

# SUSTAINABILITY REPORT

2016 / 2017



burgbad

## 3 Our company

### 4 For us, sustainability starts right on our doorstep

### 8 Statement by the executive board

### 9 Sustainability strategy

Action areas and goals

### 12 Action areas and goals

## 14 Sustainable products

Innovation management

Concepts and designs

### 17 Breakdown of raw materials

### 18 Responsibility in the supply chain

### 19 Emissions and consumption

### 24 Breakdown of waste disposed of and recyclable waste

## 26 Employees

Training and development

Equal opportunity

Health

Shared values

### 29 Code of conduct

### 30 Social responsibility

burgbad AG is a leading manufacturer of premium furniture and system solutions for the bathroom based in Bad Fredeburg. The company was founded in 1946. At the time, its activities focused on the production of wooden construction kits and shelves. burgbad quickly specialised in manufacturing bathroom furniture and was soon targeting the expansion of its portfolio and expertise in this direction.

The internationally operating company has three locations in Germany – Bad Fredeburg, Greding and Lauterbach-Allmenrod – which together make up burgbad GmbH, as well as a French subsidiary – burgbad France S.A.S – in Nogent-le-Roi. Since 2010, burgbad has been a wholly owned subsidiary of the Turkish Eczacibasi Holding. In 2017, a workforce of 722 staff was employed at burgbad's locations, 610 of them in Germany and 112 in France.

burgbad submits a declaration of conformity with the German Sustainability Code (DNK) and a progress report in compliance with the UN Global Compact.

The HOCHSAUERLAND region

For us, sustainability starts  
right on our doorstep



**Schmallenberg in the Hochsauerland region, Grafenberg in the Franconian Jura, Lauterbach-Allmenrod in the Vogelsberg Mountains and Nogent-le-Roi in the Eure-et-Loir département: the landscape around burgbad's four production facilities is literally streaming with good reasons to think and act sustainably.**

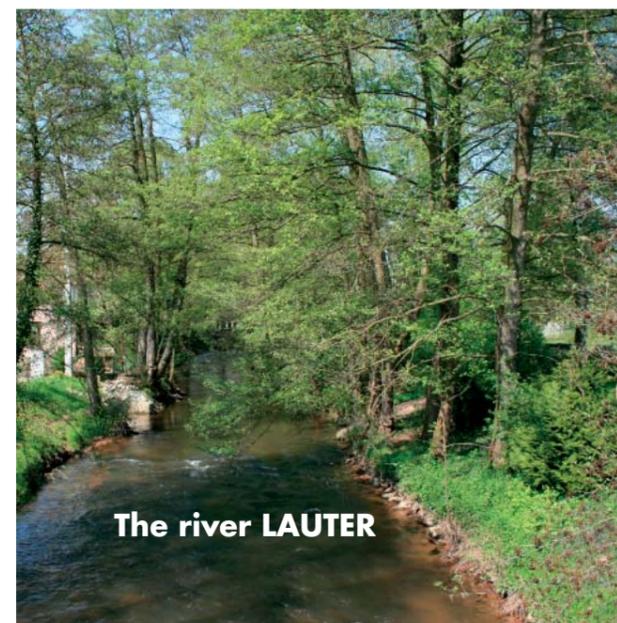
Join us on a little tour of the streams and rivers that give everyone at burgbad strong motives for focusing so much attention on the environment.

Our original factory in **Schmallenberg** is located in the Hochsauerland region. Numerous rivers and streams have their source here, including the Lenne, the Wenne, the Henne, the Valme, the Elpe and the Lisse, to name but a few. The Lenne runs through Schmallenberg itself; it rises in the Rothaar Mountains, near the summit of the Kahler Asten. From there, the Lenne makes its way through the Sauerland. After 129.1 kilometres, it flows into the Ruhr near Hohensyburg Castle. The water from the Lenne eventually finds its way into the North Sea via the Ruhr and Rhine.

**Grafenberg** forms part of Greding in the district of Roth, Bavaria. The Anlauter runs across the plateau, which is part of the Franconian Jura. The stream starts from a small pond. Even though the Anlauter is just 29 kilometres long, its water travels all the way to the Black Sea: near Kinding, it flows into the Schwarzach, which empties into the Altmühl a little further on; via the Altmühltal Valley, the water of the Anlauter reaches the Danube at Kelheim, from where it passes through half of Europe.

Our mineral cast plant is located in **Lauterbach-Allmenrod** in the German state of Hesse. It's at this facility that we produce burgbad's top-quality vanity tops. The town of Lauterbach is named after the River Lauter; it rises near the Sieben Ahorn in the middle of the Vogelsberg Mountains, and its valley is a beautiful destination for hikers. In Bad Salzschlirf, the Lauter joins the Altefeld to become the Schlitz, which then flows into the Fulda. In Hannover-Münden, the Fulda meets the Werra to become the Weser, which empties into the North Sea.

The Eure is one of the two rivers that give the French département of Eure-et-Loir its name. burgbad has a facility in **Nogent-le-Roi**, where we also produce bathroom furniture. The little French town is located on the bank of the Eure, a tributary of the Seine. Its water flows into the English Channel in Le Havre and from there into the Atlantic.



