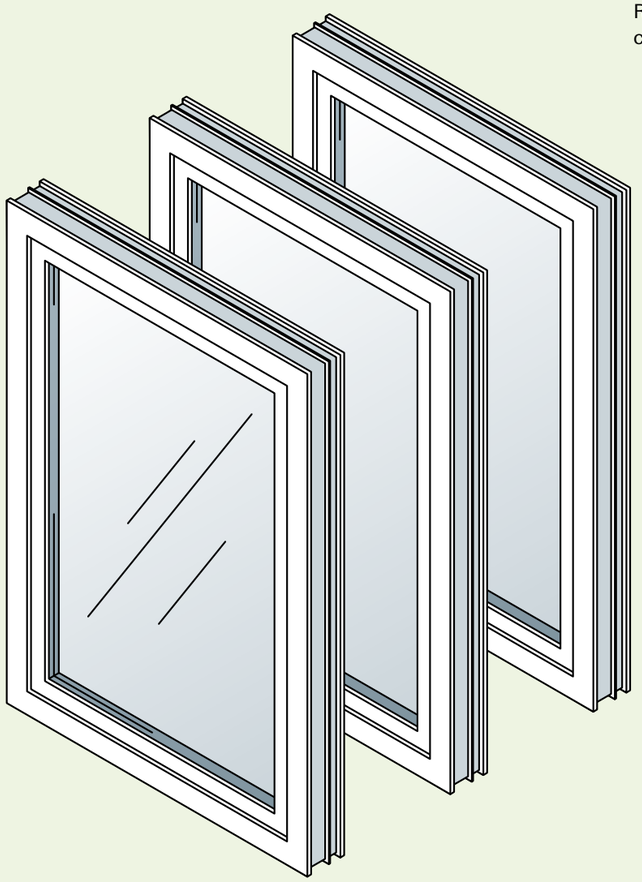
Material

Increased proportion of recycled content in aluminium as well as bars and gaskets

Focus 2

Fabrication

Reduced use of material and recyclable alternatives



Focus 3

Packaging

Reduced packaging and increased use of reusable containers

Focus 4

Service & repair

Warranty and upgrade service

Energy-saving buildings protect the climate. Windows, doors and façade units make a key contribution to this with low thermal transmittance and high weathertightness. However, focusing on primary energy requirements is not enough to achieve the European climate objectives and have a climate-neutral stock of existing buildings by 2050. This is why "embodied carbon" is attracting more and more attention. It concerns carbon emissions that are produced through manufacturing, transport and subsequent disposal of the installed materials. It is worth calculating in order to design individual components of a building to be climate-neutral across the entire product life cycle.

Valuable knowledge
A project on this began in summer 2021. Its working title was "The sustainable window". It focused initially on the aluminium frames, insulating bars and gaskets. When you include the glass too, most of the product material weight is covered.

The Schüco team also analysed the production principles. An environmentally friendly product design enables individual components to be replaced or repaired more easily, for example. What's more, it should be possible to recycle the product after the usage phase without any loss of quality as far as possible. The type of packaging and transport also has an impact on the carbon footprint of the end product.

Technical test
If a promising alternative material is found, its behaviour in the product is tested. Various test processes ensure that the changed article continues to meet all quality requirements and defined product properties. In other words, the development of a carbon-neutral product portfolio is more of a gradual change than the proverbial Big Bang.

In brief

Marvin König Castro
Innovations Manager

You have spent the past two years considering the question of how the Schüco product portfolio can be more sustainable from a technical point of view. Did you learn anything important from this?

One of the key questions was looking at where we need to start in order to not only optimise the carbon footprint of individual components, but also firmly anchor sustainability in our products. On this basis, we formulated specific sustainability requirements in product development and then started the research and testing phase. The transfer of knowledge between departments, as well as with partners and suppliers, was key here. In future, we need to further expand sustainability knowledge in the company.

Who was involved?
Sometimes it felt like the entire company was involved. However, it was primarily colleagues from Purchasing, Product Development, Logistics, Sustainability, Quality Management and our Innovation Lab. We also had discussions with suppliers to help us meet standards and requirements for newly assembled products, for example.

What would be a huge project success for you?
We set ourselves the aim of offering a sustainable alternative that is primarily based on an increased proportion of recycled content and alternative materials by the start of 2024 in as many product groups as possible. This is a key milestone. Personally, I'd like us, through training and education, to become better at developing products with a reduced carbon footprint from the outset.

Business development

Partnership for a closed PVC recycling process

The growing demand for raw materials and the global climate protection targets are posing huge challenges to the construction industry. But there are also opportunities here, such as those for new business models. This is demonstrated by the strategic partnership between waste disposal company Remondis Recycling GmbH & Co. KG and Schüco Polymer Technologies KG in the form of the joint venture RE:CORE, which was set up in 2022. Both partners want to work together to establish a closed PVC-U recycling process and thereby create a more sustainable construction industry.

The longevity and recyclability of materials are important properties when it comes to sustainable construction. Modern PVC-U windows, for example, have a lifespan of 40 to 50 years. The PVC used in them can be recycled up to seven times in a functioning circular economy, all the while losing barely any quality at all. Recycled PVC-U windows are also much lower in emissions. Their carbon footprint is up to 85 percent lower than with primary PVC. However, recycling PVC-U windows in practice is not without its challenges. The old material, for example, must be separated by colour in the recycling process, which is very time-consuming. What's more, there is often a lack of functioning collection and return systems for old PVC or production downtimes.

Waste disposal concept from a single source
In order to optimise PVC recycling and close the material cycle, a number of individual stakeholders need to be involved along the value creation chain. Firstly, there are the fabricators and distributors of ready-made units, who need to return their production waste and/or old windows. Secondly, there are the processing plants for grinding and re-granulation. Furthermore, decentralised, extensive transport and logistics processes need to be established.

Dirk Schneider
CFO
Schüco Polymer Technologies KG

RE:CORE

"By establishing RE:CORE, we are taking an active step to combat the challenges of PVC recycling, for example with the returns logistics or in the case of partnerships across the different levels of recyclable material. In future, the entire recycling value creation chain for Schüco will be mapped by means of the joint venture. Schüco will thereby be able to close its own PVC recycling process and offer its partner companies a recycling service for profile offcuts and old windows," explains Markus Herbst, CEO of Schüco Polymer Technologies KG.

Pooling expertise
How exactly does it work? Firstly, RE:CORE purchases the profile offcuts and old windows from its partners. Remondis arranges transport and subsequent processing, and then the produced recycled content can be used in Schüco profile production. Not only does this allow Schüco direct access to the old material, enabling it to achieve higher rates of recycled material, but the partnership with Remondis also optimises the carbon footprint of transport and logistics. The company is making use of its incredibly strong, decentralised logistics network, which means that it can cover a large number of RE:CORE partners.

