



CENTROTEC Industries

Sustainability impact report 2023

The start of our journey

We are excited to publish our first sustainability impact report as CENTROTEC Industries for the year 2023. Recognizing the significance of sustainability, we have developed a comprehensive framework that extends across all our subsidiaries.

Our sustainability framework

This report serves as an opportunity to present our sustainability framework to our stakeholders, detailing our priorities and the objectives we have established. We acknowledge that this report and our framework mark only the beginning of our journey. We appreciate ideas and feedback to refine and enhance our approach, as this is a continuous learning cycle for us all.

Our framework is founded on four strategic pillars: Our Solutions, Our Operations, Our People, and Our Commitments. In the following sections, we will explain how we developed our sustainability mission and vision and how we prioritized these strategic pillars and identified key focus areas.

We also dive deeper into our four pillars, describe our principles, relevant KPI's and targets, and explain our progress so far and show some examples of local initiatives that support our strategy and targets.



Bernhard Pawlik



Who we are

CENTROTEC Industries has established itself as a pioneer in energy-efficient building technologies. Our group of companies, with over a century of expertise and renowned international brands such as Ubbink, Centrotherm, Centroplast, MAGE, Sonnenstromfabrik, Rolf Schmidt, and Möller Medical, has consistently pushed the boundaries of innovation.

Headquartered in Brilon, Germany, we have a global presence with production and sales locations in countries including the Netherlands, Germany, Belgium, France, the United Kingdom, Italy, China, and the United States. This international network allows us to drive sustainable solutions that conserve energy and protect the environment on a global scale.

Our purpose and mission

At the heart of our organisation lies a clear and compelling purpose:

To create healthy, safe, sustainable, and comfortable living environments for everyone.

This purpose is not just a statement but the very reason for our existence. We believe that by embracing innovation and sustainability, we can

make a significant impact on the world, helping to shape a future where energy efficiency and environmental responsibility are the standard. Our mission aligns with this purpose. We are dedicated to delivering innovative solutions that optimise energy use, reduce carbon footprints, and meet the highest standards of sustainability. By consistently exceeding regulatory requirements, we ensure that our products contribute to a more sustainable world, offering tangible benefits to both residential and commercial spaces.

Commitment to sustainability

Sustainability is more than a goal; it is a commitment that underpins everything we do. The companies within our group are at the forefront of developing technologies that enhance energy efficiency and reduce environmental impact. Our product portfolio spans heating, climate control, and ventilation systems, as well as solar thermal solutions and energy-saving technologies.

Innovation drives this commitment. We continuously invest in research and development to ensure our solutions not only meet but surpass the evolving demands of the market. By staying ahead of regulatory changes and environmental



standards, we empower our customers to achieve greater energy efficiency and sustainability in their buildings.

Our products and solutions

As global attention increasingly shifts towards sustainability, our group of companies is uniquely positioned to lead the charge. The challenges facing the building industry today - ranging from raw material scarcity to energy shortages and a need for skilled labour - demand innovative solutions. We recognise the critical role that digitalisation will play in overcoming these challenges and our product portfolio reflects this understanding.

Our offerings are engineered to be straightforward: easy to understand, easy to install, and easy to use. By focusing on smart, engineered solutions, we address the immediate needs of the industry while also anticipating future demands.

Looking ahead

Our vision for the future is clear: to provide comprehensive, integrated solutions that not only meet the needs of today but also anticipate the challenges of tomorrow. By embracing digital opportunities and leveraging our extensive expertise in both application and manufacturing, we add value far beyond individual products. We are not just contributing to the built environment of the present; we are laying the groundwork for a sustainable future for generations to come.



Centroplast



Centrotherm



MAGE®



MÖLLER



Rolf Schmidt
industri plast



SONNENSTROM
FABRIK



ubbink

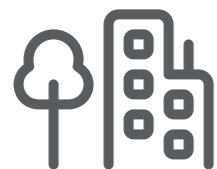
Background of our sustainability framework

To identify the most relevant sustainability topics for us, we conducted a stakeholder analysis and materiality assessment.

This process generated a comprehensive list of sustainability topics, which were then categorised into four main pillars and further broken down into specific sustainability themes.

We then gathered information on priority topics by consulting with key clients, analysed upcoming legislation, and performed workshops with employees from various functions, companies, and countries.

The following topics are material for our group of companies:



Climate change and GHG (Greenhouse Gases) management



Business ethics and integrity



Resource efficiency



Circularity



Employee wellbeing



Product design and innovation



Product safety and quality



Good employership

All this input was consolidated into our mission “Develop as a circular brand” and embedding sustainability and circularity principles into all our operations and business practices.