# STATEMENT BY THE EXECUTIVE BOARD



Dear Reader,

burgbad has been literally showered with awards over the last two years: several prizes for design and innovation, accolades from architects and the media, customers' favourite awards. I'm proud that our ideas for top-quality bathrooms are proving so popular.

I'm all the more delighted because, at the same time, burgbad has significantly improved its ecological and social standards. Since 2016, our production activities have been climate neutral – a major step that we spent two years preparing for. We now purchase wood – our most important raw material – entirely from sustainable sources, and our company is PEFC-certified. We require our suppliers to comply with a Code of Conduct that makes respecting human rights, labour standards and environmental protection a prerequisite for any business relationship.

Kind regards,

Jörg Loew  
Spokesman of the executive board

What's more, burgbad's furniture range has been awarded a Class A emissions rating. Customers can therefore rest assured that our products do not emit any harmful substances.

Parallel to this, we are also tackling social issues. Together with 200 other companies, burgbad has been part of the refugee support network "Us Together" since June 2016.

We took on five interns who were forced to flee their own countries and retained three young men from Guinea, Ethiopia and Syria in permanent positions. Our staff act as mentors, providing support not just with regard to job-related aspects but with lots of day-to-day matters as well. They deserve a very special thank you. I am deeply convinced that internationality and diversity are an asset – not just for our company but for society as a whole.

burgbad is a participant in the UN Global Compact, the world's biggest initiative for responsible corporate management. We are explicitly committed to implementing and promoting the 10 principles of the Global Compact in the areas of human rights, labour, the environment and anti-corruption.

A sincere thank you to all the staff, partners and customers who are accompanying us on this journey.



# SUSTAINABILITY STRATEGY



<b>ENVIRONMENTAL POLLUTION</b> - Energy efficiency - CO <sub>2</sub> emissions	<b>RESOURCE CONSERVATION</b> - Materials efficiency - Waste - Durability	<b>DEMOGRAPHIC CHANGE</b> - Promotion of young talent - HR development - Age-appropriate work - Products for every age	<b>HEALTH</b> - Product-related - Employees	<b>ECONOMIC GLOBALISATION</b> - Suppliers
<b>13 CLIMATE ACTION</b> 	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	<b>4 QUALITY EDUCATION</b> 	<b>3 GOOD HEALTH AND WELL-BEING</b> 	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 

Sustainability is part of burgbad's culture. We know that we are not only responsible for our company, but have the duty to harmonise our business objectives with social concerns as well. That's why, for some years now, we have been addressing the question of how we can measure the impact of our activities on the environment and society and ensure that impact is positive.

In order to take the right steps, it is important to listen to people and institutions outside our own company as well. That is why we sustain a close dialogue with those who have an interest in our enterprise – our stakeholders.

In 2015, we defined customers, suppliers, employees, our parent company Eczacibasi and other interested parties such as architects, potential employees and customers and the general public as our most important stakeholders. At the same time, we set ourselves measurable goals for many of our undertakings.

### Action areas and goals

In 2015, together with representatives of its key stakeholders, burgbad defined action areas in which our company will make an active contribution to sustainable development over the next few years.

### 1. Environmental pollution

Climate change is a global challenge – and one that burgbad wants to counter with active measures. We strive for climate-neutral production. To that end, we are working to reduce energy use, cut CO<sub>2</sub> emissions and switch to renewable energy sources. Unavoidable emissions are offset.

### General goal:

- Annual offsetting of unavoidable CO<sub>2</sub> emissions based on the criteria of the German Quality Assurance Association for Furniture (DGM) to qualify for the DGM's "Climate-Neutral Furniture Manufacturer Scopes 1, 2, 3" label.

### Goals 2018:

- Efficiency and feasibility analysis of using scrap wood for heating at the location in France, similarly to Germany.
- Efficiency and feasibility analysis of renewable energy sources for the Bad Fredeburg site: CHP and/or PV system.

### Goals 2020:

- Reduce CO<sub>2</sub> emissions (kg/t of production) by 55 percent as compared to 2014 (according to Scope 1 and 2 of the Eczacibasi Group's eco-controlling system).
- Reduce total energy consumption (kWh/t of production) by 10 percent as compared to 2014.

## 2. Resource conservation

We want to be even more economical in our use of resources and avoid critical input materials. To that end, we are increasingly working with certified and eco-friendly materials and reducing or recycling waste. At the same time, we design products that are high quality, made to last and variable.

### Goals 2018:

- Extensive investigation into the status of recycling quotas for bought-in raw materials and products: packaging, wood-based materials, fillers, mirror glass, ceramic, metals

- Increase the share of PEFC-certified wood for France to 90 percent. In Germany, maintain the 90 percent already achieved.
- Switch to buying PEFC/FSC-certified cardboard.

### Goals 2020:

- Reduce total amount of waste (kg/t of production) by 10 percent as compared to 2014.
- Reduce paper consumption by 50 percent as compared to 2015.
- Responsible handling of resources in administration and visitor areas.

## 3. Demographic change

We want to retain the valuable experience of our older employees while simultaneously attracting the best youngsters to our company. We are committed to enabling age-appropriate work and promoting young talent. We want to create solutions for our customers that adapt to their life situation. We are investing in the development of bathroom furniture for an ageing society.

