

SUSTAINABILITY REPORT

2018 – 2020



burgbad



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STATEMENT FROM THE EXECUTIVE BOARD



Dear Reader,

Since as far back as 2014, burgbad has been systematically implementing and actively managing sustainability as part of its corporate strategy. The increasing pressure to act on climate protection, influenced by Fridays for Future on the one hand and the European Green Deal on the other, only strengthens our resolve to continue on this path.

We strongly support the United Nation's two degree target. Since 2016, our production has been climate-neutral as defined by the criteria of the German Quality Assurance Association for Furniture (Deutsche Gütegemeinschaft Möbel e.V./DGM). In the period covered by this report we joined the Development and Climate Alliance launched by German Development Minister Dr Gerd Müller. Our CO₂ offset purchases are now being channelled into projects that contribute to climate protection in emerging and developing countries, as well as creating employment and income opportunities for the local population.

We have had our bestselling Eqio range certified with the Blue Angel, Germany's best-known ecolabel.

Our aim in doing so is to demonstrate that high-quality, sustainable furniture is not expensive per se. In 2020, we also defined ecodesign as an overarching mission for sustainable corporate governance. At the same time, ecodesign goes well beyond the requirements of the European Ecodesign Directive. By 2023 we want to develop a collection of bathroom furniture that minimises environmental impacts along the entire value chain. We see it as an initial concrete contribution to the EU's Circular Economy Action Plan, which was adopted as part of the Green Deal. We will use the experiences resulting from this project to drive our strategic development in this direction and strengthen our positioning as a sustainable furniture maker.

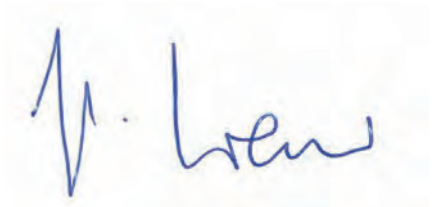
But it isn't just climate change that's forcing its way into our consciousness; awareness of the dramatic decline in biodiversity is growing too. By adopting bee colonies, which have been established on our factory grounds and are cared for by employees, we want to set an example by showing our shared commitment to the fight against species extinction.

In 2020, managing the corona pandemic was the dominant issue. The health of our workforce was and continues to be our top priority.

We also continue to be explicitly committed to implementing and promoting the 10 principles of the UN 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 our journey.

Kind regards,



Jörg Loew
Spokesman of the executive board



ABOUT THIS REPORT



burgbad AG has been reporting on its sustainability activities since 2015, most recently in 2017, in the form of a statement of compliance with the German Sustainability Code (Deutscher Nachhaltigkeitskodex/DNK).

This report is the first to be prepared in accordance with the GRI Standards (Core option). It covers the years 2018, 2019 and 2020, as well as all burgbad AG's activities in Germany and France. In future, we will issue a GRI-based report every two years.

We are a member of the United Nations Global Compact (UNGC) and submit a Communication on Progress (CoP) every year. The current sustainability report meets the requirements for the Communication on Progress 2020.

As a member of the UNGC, we addressed the Sustainable Development Goals (SDGs) framed by the United Nations in 2015 early on. Ever since, we have been consciously aligning our sustainability efforts with the global imperatives, to which we would like to contribute.

As part of our voluntary commitment to climate-neutral business in accordance with the Climate Pact for the Furniture Industry, our key figures for Scope 1-3 emissions have been externally verified.

burgbad was supported in the development of its sustainability strategy along the value chain and the preparation of the sustainability report by triple innova GmbH, Wuppertal. triple innova is an official training partner of the Global Reporting Initiative (GRI) and has extensive expertise in the application of the GRI standards and the development of sustainability strategies. burgbad is grateful for the support and the resulting certainty that it is applying the standards correctly.



OUR COMPANY



burgbad AG has its headquarters in Schmallenberg in South Westphalia. The company is a leading manufacturer of top-quality furniture and furnishing concepts for the bathroom.