"The partnership puts us in a position that enables us to offer our partners a complete waste disposal concept from a single source. Remondis has many years of expertise in the area of recycling, including for the material PVC. Schüco brings its direct access to Schüco partners and a wide understanding of the market. The establishment of RE:CORE is an excellent example of how you can combine specialist expertise to make your business more sustainable," says Dirk Schneider, Managing Director of RE:CORE GmbH and CFO of Schüco Polymer Technologies KG.

After several months on the market, RE:CORE GmbH has managed to take on multiple Schüco partners, who will recycle all production offcuts and old window materials via them in future. Expanding the customer base in Germany is also a focus of the operational business activity, while initial plans to expand internationally have also been drawn up at the same time.
For more information, visit www.recore-recycling.com

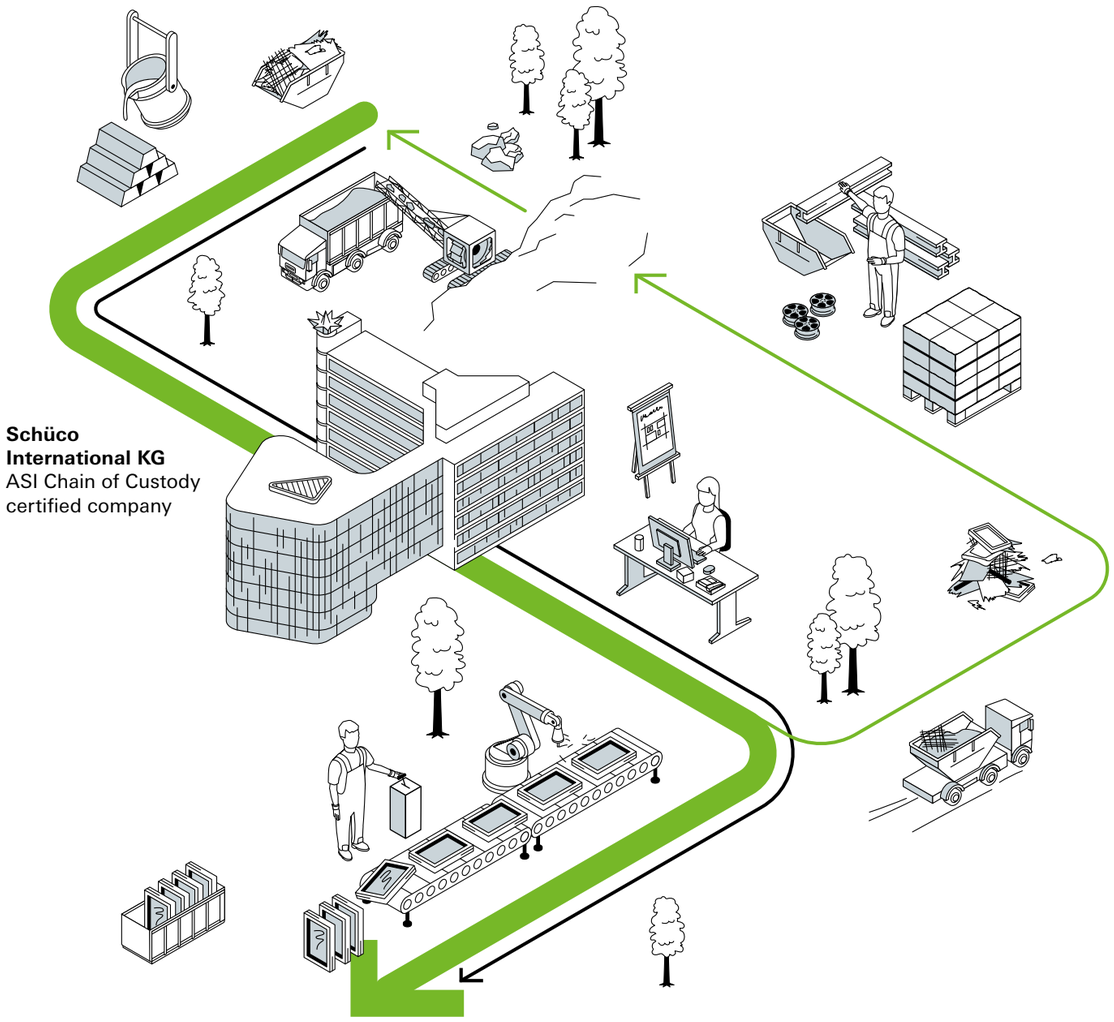
Mario Husemann
Managing Director
Remondis Recycling GmbH & Co. KG

Schüco Polymer Technologies KG

Schüco Polymer Technologies develops, produces and sells PVC-U systems for windows, doors and sliding doors. With around 1,100 employees worldwide, the wholly-owned Schüco subsidiary focuses on innovative technologies and products for all aspects of the building envelope. Over 3,100 partners around the world work together with Schüco Polymer Technologies KG. The company is active in over 50 countries.

Supply chain

Sustainable aluminium – from raw material to end product



Schüco International KG
ASI Chain of Custody certified company

The Chain of Custody Standard of the Aluminium Stewardship Initiative (ASI) ensures that aluminium products are manufactured, fabricated and handled in line with specific sustainability criteria. In 2022, Schüco became the first systems business to be certified in accordance with this standard.

The Chain of Custody (CoC) concerns both the product chain and the chain of evidence. The ASI's CoC standard is described well by these two terms. Certified companies can use it to prove that the aluminium in their products has followed a socially and environmentally responsible process chain, starting with the extraction of the raw material bauxite from mines, right through to its final destination with the purchaser.

<u>What does the ASI do?</u>

The Aluminium Stewardship Initiative (ASI) develops standards on a voluntary basis for a sustainable aluminium industry along the entire value creation chain. Schüco is one of the founding members of the multi-stakeholder initiative.

For responsible processes...
Companies seeking certification first need to meet the *ASI Performance Standard*, which focuses on responsible corporate management. Different priorities are set depending on the value creation stage. For mining companies, for example, the standard sets requirements for biodiversity management, while for aluminium production there is a focus on reducing CO_2 in energy-intensive melting processes, as well as social aspects with regard to labour laws and human rights. As a commercial enterprise with its own product development, Schüco has had to prove that the aluminium systems it has sold are designed with longevity, ease of repair and recyclability in mind. The company received the ASI Performance Standard in 2019.