In collaboration with its operating companies, CENTROTEC Industries strives to align its sustainability principles and objectives with local priorities, goals, and roadmaps, embedding them into business processes.

Our sustainability vision provides valuable guidance for making strategic decisions. In an increasingly complex world with interconnected issues, it is essential to make responsible choices.

Our Group values and leading principles - “We empower to RISE, with CARE as our Compass” - will support our sustainability mission and vision.



Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a series of 17 goals launched by the United Nations and adopted by 193 countries in 2015. Through sustainable (economic, environmental, and social) development, their overall objective is to create a better world, and a better life for all, by 2030.

These goals aim to end poverty, protect the planet, and ensure prosperity for all. They cover critical areas like quality education, gender equality, clean water and sanitation, affordable and clean energy, climate action, and reduced inequalities, among others. Each goal

is interconnected, acknowledging that global progress in areas like health, economic growth, and environmental protection requires integrated approaches. The SDGs provide a shared blueprint for peace and prosperity, calling for collaborative efforts from governments, organisations, and individuals worldwide to create a more sustainable and equitable future.

Based on the input from our workshops, we have aligned our mission and vision with the following Sustainable Development Goals:



The four strategic pillars of our sustainability framework

As discussed, we have structured our sustainability framework and policy into four key strategic pillars: Our Solutions, Our Operations, Our People, and Our Commitments. These pillars guide our approach to evolving as a circular brand.

We believe that sustainability and circularity should be integrated into every aspect of our business, which is why we've organised our efforts around these four dimensions.

Defining the pillars

For each pillar, we have established clear principles. We have also set specific goals and highlighted local initiatives that support these targets.

The pillar **Our Solutions** outlines our principles regarding our products and services, including practical definitions related to circularity.

Our Operations pillar focuses on our manufacturing facilities and our environmental impact, such as our CO₂ footprint.

The pillar **Our People** addresses our employees, the communities we operate in, and our supply chain responsibilities.

Lastly, the **Our Commitments** pillar emphasizes our dedication to transparency and compliance.