### General goal:

- Ensure the training of young people in clerical and technical occupations at all German locations..

### Goal 2018:

- Introduction of a standardised and systematic personal development review for employees up to lower management level across all locations.
- Promotion of regular further training and continuing education for employees.

## 4. Health

For us as an industrial company, occupational safety and health and enabling our employees to balance their families are topics that call for constant diligence. We want to promote our staff's health. We offer our customers products that not only pose no risk to health but, ideally, deliver health-promoting benefits as well.

### Goals:

- Utilisation of the "health label" in France as soon as the corresponding draft bill for evaluating permissible emission levels in indoor air has been passed.
- Lower the number of work-related accidents to the greatest extent possible.

## 5. Economic globalisation

The internationalisation of business processes makes it increasingly difficult to ensure sustainability in the supply chain. We make every possible effort to do so. Our key areas of focus are environmental issues, materials, working conditions and human rights.

### Goals 2018:

- Development of a self-assessment questionnaire and survey of both our 20 biggest suppliers and suppliers with products from Asia as the basis for risk assessment in accordance with the National Action Plan for Business and Human Rights (NAP).
  - Implementation of risk assessment (NAP)
- Goal (medium-term):
- Implementation of NAP requirements.

## Goals for sustainable development

In 2015, the United Nations defined a total of 17 Sustainable Development Goals (SDGs). Companies' participation is indispensable if these objectives are to be achieved. burgbad wants to do its bit as well, and is addressing the SDGs. burgbad has prioritised five SDGs that we would like to make a special contribution to within the framework of our sustainability strategy. They complement and expand on the action areas that burgbad has defined for itself.

SDG3: Ensure healthy lives and promote well-being for all at all ages.

SDG4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG 12: Ensure sustainable consumption and production patterns. Specifically, the aim is to substantially reduce waste generation and achieve efficient use of natural resources by 2030.

SDG 13: Take urgent action to combat climate change and its impacts. Specifically, the aim is to quantify and reduce greenhouse gas emissions (GHG) as per Scope 1, 2 and 3.

# SUSTAINABILITY MANAGEMENT STRUCTURE



burgbad AG is a subsidiary of Eczacibasi Holding and is embedded in the Eczacibasi Building Products Division. burgbad's executive board reports to the division's Executive Vice President. The Innovation and Sustainability Coordinator, who reports directly to the CEO of the holding, is responsible for the Eczacibasi Group's sustainability management. Sustainability issues are addressed by a strategy team at the holding company level and by seven international working groups that focus on various subject areas.

In 2014, burgbad created the position "Head of Innovation and Sustainability". The holder of this position reports directly to burgbad's executive board, assists with the ongoing development of its sustainability strategy, consolidates topics, proposes projects and suggests appropriate actions. At the same time, the position also involves coordinating sustainability activities with the parent company and serving as the interface with the internal, operational level.

In 2015 we also established a sustainability team consisting of 12 representatives from the various departments. All areas of the company are covered, thus ensuring close cooperation with the respective departments across all locations.

In twice-yearly meetings, the sustainability team validates the progress made on sustainability issues and develops further goals and actions for submission to the executive board. These proposals are approved in management meetings with the executive board in attendance. The divisional heads of buying, production, finance & legal, sales, HR and marketing are responsible for their implementation.

burgbad has an IT-based eco-controlling system that compiles essential data and permits an input-output analysis of the company. It was implemented in 2014 as part of the Blue Life strategy of the parent company's Building Products Division and is based on a comprehensive system for measuring, reporting and improving the sustainability performance of all the companies concerned. We report our data to our parent company on a quarterly basis. The figures are validated by sustainability management and used to identify weaknesses, for instance in the handling of resources, and take appropriate countermeasures. This also serves us as a basis for the definition of our goals, such as the reduction of CO<sub>2</sub> emissions by 2020.

We have defined the weight of produced and packaged units as the reference value for our consumption rates.

The most important key figures are:

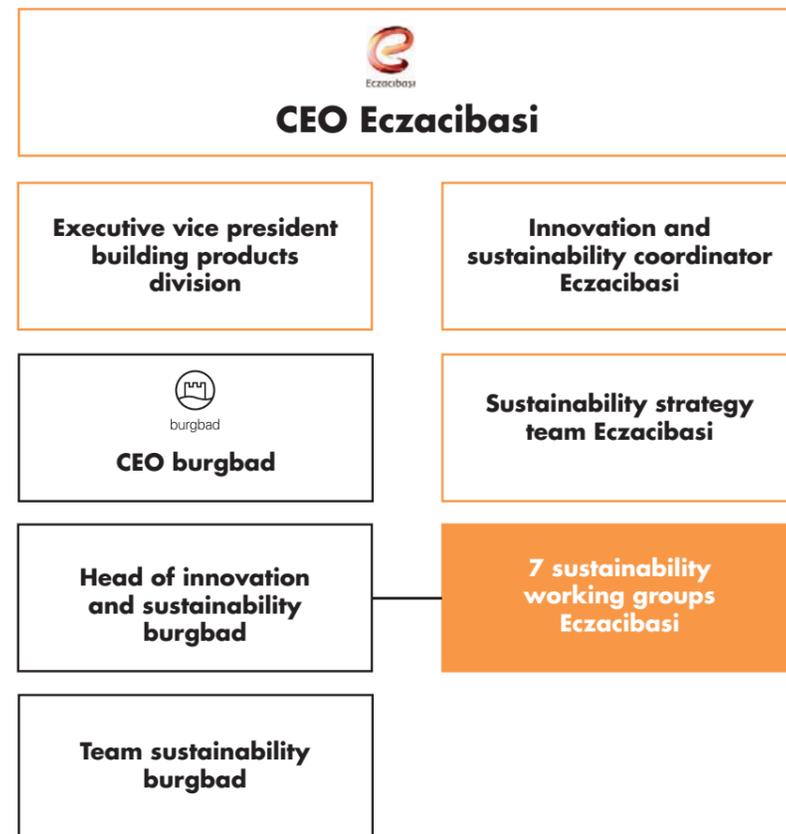
- Energy consumption (kWh/t of production) – per type of energy
- Total energy consumption (kWh/t of production). This permits calculation of kg CO<sub>2</sub>/t of production.
- Total amount of waste (kg/t of production)
- Share of recyclable waste (%)
- Material input (t/t of production), whereby in this case material relates to the total amount of main raw materials (wood-based materials, mirrors and glass, fillers and resins for the production of mineral cast without ceramic washbasins) and packaging materials.
- Ratio of recycled materials used (%), hitherto only packaging
- Occupational health and safety: LTIR (= sum of work-related accidents \* 200,000/hours worked) and the number of commuting accidents. In addition, we analyse the types of accident across locations, as well as the occupational disease rate (ODR = number of occupational diseases \* 200,000/hours worked) and the lost day rate (LDR = number of days lost due to work-related accidents \* 200,000/hours worked).

We also document job tenure and age structure, as well as the share of apprentices, the share of female employees and the fluctuation rate.

In 2016, burgbad also joined the "Climate Pact for the Furniture Industry" initiated by the German Quality Assurance Association for Furniture (DGM) and pledged to calculate its emissions data according to the criteria defined by the climate pact, which cover not just Scopes 1 and 2 but Scope 3 as well. We use these values for calculating offset payments.

The group-wide value improvement programme "DIP" also helps achieve efficiency and a more economical approach to resources. The action taken and progress made in the various areas is reported to the parent company at regular intervals. One 2017 project in synergy with our parent company involved adopting a lean management approach in Bad Fredeburg and Nogent. We restructured material flows and work routines and made them more efficient. We are now pursuing the same approach at our Greiding and Lauterbach sites.

Furthermore, our ISO 9001:2015 and PEFC certifications set a framework for complying with sustainability standards. With regard to energy management, we are systematically working through all the points identified by our energy audit. Topics relevant to industrial safety are dealt with at regular meetings of the working committees.



burgbad stands for top-quality bathroom furniture. When it comes to the functionality of our furniture, we focus on quality, aesthetics and pioneering concepts. That has brought us multiple awards from architects, designers and the media in recent years – and lavish praise from our customers. But that's not all we define ourselves by.

We want to offer our customers products that are free of harmful substances. That's why our entire range of furniture has been awarded a Class A emissions rating. We also want the production of our products to be eco-friendly and fair. That's why we use raw materials from sustainable sources and only work with suppliers who share our own high standards when it comes to respecting human rights and environmental concerns.



## Innovation management

In order for innovations to be truly forward-looking, they have to strike a perfect balance between design, practical value and sustainability. At burgbad, we devote a great deal of attention to future scenarios. We analyse developments in materials, production technology and architecture and link them with some of the key issues we face today, such as how to optimise windowless bathrooms or how bathroom furnishings can be designed in such a way that they can adapt to the needs of older users.

burgbad always has an open ear for new ideas. We invite our employees and customers to workshops, take up their suggestions and put them through a systematic decision-making process that involves staff from various parts of the company. Customers often tell our sales team what they would like. These ideas are important innovation drivers. In 2016, burgbad also conducted one-on-one interviews with consumers to find out even more about their wants and needs.

burgbad holds three patents, six registered designs and five utility models.

## Concepts and designs

burgbad concentrates on the development of products that adapt to the needs of people at different stages of life. The international concept goes by the name of universal design. Furniture with a universal design can be used by anybody, regardless of their age and personal circumstances. The design does not stigmatise and replaces negative associations with positive attributes.

In collaboration with the Design and Product Management programme at the University of Applied Sciences in Salzburg, burgbad has transferred this holistic approach to bathroom furniture. Together with a young designer who has meanwhile moved from the university to burgbad, we developed the modular furniture system SYS 30 Flex. It is based on a frame that can be manually equipped with a washbasin, mirror, panels and cabinets thanks to a special hanging mechanism.

The many and varied usage options are the core benefit of the product and give users the freedom to design their bathrooms to suit their tastes and needs. In 2017, SYS 30 Flex was honoured with an award from the Institut für Universal Design (IUD).