Why was there a need for further certification? "The CoC standard is the link between the sustainable alignment within the company itself and the partnership with sustainable business partners along the value creation chain," explains Stefan Rohrmus, who oversaw the certification process which lasted several weeks. "In concrete terms, this means that the CoC standard is the only thing that authorises us to supply our customers with ASI-certified aluminium. This is because it ensures that we have all the necessary processes and management systems in place in order to procure responsibly produced aluminium from our suppliers, process it and sell it on."

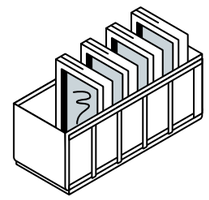
Stefan Rohrmus
Senior Sustainability Expert

"We can now supply our customers with ASI-certified aluminium on request. Specifiers and investors looking for sustainability certification for their building project are particularly interested in this."

...along the value creation chain
With CoC certification, Schüco is helping, through the Aluminium Stewardship, to gradually make the complex aluminium value creation chain more environmentally friendly and socially responsible. In addition to the dismantling and high-quality recycling of aluminium units in buildings, the fabrication of ASI-certified primary aluminium is another key step towards increasing sustainability in the construction sector.

<u>What is the Chain of Custody standard?</u>

- → **Authorises the sale of ASI-certified aluminium**
- → **Valid in specifications as proof that sustainability criteria have been taken into account**
- → **Recognised by the green building certification systems BREEAM and LEED**



Material topics

2

Material topics

GRI 3-1 **Process to determine material topics**
GRI 3-2 **List of material topics**
GRI 3-3 **Management of material topics**

Process to determine material topics

We are continually determining material sustainability topics and aspects for our company together with our main stakeholders, and in particular our employees, customers, business partners and our key partner, the WWF. Developed in 2020, our target system forms the basis for this. It assigns the topics and indicators that are relevant for our company to our six action areas for sustainability. When the target system was created, external influencing factors (such as megatrends, sustainability standards and the global sustainability objectives), internal strategic guidelines (such as the company strategy and the sustainability principles) and criteria for action (such as the proximity to the core business, urgency and available levers) were considered.

In 2022, we started to check how up to date our target system and the focus topics derived from it were by means of a three-stage essentiality analysis.

1 2 3

Creation of a comprehensive list of topics

As a first step, the sustainability topics from our target system were harmonised with various standards on sustainability reporting. As the Global Reporting Initiative does not yet have an applicable sector standard, we have referred to the SASB standards for companies in the "Engineering & Construction Services" industry. We then also aligned ourselves with the Sustainable Development Goals (SDG) of the United Nations. The activities of competitors were part of the examination too. This produced a list of 29 sustainability topics.

Compared to the material topics from the 2019/20 reporting period, our new list of topics is more nuanced. For example, the previous topic "Commitment to climate protection" in the Environment action area has been divided into the following aspects: "Reducing CO_2 within the company", "Reducing waste" and "Water and waste water".

1 2 3

Stakeholder survey (quantitative)

In a second step, the 29 sustainability topics were assessed as part of a quantitative stakeholder survey. In order to gain insights from both perspectives, participants were asked to rate both the positive and negative impact Schüco can have on sustainable development (inside-out) and how committed Schüco is to specific sustainability topics at the moment (outside-in). A total of 357 people took part in the online survey, including employees, fabricators, architects and developers, suppliers, representatives of NGOs and associations, representatives from the field of science, and investors. Schüco included international subsidiaries and representatives from international Schüco markets in the survey, however most of the responses (81 percent of internal participants and 90 percent of external participants) came from people in Germany. The infographic on page 57 shows the provisional list of topics.

1 2 3

Assessment & next steps

In the third step, planned for 2023, we will verify the results of our quantitative survey through in-depth interviews, and set more priorities. A review of the quantitative survey showed, for example, a slight variance in the relevance rating, which meant that more topics were identified as material than Schüco is effectively able to process. Conversely, some topics that are a focus for Schüco due to current and future legal requirements were rated as less relevant. These included, for example, "Upholding human rights and environmental laws along the supply chain" and "Promoting diversity and anti-discrimination". The sustainability topics are outlined according to their assigned relevance on page 56.

When developing our material topics, we align ourselves with the European Sustainability Reporting Standards (ESRS). The in-depth analysis with the new requirements as per the Corporate Social Responsibility Directive (CSRD) also helps us to systematically manage material topics with the aid of suitable KPIs.

Our partnership with the World Wide Fund for Nature (WWF) also aims to better understand the impact of our business activities on the environment and society. In this connection, in 2022 we took part in a pilot project run by the WWF which aims at developing a comprehensive sustainability rating. The One Planet Business Framework offers companies a holistic determination of the company's position with regard to sustainability, and takes account of the following elements of sustainability: climate, fresh water, biodiversity and human rights.

Sustainability from the stakeholder's perspective

The following graphic shows how relevant our internal and external stakeholders rate the various topic areas of sustainability.

Products

- Reducing packaging
- Recyclability of products
- Material selection

Supply chain

- Reducing CO_2 along the supply chain
- Upholding human rights and environmental laws
- Supply chain stability and resilience

Business development

- Product innovations with a focus on sustainability
- Research and development with a focus on sustainability
- New business models with a focus on sustainability

Environment

- Maintaining biodiversity
- Reducing waste
- Conserving resources
- Adapting to climate change
- Reducing energy consumption in the company
- Reducing water and waste water
- Transport logistics and mobility
- Reducing CO_2 in the company
- Using renewable energies in the company

Employees

- Compliance/anti-corruption
- Good working conditions
- Promoting diversity and anti-discrimination
- Health and safety
- Promotion of professional and personal development
- Participation and involvement
- Promotion of flexible working models

Society

- Involvement in sustainable initiatives and associations
- Business that serves general public interest
- Commitment to inner cities that people want to live in
- Commitment to social cohesion

2.6 2.7 2.8 2.9 3.0 3.1 3.2 3.3 3.4 3.5 3.6

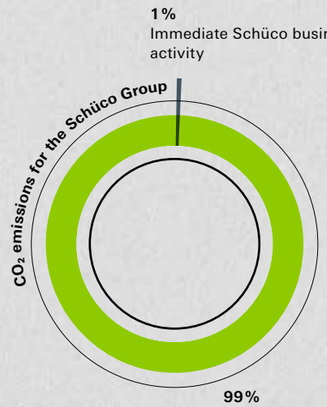
4.0 — **Highly relevant**
3.0 — **Slightly relevant**
2.0 — **Slightly less relevant**
1.0 — **Of little relevance**

List and management of material topics

The following graphic shows the result of our quantitative stakeholder survey, and therefore sustainability topics that are seen as material by our internal and external stakeholders from both perspectives.