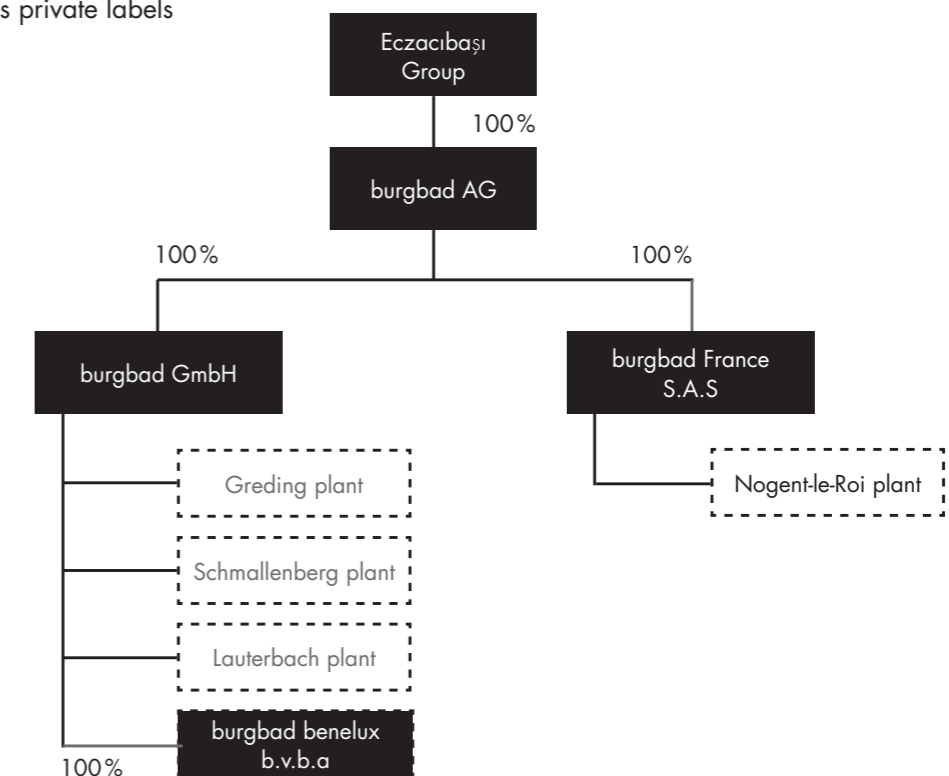
burgbad was founded in 1946 – at the time, its activities focused on the production of wooden construction kits and shelves. Today, burgbad is a global market leader offering compelling bathroom furniture solutions in all segments – from family-friendly bathrooms in lacquer, wood, veneer or country style to design-oriented product lines and timelessly classic collections, all the way to individual, architecturally progressive concepts for entire rooms. We generate a considerable share of our sales through distribution as private labels for our customers.

burgbad produces at its Schmallenberg, Greding and Lauterbach sites in Germany, as well as in Nogent-le-Roi in France. In 2020 we had slightly more than 700 employees, approx. 100 of them in France. We also have a distribution company with seven employees in Belgium. This location will not be integrated into our sustainability reporting until 2021.

Besides Germany and France, our most important markets are the Netherlands, Belgium, Luxembourg, Austria, Switzerland, Turkey and the UK.

In recent years, burgbad has generated sales of between 100 and 110 million euros.

Since 2010, burgbad has been a wholly owned subsidiary of the Turkish Eczacıbaşı Group. Eczacıbaşı consists of 39 companies with more than 11,400 employees and turnover of 11.1 billion Turkish lira in 2020. The business activities of the group of companies focus on the building products, consumer goods and healthcare sectors.



Values and principles

burgbad sees itself as a community of shared values. We want to be perceived as an honest, trustworthy company. We make our values transparent in a Code of Conduct for Employees and a Code of Conduct for Suppliers, both of which we communicate widely. All our employees and business partners undertake to uphold these codes, which provide guidance and help to integrate ethical principles into daily practices.

burgbad categorically rejects all forms of corruption. Nevertheless, business processes are often so complex that the desire to act properly alone is not enough. Employees at crucial interfaces are in particular need of additional guidance, which is why burgbad has been holding compliance training courses since 2016. In 2018, a comprehensive training programme on Antitrust Law and Corruption Prevention was held in Germany for staff from the buying, customer service and sales divisions.

In France, a corresponding course was also held for the management team. Our colleagues internalise the content of our anti-corruption training programmes and translate it into practice. Not a single case of corruption has come to the attention of the company's management to date.

In accordance with legal provisions, we have an (external) data protection officer and conduct data protection training, with the express aim of promoting awareness of the sensitive nature of customer data among our employees.

With regard to risk avoidance in the context of human rights and the environment, we rely not just on our Code of Conduct for Suppliers but also on standardised self-assessment questionnaires for suppliers, which are described in more detail in the chapter entitled "Responsibility in the supply chain". In order to minimise risks that could arise further upstream in the value chain in relation to our main raw material, wood, we are PEFC-

certified and use wood from sustainably managed forests in accordance with the certificate.

So as to be in a better position to assess our impact on the climate and the associated climate risks, burgbad joined the Climate Pact for the Furniture Industry initiated by the German Quality Assurance Association for Furniture in 2016 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 parts of Scope 3 as well. We use these values for calculating offset purchases and for our certification as a climate-neutral enterprise.