With our RL40 lighting concept, we take our cues from the functions of daylight, which regulates the human biorhythm. The artificial light usually found in bathrooms works contrary to this rhythm: there is no morning or evening light and the night ceases to have any impact. Now, together with Austrian research institute Bartenbach, burgbad has developed an LED lighting system that provides all the lighting for the bathroom and can generate lighting moods that are typical of certain times of day or can be individually programmed. The lighting system is part of a mirror cabinet that burgbad received the Innovation Award Architecture + Technology prize for in 2017.



# BREAKDOWN OF RAW MATERIALS 2017 (% by weight)

**Raw materials**

About half of our raw materials are wood-based, followed by fillers, mirrors and glass and, finally, ceramic washbasins. We believe we have a special responsibility with regard to the sourcing and handling of these materials.

**Wood**

All the wood we use is sourced from sustainably managed forests. Our facilities are certified in line with the PEFC standard. Once a year, we undergo an external audit in this context. At our German locations, 90 percent of the wood-based products purchased are currently PEFC or FSC certified, as compared to 85 percent at our French factory. Together with our PEFC auditor, we have defined minimum requirements that the remaining suppliers have to meet with regard to the sustainability context.

**Fillers**

The production of mineral cast washbasins calls for sand in various grain sizes, which we use as a filler. Apart from water, sand is the most consumed raw material on earth. It is extracted all over the world – often under dubious conditions. Our suppliers’ quarry areas are located in Germany and do not represent a sustainability risk.

**Mirrors and glass**

In 2017, our mirrors were sourced entirely from Europe. We do not see any risk here as regards non-compliance with standards. We buy 85 percent of the glass we use via an import service provider from Asia, who has also signed burgbad’s Code of Conduct. In the context of the National Action Plan for Business and Human Rights (NAP), we will be subjecting this supplier to an additional risk assessment in 2018.

**Ceramic washbasins**

When sourcing ceramic washbasins, we like to take advantage of synergies with our parent company Eczacibasi because we can be sure that sustainability requirements have been observed in accordance with our group-wide rules. That’s why we source 94 percent of our ceramic from one of our sister companies in Turkey.

**Miscellaneous**

The remaining 17 percent of our raw materials consist of things like fittings, drawers, resins and sundries, all of which we source from renowned European partners.



In late 2016, Germany's Federal Government implemented the United Nations' guiding principles in the form of the National Action Plan for Business and Human Rights (NAP). From 2018, companies in Germany are thus required to analyse risks of human rights violations across their entire value chain, develop counter-strategies, measure their success and communicate transparently about the topic as a whole. This particularly applies to companies with more than 500 employees, which includes burgbad.

burgbad has been addressing the question of how sustainability can be anchored not just within the company itself but across the increasingly global value chain for several years. Up until now, we have placed special emphasis on two measures. Firstly, we cultivate direct contact with our suppliers and hold structured annual meetings with them; sustainability-related aspects have been part of the agenda for these meetings since 2017. Secondly, since 2014 we have required all suppliers to comply with our Code of Conduct, in which we outline our expectations with regard to respecting human rights, labour standards and environmental protection. They are also obliged to require any sub-suppliers to comply with this Code of Conduct.

In connection with the extended requirements of the NAP, we have started to sound out our entire value chain for risks:

All burgbad's sites are located in Europe and operate within the framework of existing laws. Almost all the upstream and downstream suppliers in our value chain come from Europe too – 85 percent of them from Germany alone. We have been working with most of them for many years; they have signed up to our Code of Conduct, and the laws that apply in Europe are clear. We believe it is unlikely that our business could lead to human rights violations in this part of the world.

However, in the context of our risk assessment we do not only consider our direct suppliers but those that we are associated with via intermediaries as well. For suppliers of our biggest group of raw materials, i.e. wood-based materials, we have been doing this in the context of our PEFC certification since 2014. In 2018, we developed a self-assessment questionnaire for all other key suppliers and import service providers and conducted a survey. Besides questions about quality and environmental concerns, it also asks about the places of origin of the goods we purchase and the production and labour conditions there.

The completed questionnaires form the basis of the risk assessment that is scheduled to take place in 2018. At the same time, we are aware that monitoring human rights issues in our value chain remains a continuous, in-process responsibility.

Besides wood-based materials and other raw materials, burgbad also needs energy in order to produce its furniture, resulting in correspondingly high CO<sub>2</sub> emissions. That is precisely why we aspire to set an example and are explicitly committed to the United Nation's two degree target. Since 2011, we have been working to lower burgbad's overall energy consumption and increase the share of regenerative energies in our energy mix. We have been offsetting the remaining unavoidable emissions since 2016.

## Emissions

burgbad is a member of the German Quality Assurance Association for Furniture (DGM) and has joined its "Climate Pact for the Furniture Industry". Based on the applicable standards and the criteria defined by the DGM, we have been calculating our company's carbon footprint as per Scope 1, 2 and 3 since 2016.

Scope 1 covers direct emissions from the burning of fossil fuels at burgbad's sites and by its vehicle fleet. Scope 2 covers indirect emissions from the generation of purchased electricity. Scope 3 covers other indirect emissions resulting from the value chain, as well as business air travel, car rentals, employee commuting, printing paper consumption, water use and wastewater, and waste sent to landfill or solid waste disposal sites.