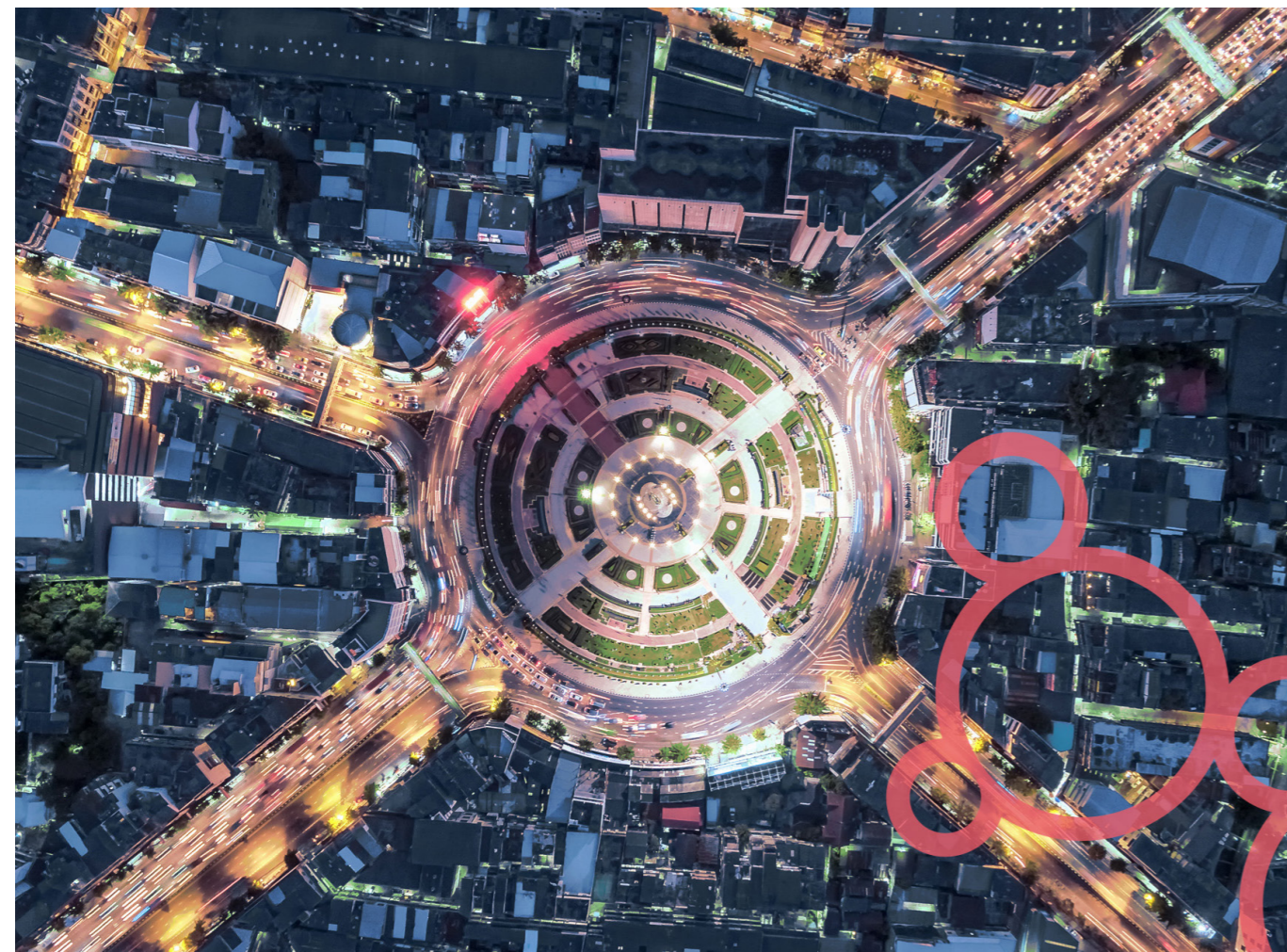
Our Solutions

Our solutions positively contribute to our clients' ambitions, such as creating more sustainable buildings, offering more affordable clean energy, and enhancing quality of life. Our high-quality products are safe and designed in line with our sustainability and circularity criteria.

Across the entire supply chain

We integrate sustainability and circular economy principles throughout our value chain, from sourcing raw materials to bringing our products to market.

Innovation is driven by assessing the environmental impact of our choices and processes from cradle to grave. In product development, we focus on optimising raw material usage, maximising the durability of our solutions, and enhancing recyclability.



Adhering to our circularity principles, we strive to minimise waste at our production sites and for our customers, designing products for recyclability and reducing packaging materials. Wherever possible, we utilise renewable energy sources and sustainable or recycled raw materials, all within the boundaries of strict governmental regulations on product safety.

We are committed to collaborating with our customers and suppliers and actively participating in initiatives to develop more sustainable solutions within our supply chain.

To monitor the implementation of these principles, we have established several goals at CTI Group



General waste reduction

- Target: 20% normalised reduction versus 2022
- Status: 6.2% reduction in 2023



Supply chain initiatives

- Target: at least 5 supply chain initiatives by 2028
- Status: 1 started with client on CO₂ reduction



Packaging material

- Target: 20% normalised impact reduction versus 2022
- Status: program starts in 2024



Recycled material usage (PP/PE)

- Target: 10% recycled material used in 2028
- Status: 5.6% recycled material usage in 2023

level, using 2022 as the reference year. In late 2023, our framework and targets were approved, marking the commencement of focused efforts on these objectives.

In alignment with this, we adopt SDG 7 — Affordable and Clean Energy — and 11 — Sustainable Cities and Communities.

For some of our objectives, the first progress can already be shared, along with local examples of our entities working on sustainability initiatives. For some goals we are starting the program in 2024, so no progress can yet be reported.

Utilizing recycled materials

Whenever it is possible to use recycled materials without compromising product quality, we incorporate them. Through our standardized product development process, we ensure the highest standards of quality and safety for both our products and production processes, even when using recycled materials.

Some examples of products that contain recycled material are the floor ventilation duct, solar bird scrap and impact ventilation grille.

We already manufacture products that are made from 100% recycled material, while some contain a certain percentage of recycled material. Every year, we keep track of the percentage of recycled material in relation to our total use of plastic granulate (PP (polypropylene) and PE (polyethylene)), in order to be able to comply with new legislation that will make the use of recycled material mandatory in the future.



Floor ventilation outlet



Our Operations

In our operations, we establish clear goals and targets to optimise resource use and lower our environmental impact and carbon footprint. Our objective is to minimise the impact of our activities on people and natural habitats as much as possible.

We continuously strive to enhance our environmental and energy performance, embedding these efforts within our management systems. Our commitment to reducing our CO₂ footprint includes improving energy efficiency, increasing the use of renewable energy, and mitigating the impact of our value chain on our overall footprint.