Environment

Climate protection and responsible use of resources are core objectives of our sustainability strategy. In partnership with the World Wide Fund for Nature (WWF), we have developed science-based climate protection targets that comply with the level of decarbonisation required by the Science Based Targets initiative (SBTi) in order to meet the 1.5 degree goal. By 2025, we want to reduce our absolute CO_2 emissions by 30 percent compared to the reference year 2018.



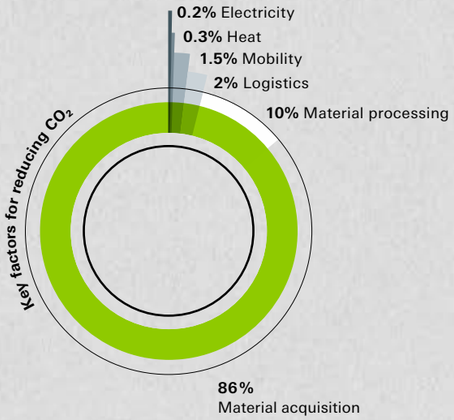
The overall aim is for our company to be climate neutral – i.e. produce zero emissions – by 2040. In order to achieve this, we have been calculating the global CO_2 emissions produced by our business activity since 2017.

Only one to two percent of our corporate carbon footprint is caused by direct business activities (Scope 1 and Scope 2 emissions). There is therefore the potential to reduce a significant amount of CO_2 in the upstream and downstream value creation chain, particularly in material acquisition. More details can be found in the "Products" section (see next page).

During the reporting period, Schüco introduced measures in transport logistics to reduce energy consumption and save valuable resources, such as paper and packaging materials. Increasing digitalisation not only lays the foundations for making processes paperless, it also helps us to plan and run transport routes more efficiently. In order to reduce waste, we are increasingly using recyclable pallets in the transport of our profiles and other system components. In 2022, we therefore started to systematically record our transport packaging, so that we can identify potential for savings and more resource-friendly alternatives.

Throughout Germany, Schüco almost exclusively purchases certified green electricity. The production site of the PVC-U division in Weißenfels also meets the requirements of the international standard for energy management, DIN EN ISO 50001. Furthermore, the Schüco environmental management system has been certified in accordance with DIN EN ISO 14001 for the “development and sale of aluminium systems and project solutions”.

Schüco is currently working on a climate risk analysis that complies with the CSRD. This analysis will form the basis of an in-depth review of transitory and physical climate risks, and thereby provide indications as to where the company needs to adapt to climate change. Potential water-stressed areas are also part of the analysis. Schüco does not yet have a company-wide strategy on the sustainable use of water and waste water.



Products

The building sector accounts for around 40 percent of overall CO_2 emissions worldwide. In order to avoid putting our economy and lives at risk, we urgently need more environmentally friendly construction.

Schüco can make a significant contribution in this regard. Firstly, we can use our products to make building use more energy efficient, for example through systems with particularly low thermal transmittance and high weathertightness. Secondly, when designing products we place particular value in durability, recyclability and responsible use of materials.

In 2021 and 2022, we worked to increase the proportion of low-carbon aluminium profiles. Schüco distinguishes between Low Carbon aluminium with a GWP value of less than 4.9 kg CO_2e/kg aluminium and Ultra Low Carbon aluminium with a GWP value of below 2.7 kg CO_2e/kg aluminium.

Schüco has set itself the aim to actively drive the transition from linear to a circular construction. To this end, we want to continue increasing the number of our products which can be fed back easily into the material cycle after they have been used. When it comes to recyclability in our aluminium systems, we focus on certifications in accordance with the Cradle to Cradle Certified® products program. With over 70 certified aluminium systems, which make up just below a quarter of sales for the metal division, Schüco is one of the industry pioneers when it comes to putting the Cradle to Cradle principle in action.

Verified by the VinylPlus product label, our PVC-U products also meet high requirements with regard to recyclability and reducing emissions. We are currently tackling the question of how we can integrate the principle of the circular economy even further into the development of new products.

"Our aim in the medium term is to move our entire portfolio over to low-carbon materials."

Dr Thomas Schlenker
Senior Vice President,
Digitalisation & Sustainability

In the PVC-U division, in which Schüco produces its own material, CO_2 can be reduced by increasing the proportion of recycled material in production and by using bio-based raw materials.

During the reporting period, the focus was on selecting and testing the suitability of fossil-fuel alternatives, such as bionaphtha, which is produced from vegetable oil. In future, the aim is to include both PVC profiles with an increased proportion of recycled content and bio-based raw materials in the portfolio.

Within the products action area, we are also focusing on recording the specific sustainability information about a product in a transparent way, and making this information available along the value creation chain for a building. This is aided by the IoF ID – a digital chip developed by Schüco in 2022 that gives every façade unit in the building its own digital identity, creating an Internet of Façades (IoF). In addition to information about the product and the building, the chip also contains CO_2 data. The aim is to recognise buildings as raw-material reserves for the future, and make potential secondary materials visible for later use.

Business development

One of the main challenges for the construction industry is providing affordable living spaces to a growing number of people, while also meeting the criteria of sustainable construction. One approach is offered by the concept of the circular economy, whereby construction materials are retained after the primary usage phase, without any loss of quality. This is why we at Schüco are actively driving the transition from a linear to a circular construction method. In the business development action area, we are considering innovative products and services which go beyond our existing business model. To this end, we are responding to new customer requirements triggered by the progress of climate change.

In 2022, we set up the Schüco Growth Factory, which offers an experimental space for business innovation. Inspired by the idea of internal start-ups, employees are given the opportunity to develop sustainable product, service and business models – from the initial idea and market validation through to testing a prototype and developing a business plan – away from the day-to-day business and as part of a clearly defined process.

One example of this is the further development of our after-sales service, which we began in 2021 with the aim of keeping façade units in a building for as long as possible through maintenance and servicing.

In 2022, the in-depth analysis of circular approaches also brought about the RE:CORE joint venture – a partnership between Schüco Polymer Technologies and waste disposal company Remondis. The new company is specialised in recycling PVC window profiles. One of the main aims of RE:CORE is to close the Schüco PVC recycling process, so that the company collects profile offcuts and old windows from partner companies, processes them and feeds them back into production.

↘ 60 %

Up to 60% of current CO_2 emissions in Europe can be saved by 2050 through the implementation of circular approaches, according to the results of various studies.

Supply chain

As a developer and provider of system solutions for windows, doors and façades, Schüco is reliant on natural resources and materials such as metals and engineering plastics.