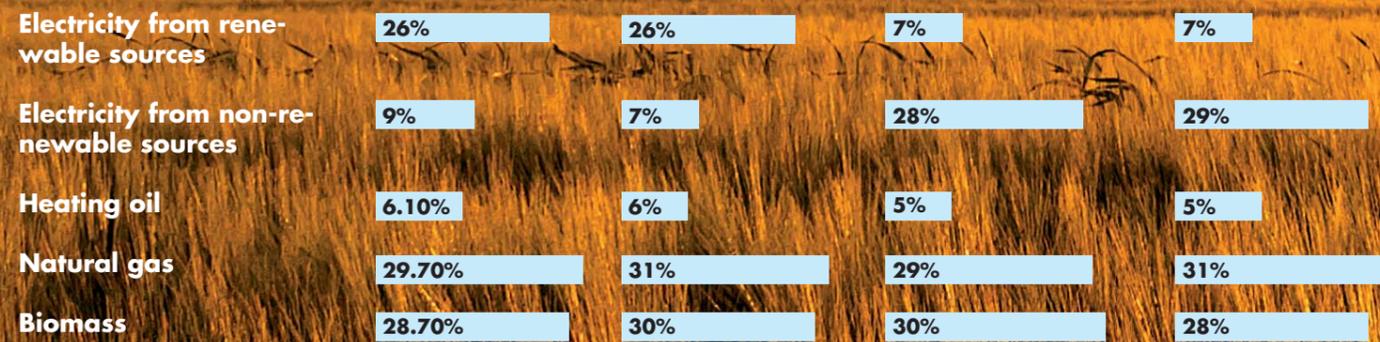
According to the DGM guidelines, our business activities were climate-neutral in the financial years 2016 and 2017. burgbad was the first bathroom furniture producer to achieve the Gold Standard as a climate-neutral furniture manufacturer.

In order to identify energy saving potentials, burgbad has installed monitoring systems at all its factories and analyses them centrally. A major energy-saving project was conducted at the Greiding factory in 2017 and the entire lighting of the assembly hall converted to LED light sources. In Bad Fredeburg, we have invested in a new wood-fuelled heating system, which also involved the installation of a computer-controlled heating monitor. We are expecting to see the first positive effects in the second quarter of 2018. We are currently investigating whether it makes sense to convert our French factory to wood-fuelled heating as well.

We use the following energy sources at our sites: natural gas, biomass, electricity, heating oil, LPG/LNG and diesel. In 2017, renewable energies accounted for 54.7 percent of these resources. Approximately 29 percent was made up of biomass consisting of scrap wood left over from production, which is used as an energy source for our factories in Greiding and Bad Fredeburg. The remaining 26 percent of renewable energies are attributable to purchased electricity.



# UTILISATION OF NATURAL RESOURCES (%)



The values result from the eco-controlling system

According to the eco-controlling system of the Eczacibasi Group, we have been able to reduce CO<sub>2</sub> emissions (kg/t of production) by 51.7 percent as compared to 2014. By 2020, we want to reduce these emissions by 55 percent as compared to 2014 and cut energy consumption (kWh/t of production) by 10 percent.

The conversion factors for CO<sub>2</sub> emissions used in the group-wide eco-controlling system differ from the conversion factors used by the DGM. burgbad's emission reduction targets were defined back in 2014 and relate to the group's system. Since 2016, we have been calculating all other emissions-related figures according to the rules set out in the DGM's "Climate Pact for the Furniture Industry". The figures are more detailed and more comprehensive. Our calculations for CO<sub>2</sub> offsets are also based on the DGM's guidelines.

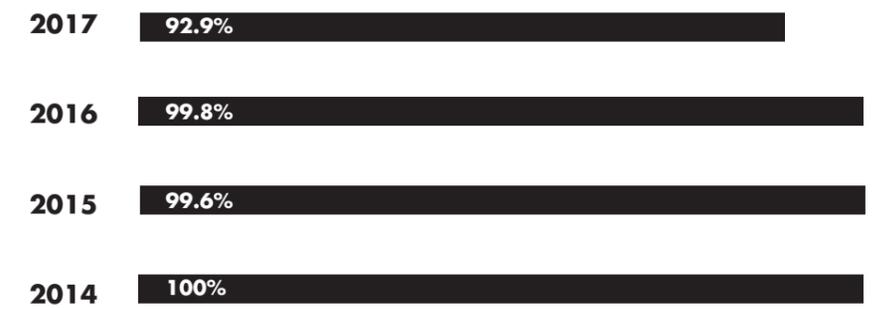
## Consumables and waste

We were able to reduce paper consumption by 10 percent in 2017 as compared to 2015 and are aiming for a 50 percent reduction by 2020. All the paper we purchase is FSC- or PEFC-certified. In the course of the year, this will be the case for cardboard too. In 2017, 69 percent of the cardboard we purchased consisted of recycled materials.

Our goal for 2018 is to determine the recycling rates for our other main raw materials, i.e. wood, mirrors, glass, fillers and ceramics, so as to be able to make a more comprehensive statement about the recycling quota of the materials we purchase. In 2018, we also want to investigate whether the polystyrene we use for packaging washbasins can be replaced with more sustainable materials..