New products and production processes are evaluated based on their sustainability impact, including factors such as energy consumption, employee health and safety, packaging requirements, as well as the materials and suppliers involved.

We align with SDG 12 — Responsible Consumption and Production — and SDG 13 — Climate Action.

To track our progress, we have defined several goals at CTI Group level, using 2022 as the baseline year. Our framework and targets were approved in late 2023, marking the beginning of focused efforts to achieve these objectives.

Current progress

Some progress has already been made on these objectives and we can show some examples of local entities working on sustainability initiatives.

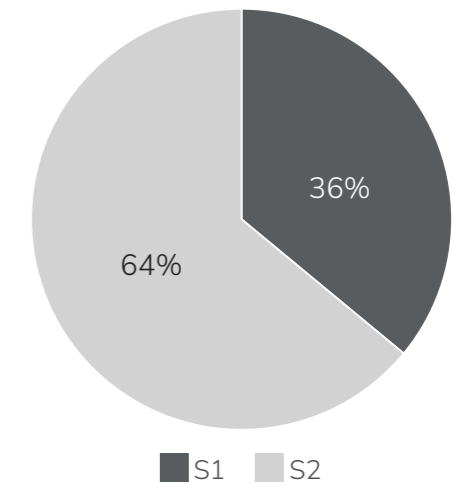
In 2023, our renewable energy usage across CTI increased by 12.4%, while our total energy consumption decreased by 10.2% compared to 2022.

The most significant reduction was in electricity usage, which dropped by 11.7%. Our sites in Brilon, Kolding, Northampton, and Doesburg now source their electricity from certified renewable sources such as wind.

Due to overall lower production volumes in some of our sites, the electricity use was also lower compared to 2022, while on the other hand some sites had an increase in production and thus energy use.

Our 2023 Scope 1 and Scope 2 CO₂ emissions are detailed below. Our Scope 1 CO₂ emissions consist of our emission caused by burning natural gas to heat our buildings and the fuel used by our company cars. Our Scope 2 CO₂ emissions are caused by using electricity in our processes. For these calculations, we follow the Greenhouse Gas protocol (GHG), assessing both location-based and market-based electricity emissions.

The GHG protocol is the global standard for companies and organisations to measure and manage their GHG emissions.



Scope 1 and 2 CO₂ emissions



In 2023, our market-based CO₂ emissions decreased by more than 20%, primarily due to reduced energy consumption, increased renewable energy generation, and optimised contracts.

Location-based CO₂ emissions dropped by 10%, despite higher country grid emission factors in some countries.



CO₂ reduction

- Target: 35 % absolute reduction Scope 1 and Scope 2 CO₂ emissions in 2030 vs 2022
- Status: on track, > 20% reduction in 2023 vs 2022

This means we are on track to meet our goal, but we also realise that this requires significant continued effort and resources to achieve this.

In 2024, we are further refining our carbon emissions calculations and data collection processes. We are also exploring the possibility of setting a Scope 3 reduction target.



Reduced environmental impact

- Target: all production sites ISO14001 and/or ISO50001 certified in 2030

Status:

- Ubbink Doesburg ISO14001 certified in 2023
- Centrotherm Brilon ISO14001 and ISO50001
- Centroplast Marsberg ISO50001
- Sonnenstromfabrik Wismar ISO4001 and ISO50001 recertified



Local initiatives

In 2023, Ubbink Netherlands in Doesburg installed 1,574 solar PV panels on their roof, generating approximately 10% of the plant's electricity needs for the year.

Several of our sites initiated energy reduction projects in 2023. For instance, our Centrotherm Italy affiliate installed a heat pump early in the year to heat the building, reducing natural gas consumption by more than 80% compared to 2022.

At our Centrotherm Brilon site, a new heating concept was developed and installed for their warehouse, switching to floor heating instead of gas heaters, resulting in approximately 20% fuel savings.

Ubbink's production site in Doesburg conducted an energy awareness campaign, encouraging employees to propose ideas for energy savings. This initiative led to a 13% reduction in natural gas usage, such as turning off gas heaters in

the production area, and an 8% reduction in electricity consumption through optimised start-up processes at the beginning of the week.

In our China site in Jiaying, the temperature settings of the cooling water were successfully adjusted, resulting in around 10% lower energy usage by the cooling system.