The focus here is on aluminium, our most important material in metal fabrication. In this case, the excellent eco balance in the usage and re-use phase is confronted by the social and ecological challenges at the start of the supply chain. The extraction of primary aluminium currently uses a great deal of energy, with a high carbon footprint.

Vivien Bünker
Project Manager – German Supply Chain Act

"The German Act on Corporate Due Diligence Obligations in Supply Chains requires companies, through necessary risk analyses, to fulfil their responsibility globally in order to uphold human rights and environmental laws."

Added to this are potential environmental risks and conflicts surrounding land use rights in mining countries such as Australia, Guinea and Brazil, due to large-scale rainforest clearing, for example. As part of the value-creation chain, we believe it is our responsibility to specifically promote the proportion of aluminium that is certified in accordance with sustainability criteria.

We believe we can have a direct impact by implementing a procurement strategy that takes account of sustainability criteria. In this connection, in 2021 we became the first systems business to be certified globally in accordance with the Chain of Custody Standard of the Aluminium Stewardship Initiative. This standard enables us to purchase ASI-certified aluminium and guarantee our customers that the material used in our aluminium profiles has been dismantled and processed in an environmentally friendly and socially responsible way along the entire value creation chain.

The acquisition of low-carbon aluminium and bio-based PVC-U, as well as the expansion of our PVC recycling measures, are also part of our sustainable procurement strategy (see also the Environment and Products subsections on pages 58 and 59). We believe that one of the main challenges lies in the low availability of recycled and low-carbon materials. This is particularly true in markets whose industries still largely rely on the use of fossil fuels.

In addition to the acquisition of more environmentally friendly materials, another focus of our activities lay in complying with the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which was brought into force in 2023, and setting up a risk management system for our supply chain. Since 2022, we have had a software-based system for identifying compliance risks in our direct supplier relationships. We have started with process descriptions for dealing with risks and clearly set out the responsibilities. The team responsible is made up of our human rights officers, a sustainability expert and a representative from Purchasing, and is tasked with assessing risks and introducing suitable prevention measures to minimise the risks identified. A report will be drawn up for the first time in 2023 and published in 2024.

When it comes to aspects that go beyond our area of influence, such as safeguarding human rights in upstream value creation stages, we turn to partnerships. As a founding member of the Aluminium Stewardship Initiative (ASI), for example, we are committed to establishing globally valid, certifiable sustainability standards in the aluminium supply chain. Our PVC-U division also campaigns for sustainable use of PVC along the value-creation chain. As part of VinylPlus, a sustainability programme run by the European PVC industry, Schüco Polymer Technologies is meeting the standards for sustainable procurement of raw materials and is committed to maintaining high sustainability standards in the procurement of raw materials.

Our partnership with the WWF allows us to check how effective our measures are in our supply chain. In this way, we can ensure that we are continuing to work purposefully towards a solution.

Employees

Our aim is to obtain the best employees for Schüco and keep them in the company for the long term. To this end, we champion a collaborative leadership culture based on partnership in a positive working environment. We support a good work/life balance and offer our employees individual career progression with various development opportunities. Our Strategy 2025 and the harmonised guidelines on a leadership culture define how we bring our values and principles to life in our day-to-day business.

During the reporting period of 2021 to 2022, our activities in the employees action area were largely shaped by the question of how we transpose the radically changing world of work, which was sped up by the pandemic, into the structures and processes in our company. New customers and market requirements, political developments and increasing digitalisation not only require both fast and targeted action by our employees, but also an increased level of cooperation within the company. This in turn requires an understanding of leadership which, now more than ever, is aimed at increasing the decision-making power of employees and providing team members with a productive working environment.

Anke Hoffmann
Employee Survey Project Manager

"The results of the annual employee survey show that we have come through a difficult pandemic and economy together relatively unscathed. Our employees still feel closely tied to Schüco."

Against this backdrop, we have developed an extensive internal offering for advising and supporting staff and organisational development in various departments, which includes methods such as agile working and personality and team training, and equips our managers so they can tackle the transformation processes.

Furthermore, Schüco has facilitated access to digital learning options for all employees worldwide. Since spring 2022, all available learning content has been accessible via a dedicated digital platform, the Schüco Academy.

Schüco takes responsibility for the health and safety of its staff and actively supports them in leading a conscious, preventative lifestyle. Our safety standards at all sites in Germany are aligned with the guidelines of the OHSAS 18001 management system. Furthermore, we actively help our employees to stay healthy, for example through regular flu vaccinations, free coronavirus tests and vaccines, a company doctor, discounted rates at various gyms, and encouragement to take part in physical activity. In mid-2021, our company sports groups started up group training sessions again, while our intranet site continues to provide video tutorials on moving more and mental health at work, which were set up during the pandemic.

One aim that we have not achieved over the past two years, contrary to our plans, is the introduction of a diversity index and the associated active commitment to greater diversity in our company. However, we are continuing to work on being an employer that helps people to find their full potential, regardless of gender, age, religion or cultural identity.

The social partnership with our works councils and the regular communication with monitoring bodies, including the health and safety committees (ASA) at the German sites, guarantee the efficacy of our measures. Since 2022, we have also extended our annual employee survey to international Schüco sites. The employee survey is a tool that enables managers to obtain regular anonymous feedback from their employees. A follow-up process asks managers to derive measures with which they can make improvements.

Society

Our understanding of social commitment is based on the idea of corporate citizenship. We see ourselves as part of society and want to actively contribute to a good community. From this, we strive to facilitate better lives for people – in buildings and beyond, across generations.

We have been committed to various initiatives and selected associations for several years now, including the Stiftung KlimaWirtschaft, of which we are a founding member. Together we campaign to successfully bring about the energy transition and to conduct business in a way which conserves resources. We are also a founding member of the German foundation re!source Stiftung e.V., which is an independent alliance from the fields of economics, science, society and politics, campaigning for the resource revolution in the construction and property industry. We also drive forward our own sustainability activities through our partnership with the WWF.

In 2022, we started to harmonise our social commitment even further with our sustainability action areas. In this connection, we are currently developing a corporate citizenship strategy, through which we want to actively encourage our employees to engage in charitable projects. Furthermore, we want to increase our commitment to promoting and developing local projects.