A total of 2,061 tonnes of waste were generated in 2017. Recyclable waste accounted for 58 percent (by weight). The total amount of waste (kg/t of production) was reduced by 4.9 percent in 2017 as compared to 2014. By 2020, our goal is to achieve a 10 percent reduction in the amount of waste as compared to 2014.

## Energy consumption and CO<sub>2</sub> emissions



Total energy consumption (kWh)/ weight produced (t) (2014=100%)



Total CO<sub>2</sub> emissions (kg)/weight produced (t) (2014=100%)



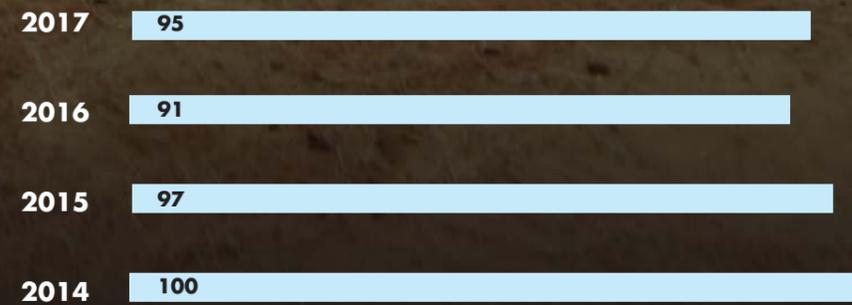
At one factory, the types of waste were incorrectly classified. The figures were corrected retroactively.

#### Development of waste types (t)



■ Total amount of waste disposed of (t)
 ■ Total amount of recyclable waste (t)

#### Development of waste volume (t)



Total amount of waste (kg) / weight produced (t) (2014=100%)

# BREAKDOWN OF WASTE DISPOSED OF 2017 (% by weight)



21%

Waste requiring special supervision



66%

Industrial / construction waste



11%

Municipal solid waste

2%

Other

# BREAKDOWN OF RECYCLABLE WASTE 2017 (% by weight)



27%

Cardboard packaging



55%

Wood-based materials



1%

Glass



16%

Plastic



2%

Metal

# EMPLOYEES



We are very proud to report that, in 2017, almost one quarter of our workforce had been with our company for more than 25 years. We involve our staff in the information flow within the company in the form of notices, information screens and a quarterly employee magazine. We value their suggestions for improving processes and products. In particular, they share their ideas with burgbad's innovation and sustainability management and therefore make a significant contribution to our corporate strategy. Even better structuring of staff-related matters across all locations and personal development reviews based on a uniform standard were among the important issues that emerged from our staff survey. We began tackling these aspects in 2018.

## Training and development

The continued development of our employees is crucial to the future viability of our company. That's why, in 2016, we drew up a staff development concept for introduction across all sites with the emphasis on languages, IT, expertise development, compliance and health, in addition to statutory training. In 2017, our staff development activities focused on specialist, management and foreign language skills. The knowledge acquired by our older employees is a valuable asset that we want to retain and use.

At the same time, we want to keep sight of our young staff so as to enable a good age mix and knowledge transfer in our teams. Our sites are located in rural areas, which many young people are leaving in favour of an urban lifestyle. For our made-to-order production activities, we need well-qualified youngsters who are happy to take responsibility. That's why we make every possible effort to attract the best skilled workers in the face of fierce competition and increase the share of staff under the age of 30. From 2015 to 2017, we achieved a growth rate of 3.9 percent. We are recognised as an "Excellent Apprenticeship Employer" by the chamber of industry and commerce. We attach great importance to training young people and encouraging their loyalty to our company. We see our apprenticeship programme as a particularly valuable opportunity in this respect. The share of trainees increased from 3.4 percent in 2016 to 3.6 percent in 2017. burgbad trains industrial management assistants, IT specialists, wood mechanics, cabinet-makers and technical product designers, as well as enabling dual study programmes that combine academic studies with vocational training. We have also been participating in "Girls' Day" for years – a national day of action that aims to introduce young girls to technical professions. Every year, approximately 15 young girls take part in this "Future Day" at burgbad and get a taste of the working world.

## Equal opportunity

There are two ways in which our Bad Fredeburg site is exemplary. In 2017, it was again certified a "family-friendly company" by the Hochsauerland district, attesting to our years of commitment to creating a family-aware corporate culture. At the same time, this facility is also particularly supportive of people with disabilities, who accounted for 7.5 percent of the workforce.

Women made up 30.3 percent of burgbad's workforce in 2017, accounting for 47.9 percent of salaried employees, 13.4 percent of management and 39.3 percent of new recruits. In our two governing bodies, the executive board and the supervisory board, women accounted for a total of 12.5 percent. All in all, 219 women are employed by burgbad.

## Health

We want to help promote our employees' health. That's why we welcome all sorts of sporting activity and participation in the health-promoting activities available from health insurance companies. Since 2017, employees at our Bad Fredeburg facility have been able to lease e-bikes in order to get some exercise on their way to or from work. Twenty-five employees have meanwhile made the switch.