ISO certifications

Regarding our ISO certifications, our Centrotherm plant in Brilon and our Sonnenstromfabrik in Wismar successfully extended its ISO 14001 and ISO 50001 certifications. The Ubbink Doesburg site also implemented and certified a new ISO 14001 management system, while our Centroplast site in Marsberg extended its ISO 50001 certification.

These management systems ensure that the plants effectively understand, manage, and reduce relevant environmental impacts and risks.



Our People

We take care for our employees and offer them a great place to work, providing good working conditions, and support their personal growth. We are committed to upholding human rights and considering environmental impacts in our supply chain decisions.

Our workforce mirrors the diversity of society and we recognise our employees as our most valuable assets, deserving the utmost care and respect.

At CENTROTEC Industries, the wellbeing of our employees is paramount, with health and safety being our top priority. We establish clear expectations at the group level for our companies, which are monitored through a monthly reporting process.

We are dedicated to ensuring safe working conditions and promoting personal development.

As a group, we rely on skilled staff, so we actively encourage and support continuous skill development and provide educational opportunities for our employees. We also have systems in place for employees to (anonymously) report any issues or suggest improvements.

We value the communities we operate in and are conscious of the impact we can have. Where possible, we support our local communities through initiatives that benefit both them and our employees.

We acknowledge our responsibility within the supply chain and collaborate with our partners to understand and improve their impact on human rights and the environment.

We have adopted SDG 4 – Quality Education and SDG 8 – Decent Work and Economic Growth.

To track our progress, we have established a set of goals at CTI Group level, with 2022 as the baseline year. Our framework and targets were approved in late 2023, marking the beginning of our concerted efforts towards these goals.

For some objectives progress has already been made, along with local and group examples of our entities working on sustainability initiatives. For some other goals we are starting a Group wide program in 2024, so no progress can yet be reported.



Local and group initiatives

Supporting reforestation efforts

Our Centrotherm plant in Brilon has taken on the role of patron for the ‘Waldlokal Brilon’ initiative, which focuses on reforesting local forests that have been severely impacted by drought in recent years.

“As the patron of Waldlokal Brilon, we are committed to supporting sustainable reforestation in our local area.” — Susanne Frank, Group Director HR.

Commitment to working conditions and personal growth

We are dedicated to ensuring excellent working conditions and providing opportunities for personal growth and development. Last year, we reinforced the importance of safety and personal responsibility within our organisation by starting new Group wide programs.

New Way of Working

We continuously invest in our employees’ development, incorporating agile methods into our way of working, and combining them with our standards and routines. This approach decentralises responsibility, empowering colleagues to grow rapidly and independently. This is now also reflected in our group values and leadership principles - We RISE with CARE as our compass.

Focus on safety

Recognising the critical importance of health and safety within our group, we have developed an internal Health & Safety culture assessment. This tool helps our facilities identify areas for improvement in their safety culture and facilitates the sharing of best practices across the organisation.

The assessment was created in 2023 and we will begin implementing the program in 2024.

Our Sonnenstromfabrik in Wismar is ISO45001 certified, an international standard that specifies requirements for an occupational health and safety (OH&S) management system.

Supplier Risk Management

We are utilising a Supplier Risk Management system at our Centrotherm Brilon purchasing department, to be made aware of specific supply chain risks. We are expanding this system to our other companies and are preparing for future supply chain responsibility legislation.



Incidents with injuries

- Target: 0 LTIs
- Status: program starts in 2024



Community engagement

- Target: 5 community engagement initiatives annually
- Status: 4 community engagement initiatives in 2023

Our Commitments

We are fully compliant in all aspects of our business and transparently report our sustainability performance to our stakeholders. Our ability to operate depends on adhering to all relevant laws and regulations. We recognise our responsibilities and have ensured that our operations meet all compliance requirements.

We uphold the highest standards of business ethics and integrity, consistently following our Code of Conduct across all of our locations. We make sure that all stakeholders are informed of and adhere to these standards.

We commit to transparency by disclosing our sustainability performance annually and providing specific information to those who request it. Our sustainability communication is timely, proactive, and transparent.

We regularly disclose and update our Environmental Product Declarations for applicable products. To monitor the implementation of these principles, we have established several goals at the CTI Group level.

With 2022 as the baseline year for our targets, our framework and goals were approved in late 2023. While the substantial work on these targets is just beginning, we are already able to share some progress and highlight local examples of our entities engaging in sustainability initiatives.