Economy

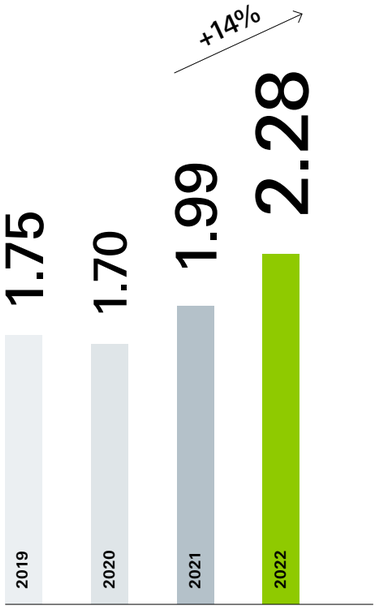
3

Economy

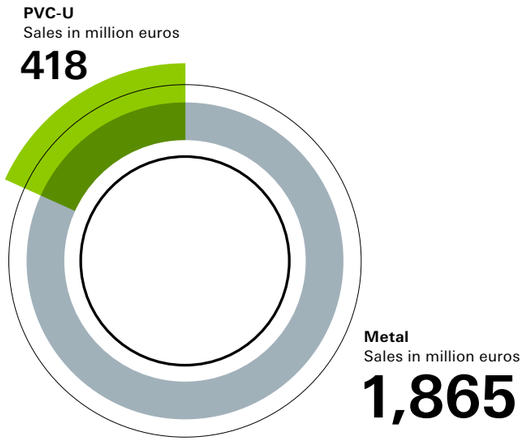
Economic performance

Area of application Schüco Group

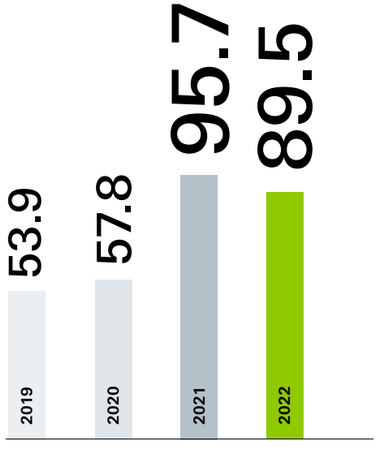
GRI 201-1 **Direct economic value generated and distributed**
GRI 201-2 **Financial implications and other risks and opportunities due to climate change**



Turnover in billion euros



Distribution of sales by business division in 2022



Investments in million euros

Opportunities and risks of climate change

The European Climate Law, the EU taxonomy and the expansion of carbon offsetting to the building and transport sectors from 2027 make clear that companies who do not proactively reduce their carbon emissions will be faced with significant additional costs in future.

In our core market of Germany, the immediate climate action programme was also adopted in 2022. It stipulates that greenhouse gas emissions in the building sector need to be halved by 2030 compared to levels in 1990, with the aid of political regulation measures and incentives. In order to minimise potential financial risks, we are actively working to achieve our CO_2 reduction goals, which we developed with the WWF.

At the same time, we see the increasing requirements for the climate compatibility of building products as an opportunity to successively increase our sales through sustainable products and services. Construction that is compatible with recycling, which saves carbon emissions during the construction and demolition of buildings is of particularly high relevance to our main stakeholders.

This was demonstrated by both the quantitative surveys of our stakeholders performed in 2022 (see Essentiality section on page 56) and discussions that we have held as part of our regular communication with customers and partners. In 2021, 23 percent of our sales were achieved with our Cradle to Cradle-certified products in the Metal division. Moreover, we can see a growing demand for windows, doors and façades with a proven reduced carbon footprint, particularly in our northern European markets and in Benelux countries.

The market-related aims of the European climate policy also include increasing energy efficiency in existing buildings. With our distinguished range of energy-efficient window, door and façade systems, we are well equipped for implementing energy-efficient renovation and refurbishment projects. As part of Building Information Modelling (BIM), we provide fabricators and developers with digital tools that simplify the design and construction process and facilitate the planning of building projects with reduced emissions. Schüco will push forward digital innovations in future, too, in order to speed up the transformation into a climate-neutral construction sector and open up new business models (see Essentiality section on page 59 ff.).

The activities of the Schüco Group, which is represented with sites in 45 countries, is based on international trade relationships and globally networked supply chains. Extreme weather events in future could not only damage buildings and constructions, and thereby the entire supply chain, they could also pose a risk to our employees, partners and suppliers. In order to assess the associated risks and financial consequences for our company and derive appropriate action areas, we are planning to introduce a climate risk analysis over the next few months. We will publish the results in our next sustainability report.

Anti-corruption

Area of application Schüco Group

GRI 205-1 Operations assessed for risks related to corruption
GRI 205-2 Communication and training about anti-corruption policies and procedures
GRI 205-3 Confirmed incidents of corruption and actions taken

We oppose all forms of corruption here at Schüco. This includes bribery and taking or granting an advantage. We neither offer nor award any gifts that might influence a person's decision, treatment or behaviour. We do not accept any bribes either. Furthermore, we expect our business partners to take a similarly clear stance against corruption and act accordingly.

Our publicly accessible code of conduct sets our our requirements for equally lawful and ethical conduct in day-to-day business. It forms the basis of the company-wide compliance programme, which also includes mandatory training and a reporting process.

In addition, nine countries have their own compliance organisations, which send quarterly reports to the Compliance Officer of the Schüco Group. The Internal Auditing department for the Schüco Group and the central Compliance team cooperate closely with regard to the findings and their evaluation.

In individual cases, this leads to specific recommendations for training, site checks or other specific measures. To check the efficacy of the precautionary processes taken, Internal Auditing sets out a risk-oriented assessment plan each year in agreement with the Executive Management Board.

During the reporting period, there were no confirmed cases of corruption in the Schüco Group.

Training & compliance communication

We encourage our employees around the world to complete compliance training every two years. This training covers the guidelines and processes for tackling corruption. Members of the Executive Management Board also undergo training on this.

During the reporting period, there was a downturn in classroom-based training due to the pandemic, while online training increased in importance. However, it was not possible to replaced all classroom training with online training.

The training figures for 2021 and 2022 are therefore lower overall.

The table below shows an overview of the training taken. We are not currently recording the participants by category of employee.

Compliance training in the Schüco Group

	2022	2021
Total participants	**1562**	**1886**
In Germany in %	27.6	18.0
In China in %	0.5	0
In the UK in %	7.3	53.0
In France in %	1.0	0
In India in %	19.7	1.0
In Italy in %	4.1	0.4
In Russia in %	0.0	0.0
In Denmark in %	78.6	0
In Sweden in %	9.5	4.8
In Norway in %	93.0	0

Compliance training participants from management

Due to the size and hierarchical structure of individual international subsidiaries, not all management levels are represented in each country.