We also started offering training courses on health-related topics in Bad Fredeburg in 2018, and our Greiding site holds gym classes for interested members of staff. Some of our employees regularly form a burgbad team for the Challenge Roth in Bavaria, one of the most famous triathlon events in the world.

Occupational health and safety are of the utmost importance to burgbad. We sensitise our managers and forepeople to the need to set an example when it comes to safety – day in, day out. We document and evaluate every type of accident on a monthly basis. Accidents are also discussed at the quarterly meetings of the occupational health and safety committees. In 2016 and 2017, no accidents resulting in lasting health impacts occurred.

### Shared values

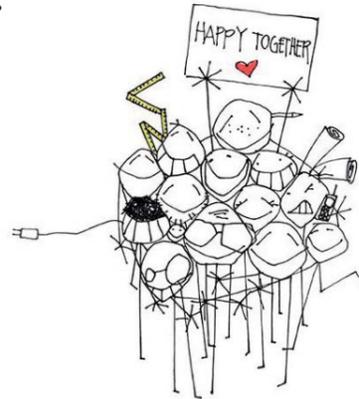
burgbad is a community of shared values. In 2016, on the initiative of the sustainability team, the values upheld in the company were set down in a code of conduct and widely communicated.

The Code of Conduct incorporates the principles of ethical business formulated by the United Nations and supplements them with issues that are of particular importance to us.

At the same time, business processes are often so complex that the desire to act properly alone is not enough. In particular, employees at crucial interfaces need additional guidelines. That's why, in 2016, burgbad AG held a comprehensive compliance training course entitled Antitrust Law and Corruption Prevention for the sales division. For 2018, we are planning a corresponding course for our buying and customer service divisions, as well as the entire sales team again. We will hold a separate, country-specific training course in France.

burgbad is explicitly committed to the core labour standards of the International Labour Organization (ILO). The staff at our sites is represented by works councils with whom burgbad enjoys a trusting relationship. Major issues are settled in internal agreements. For burgbad, it goes without saying that employees' rights are inviolable. Through our Code of Conduct, we also place our suppliers under an obligation to uphold employees' rights and embed them in their own supply chain.

# CODE OF CONDUCT WITH ONE ANOTHER. FOR ONE ANOTHER. OUR VALUES.



## 1.

The interaction and cooperation between us is based on mutual respect and tolerance.

## 2.

Our rules govern our dealings with one another – it is therefore indispensable for us to comply with all agreements, conditions and laws.

## 3.

We respect the personality and cultural background of each and every individual and do not allow room for any form of discrimination.

## 4.

We actively practice a responsible approach to our environment and natural resources – every single day.

## 5.

A clean, healthy working environment is important for all of us and the work we do: that is why each and every one of us contributes to it.

## 6.

Because we respect our environment, nature and its resources, we avoid any kind of waste in our everyday work.

## 7.

Our dealings with our business partners are based on appreciation, respect and fairness – because that is the only way for us to grow and succeed together.

## 8.

As a manufacturing company that has been headquartered in the area for many years, we are aware of our responsibility for our region – and contribute by acting on our social commitment in many and varied ways.

## 9.

We put our hearts and minds into whatever we do. Each and every one of us takes responsibility for our own actions.

## 10.

We at burgbad are committed to this Code of Conduct and all its values, positions and rules – and embrace it accordingly. That goes for every individual. And for all of us together. Every single day.

## SOCIAL RESPONSIBILITY

As a medium-sized company, we support charitable initiatives and associations in the areas where our sites are located, and many of our employees are active as volunteers. We support the youth work of the TV Fredeburg sports club and the Graftschaft Mountain Bike Days – a huge event in the region. In 2016 and 2017, the workforce in Greding raised money for a

seriously ill colleague, for the language development school in Offenbau and for the residential home for disabled children and young adults in Gersdorf. More than 30 members of staff took part in the One World Run in Titting to raise money for an aid project in India.

The race was initiated by a former burgbad employee in 2015 and is held every year. In 2015 the plight of refugees became the focus of the German public's attention.

Together with 200 other companies, burgbad has been part of the "Us Together" network for people who have been forced to flee their own countries since 2016. Together, the member companies provide all sorts of help – from introductory training placements, internships

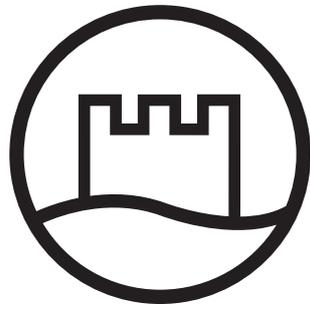
and trainee positions of help – from introductory training placements, internships and trainee positions all the way to practical support with learning German or coping with everyday situations.

burgbad is actively engaged in these activities. That would not be possible without the great commitment of the employees who mentor the new arrivals. Together, we have been able to offer five young refugees internships in Bad Fredeburg. We're especially delighted that we have been able to employ three displaced people on permanent contracts.

In the case of a young man from Guinea, we were able to obtain a work permit and enter into an employment contract with him. And at our Greding factory, we're able to offer job prospects to a young man from Ethiopia who has been in Germany since 2013 and a 36-year-old man from Syria who came to Germany in 2014.

We look forward to a long and successful working relationship and hope our three colleagues soon feel completely at home in our region.





burgbad