Legal compliance

- Target: 0 violations
- Status: 0 violations in 2023



Transparency

- Target: annual CDP and EcoVadis disclosure
- Status: CDP disclosure in 2023
- Bronze EcoVadis score for Ubbink BV



Transparency

- Target: LCAs available at request per 2025
- LCAs available for all new products per 2025
- Status: LCA software purchased, key personnel trained



Local initiatives

Disclosure

At the request of several clients, Ubbink Doesburg has shared its sustainability performance through EcoVadis for the first time and earned a bronze medal. This is a solid starting point and provides many opportunities for further improvement.

EcoVadis is a globally recognised platform that evaluates businesses' sustainability across four key categories: environmental impact, labour and human rights standards, ethics, and procurement practices.

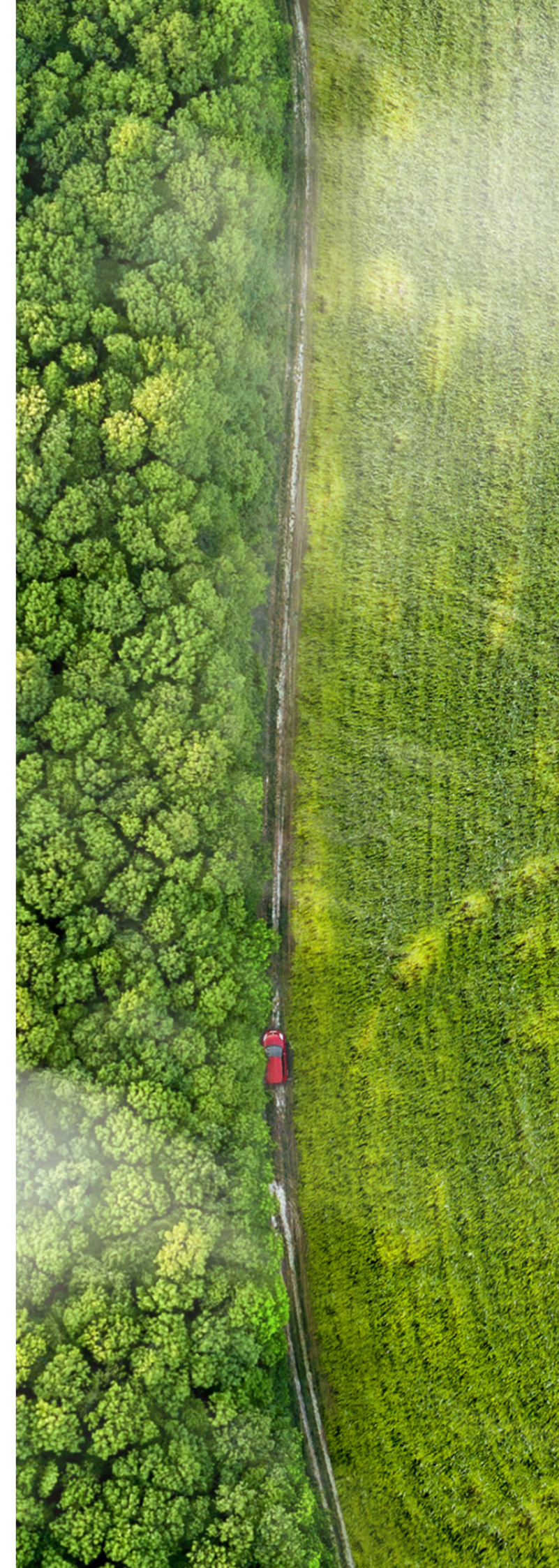
Some key recommendations include publishing a sustainability report and setting clear goals. We anticipate that this initial sustainability impact report will aid in addressing these areas.

CENTROTEC Industries has also begun disclosing their climate change risks, opportunities, and performance through CDP, the Carbon Disclosure Project. CDP is a charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

Product environmental impact

Additionally, we have launched an internal Life Cycle Assessment (LCA) training for our engineering teams and have subscribed to specialized LCA software from Ecochain. This will enable us to develop LCAs for our existing and new products later in 2024.

For our solar panels, produced in our factory in Wismar, information on the environmental impact of our PV panels is available on our website.





Our ongoing commitment

As this is the first year for CENTROTEC Industries in publishing our sustainability impact report and introducing the sustainability framework, we acknowledge that we are just at the beginning of our journey. Agility is a core value across our companies, and we believe in laying a strong foundation while continuously striving to develop and improve.

We are preparing for the mandatory CSRD reporting and are actively learning about the impacts, risks, and opportunities that are crucial for this disclosure. This impact report marks an important first step, and we are proud to have taken it.

If you have any questions or suggestions regarding our report, please feel free to contact us at sustainability@centrotec.com.