		2022	2021
Germany	Lower management in %	**41.0**	27.6
	Middle management in %	**32.8**	26.7
	Upper management in %	**29.2**	4.2
United Kingdom	Lower management in %	**23.1**	61.5
	Middle management in %	**14.3**	85.7
	Upper management in %	**100**	0
India	Lower management in %	**100**	0
	Middle management in %	**83.3**	16.7
	Upper management* in %	**–**	–
Denmark	Lower management* in %	**–**	–
	Middle management* in %	**–**	–
	Upper management in %	**0**	100
Sweden	Lower management in %	**0**	0
	Middle management in %	**12.5**	0
	Upper management in %	**0**	0
Norway	Lower management* in %	**–**	–
	Middle management in %	**100**	0
	Upper management in %	**0**	100

*Nobody at this hierarchy level

Schüco expects all business partners (including customers, suppliers, advisers and distribution partners) to respect the principles set out in the company's Code of Conduct and to act accordingly. In addition, Schüco has kept its suppliers in check since 2020 through a Supplier Code of Conduct on ethical business conduct in accordance with all applicable regulations and provisions.

Anti-competitive behaviour

GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

During the reporting period there were no pending relevant proceedings against Schüco.

Ecology

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Ecology

Materials

Area of application Schüco Group

GRI 301-1 Materials used by weight or volume
GRI 301-2 Recycled input materials used

Aluminium alloys, other metals such as steel, and PVC-U (primarily thermoplastics and elastomers) are predominantly used for Schüco products. Details on the proportion of individual materials in the total volume are not provided for competitive reasons.

The proportion of recycled materials in construction products is generally limited by the amount of secondary material available on the market.

Aluminium

According to the European Aluminium Association (EA), the global proportion of recycled aluminium is around 40 percent. This value generally reflects Schüco aluminium profiles too.

During the reporting period, we have increasingly focused on procuring aluminium grades with a declared proportion of recycled content in partnership with our suppliers. Depending on the region, 10 to 20 percent of all the aluminium we buy has a verified recycled content of more than 40 percent. Our aim is to increase this figure significantly over the next few years.

PVC-U

According to a recent study by VinylPlus Deutschland and Plastics Europe Deutschland, use of recycled PVC in Germany in 2021 rose by 37 percent compared to the last rise in 2017. Across all industries, almost 18 percent of the PVC processed came from recycled content. The construction sector saw the largest area of application here, with more than 75 percent of all the PVC processed. The higher figures are linked to the increasing recycling of PVC building components that were largely installed in the 1970s and 1980s. The proportion of recycled content in PVC window profile production at Schüco was 19.1 percent (2021) and 15.5 percent (2022).

In product development, we are also increasingly considering the recyclability of the materials used and are thereby ensuring that individual components can be easily separated at the end of their lifecycle, so that as many materials as possible can be used at the same level of quality.

In Germany, Schüco supports the industry-specific A|U|F (for aluminium) and Rewindo (for PVC) recycling systems. In 2022, Schüco Polymer Technologies also established a joint venture, RE:CORE, with waste-disposal company Remondis. It aims to close the PVC recycling process at Schüco and offer its partner companies an exclusive recycling service for profile offcuts from the window industry and old windows.

In the European Aluminium Association (EA) and the European PVC Window Profile and Related Building Products Association (EPPA), Schüco encourages efforts to introduce similar systems in other countries outside Germany. The aim is to increase the proportion of secondary material on the market in the long term.

Energy

Area of application German sites of the Schüco Group (excluding acquisitions)

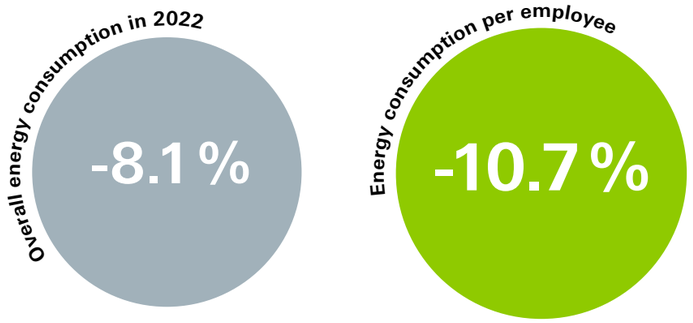
GRI 302-1 Energy consumption within the organisation
GRI 302-3 Energy intensity

Unless indicated otherwise, the following energy figures refer to the German sites of the Schüco Group. They form the basis for the company's carbon footprint, which has been recorded since 2011 (see GRI 305). The consumption volumes were taken from the supplier and utility company invoices. The completeness and accuracy of the collected data is checked as part of an external audit to record the corporate carbon footprint.

Estimations have been made for individual consumption data that did not meet the editorial deadline for the sustainability report. These will be replaced with the actual figures at a later date. The consumption figures for 2019 and 2020 may therefore differ from the data that we published in the previous sustainability report.

Energy consumption within the organisation in kWh	Change compared to the previous year in %	2022	2021	2020	2019
Transport	-2.4	14,738,311	15,095,876	14,047,473	15,612,684
Heating oil	-32.2	747,737	1,102,442	1,200,639	965,116
Natural gas	-17.7	11,586,971	14,081,839	11,111,372	11,926,096
Power (conventional)	-59.2	225,282	552,050	891,645	747,740
Power (renewable)	-4.7	46,718,241	49,041,850	45,435,924	45,555,302
District heating	-14.7	7,877,058	9,235,307	7,071,436	7,569,090
Self-generated energy (photovoltaics)	+8.1	66	61	57	63
Overall consumption	**-8.1**	**81,893,666**	**89,109,424**	**79,758,546**	**82,376,090**

Energy intensity in kWh	Change compared to the previous year in %	2022	2021	2020	2019
Consumption overall	**-8.1**	81,893,666	89,109,424	79,758,546	82,376,090
Consumption per employee	**-10.7**	22,333	25,017	21,297	21,856



Biodiversity

GRI 304-1 **Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**
GRI 304-2 **Significant impacts of activities, products and services on biodiversity**

Most Schüco sites around the world are in dense/inner-city areas which do not border areas of high biodiversity value. The Schüco site in France, south-west of Paris, borders a designated nature conservation site. This site has a large warehouse and workshops and employs around 200 people in the areas of development, administration, sales and shipping. The particular location means that there are increased requirements for Schüco, including with regard to building development and ground water protection; these requirements are all met or exceeded.

Schüco is aware of the fact that obtaining and processing raw materials required to make the products can have a significant impact on biodiversity. The aluminium ore bauxite is therefore extracted from mines in Australia, Brazil and Guinea in particular. As Schüco cannot directly influence raw material extraction, the company makes a difference as a founding member of the Aluminium Stewardship Initiative (ASI), through which it has established the main guidelines for the supply chain. The ASI performance standard stipulates clear requirements for bauxite mines to protect biodiversity during site preparation, operation and dismantling. In the relevant ASI working bodies, Schüco makes an active contribution to developing these requirements further. The company is already certified in line with the ASI Performance Standard in Germany, France, Italy and the UK and in 2022 received certification in line with the ASI Chain of Custody Standard. The latter aims to establish a responsible supply chain at all points.

Emissions

● **Area of application** Schüco Group (excluding 2021/22 acquisitions)

GRI 305-1 **Direct (Scope 1) GHG emissions**
GRI 305-2 **Energy indirect (Scope 2) GHG emissions**
GRI 305-3 **Other indirect (Scope 3) GHG emissions**
GRI 305-4 **GHG emissions intensity**
GRI 305-5 **Reduction of GHG emissions**

Schüco has been recording its climate-related emissions for its German sites since 2011. The GHG Protocol and the ISO 14064 standard form the basis for calculating the carbon footprint. Data from administration and production (energy consumption, water and waste water), transport logistics (internally and externally), business trips, journeys to and from work as well as paper consumption and printing is incorporated into the balance. The numbers are verified by TÜV NORD CERT and confirmed by issuing a certificate.

In order to define scientifically substantiated climate protection objectives, since 2017 Schüco has also calculated the global emissions of the company. The areas defined as essential by the GHG Protocol also form the basis for this. The data collected refers to consumption bills and purchasing data. Only a few smaller areas such as the procurement of office equipment and materials are not calculated

The data is either held by headquarters or requested from the international sites and recorded by headquarters. Where is still not possible, the data recorded refers to projections based on employee figures or the processing companies. Over time, we will replace the estimations with actual figures. The emission data for 2019 and 2020 may therefore differ from the data that we published in the previous sustainability report.

GHG emissions in Germany and worldwide

Scope 1 comprises emission sources within the company, for example based on the heating, vehicle fleet or air conditioning used. Scope 2 emissions are based on the consumption of purchased energy for the heating and power supply. Scope 3 refers to the other emissions produced through the business activity. In this category, Schüco records the carbon footprint of the materials it purchases. Greenhouse gas emissions from upstream transport, business trips and journeys to and from work, the fabrication of sold products and their disposal after the active usage phase are also recorded in Scope 3.

GHG emissions in Germany in tonnes of CO_2e	Change compared to the previous year in %	2022	2021	2020	2019
Scope 1	1.6	7869	7747	7919	8804
Scope 2	-13.5	752	869	847	826
Scope 3	-0.9	15,072	15,214	15,801	23,072
Total emissions	**-0.6**	**23,693**	**23,830**	**24,567**	**32,202**

Emissions from energy consumption, business travel, leased vehicles, commuter behaviour, work from home, paper and printer products as well as logistics with internal and downstream transport, produced by all office and production sites in Germany were taken into account in the calculation.

GHG emissions worldwide in tonnes of CO_2e

	Change compared to the previous year in %	2022	2021	2020	2019
Scope 1	13.3	19,740	17,429	9794	10,879
Scope 2	1.8	2627	2581	3898	3910
Scope 3	-9.4	1,761,506	1,945,102	1,779,546	1,888,578
Total emissions	**-9.2**	**1,783,873**	**1,965,112**	**1,793,238**	**1,903,367**

Since the 2021/22 reporting period, the GHG emissions have been recorded for each specific site. The 2019/20 and 2021/22 periods can only be compared to a certain extent.

Emissions per employee in tonnes CO_2e worldwide

	Change compared to the previous year in %	2022	2021	2020	2019
Intensity (in tonnes of CO_2e per employee)	**-21.6**	263.7	336.5	317.4	337.4

The ratio compares the global CO_2 equivalents (Scope 1, 2 and 3) with the number of employees.

Emissions by sales in tonnes CO_2e worldwide

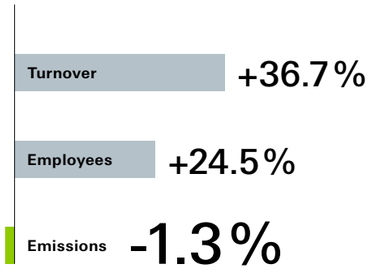
	Change compared to the previous year in %	2022	2021	2020	2019
Intensity (in tonnes of CO_2e per million € sales)	**-20.7**	781	985	1057	1087

The ratio compares the global CO_2 equivalents (Scope 1, 2 and 3) with sales.

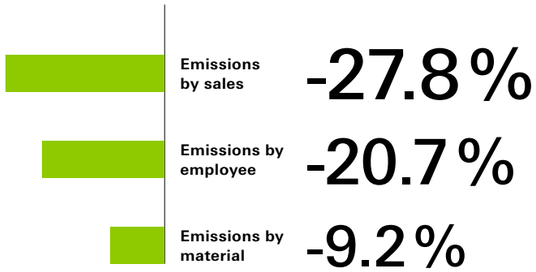
Emission Zero: Objectives achieved

Reduction of GHG emissions in tonnes of CO_2e

	Change compared to 2018 in %	2022	2018
Sales in million euros	+36.7	**2283**	1670
Employees	+24.5	**6764**	5434
GHG emissions in tonnes of CO_2e	-1.3	**1,783,873**	1,807,115
Intensity in tonnes of CO_2e per million € sales	-27.8	**781**	1082
Intensity in tonnes of CO_2e per employee	-20.7	**263.7**	332.6



Percentage change in sales, employees and emissions compared to the base year 2018



Percentage change in intensity compared to the base year 2018

Schüco set itself the aim to reduce its absolute CO_2 emissions by 30% by 2025 compared to the reference year of 2018.

In 2022, sales for the Schüco Group rose by 36.7 percent compared to the reference year of 2018, while the absolute GHG emissions were slightly below the reference value from 2018 at -1.3 percent. We are therefore not yet achieving the targets that we set together with the WWF and which were validated as an effective path to reduction by the Science Based Target Initiative (SBTI). Nevertheless, we were able to separate carbon emissions from sales for the first time. The positive trend is reflected in the carbon intensity per million euro of sales, per employee and per tonne of material, which have all reduced compared to the reference year of 2018.

However, the development shown cannot be attributed solely to our efforts in procuring low-carbon materials, but is also linked to price and acquisition-related appreciation. We are therefore aware that the percentages of the intensity levels shown here are not an unqualified success, but merely show a trend. However, this is significant and should therefore be seen as extremely positive. The figures also show that we still need to work to reduce our carbon emissions.

Our main focus continues to be increasing efforts in purchasing and increasing global demand for low-carbon materials through transparent labelling of our product solutions.