Stakeholder dialogue and material topics



burgbad assumes responsibility along the entire value chain

The economy, ecology and social issues are inextricably linked and mutually dependent. The interconnections become particularly apparent when we consider the impacts of economic activities along the value chain. That's something we at burgbad have been doing for many years. Our sustainability topics are a consequence of this global perspective, which also gives comprehensive consideration to the supply chain.

The sustainability topics are disclosed in this report. We explain what progress we have made in the years 2018 to 2020 and what goals we have set ourselves for the period 2021 to 2023.

We developed our sustainability strategy back in 2015 with the involvement of internal and external stakeholders. At the time, we conducted a stakeholder relevance

analysis and workshops in order to define the key topics for our company. Since our field of business has not changed in the meantime, the learnings from 2015 essentially continue to apply.

The key sustainability topics for burgbad AG are:

- Responsibility in the supply chain
- Employee satisfaction
- Development of sustainable products
- Climate protection in production and at our sites

These topics are explained in detail in the corresponding chapters of this report.

We are in regular dialogue with our most important stakeholder groups, mostly regarding sustainability-related topics as well. Our employees are particularly active when it comes to using this opportunity to engage. One member of our workforce, for instance, drew our attention to a TV report about dubious practices in the PEFC wood supply chain in Rumania. burgbad's head of sustainability management responded by checking whether our own suppliers might be involved and contacted the certifying body. The suspicion proved unfounded. The idea of conducting structured development reviews on an annual basis also came from our staff. We have been rolling out the programme since 2020.

Important stakeholder groups and how we involve them

Stakeholders	Form of dialogue
Customers	Our field team maintains close contact with our wholesale customers. The last systematic customer survey was conducted in Germany in 2017 and included questions on sustainability. As a rule, our contact with end customers mostly takes place at trade fairs and when handling complaints. While we take note of their feedback, it has not been systematically analysed up to now. In the period covered by this report, we worked closely with users on the development of a new type of bathtub and patented the resulting product: the Badu bath.
Parent company	A regular exchange, which also addresses sustainability topics, is conducted both at executive level and within the framework of the group-wide sustainability management structure.
Suppliers	Our buyers maintain contact with suppliers and conduct systematised talks with them on an annual basis. Sustainability aspects are as much part of these conversations as contractual arrangements. The last supplier survey was conducted in Germany in 2017 and included questions on sustainability.
Employees	Our main tools for keeping our workforce informed are newsletters, notices, information screens and the intranet. An exchange takes place in the form of annual development reviews, training programmes and working groups. In order to boost awareness of sustainability, we publish a regular news ticker, offer continuing education, events and lectures, and – together with our employees – develop various initiatives, e.g. for promoting biodiversity at our sites. Many of our staff take an active role in the sustainability dialogue by using feedback options and contributing their own suggestions. The last systematic employee survey was conducted in Germany in 2019 and included questions on sustainability. Systematic employee surveys are conducted on a regular basis every 2 years.
General interest stakeholders	We inform general interest stakeholders at trade fairs, lectures and events. We emphasise our orientation as a sustainable bathroom furniture manufacturer via a special section on our website. Among other things, it gives users access to the sustainability report.

Users given a say in product development

During the development of our latest bath, we asked end users about their wants and needs. There was one thing they all agreed on: they don't want to slip down into the water when leaning back in the tub. Our designer used that information to develop a prototype that customers and employees were asked to "test sit" and comment on. The final result was the Badu bath: the tub for totally relaxed reclining that automatically produces a feeling of weightlessness – an added value that we've patented.



Badu: This tub is specially designed for leaning back in comfort.

Governance structure

burgbad AG is a subsidiary of Eczacıbaşı Holding and is embedded in the Eczacıbaşı Building Products Division. burgbad's executive board reports to the division's Chief Executive Officer.

The two-strong executive committee of burgbad AG consists of Jörg Loew and Esra Eczacıbaşı Coskun. Sustainability falls within Jörg Loew's remit. The supervisory board consists of six people and is chaired by Atalay M. Gümrah. Due to the size of our company, there are no employee representatives on the supervisory board.

In order to expedite its sustainability activities, burgbad created the position Head of Sustainability/Innovation Management in 2014. The holder of this position, Dr Susanne Steinhauer, reports directly to burgbad's executive board and assists with the ongoing development of its sustainability strategy. She 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.

Since 2015, burgbad has had 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 sites.

The sustainability team meets two times a year, validates the progress made on sustainability topics and develops 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. For the period 2020 to 2023, we have drawn up guiding principles for promoting sustainability together with our employees.

Our guiding principles for the period 2020 to 2023

- 1.**
100 % of the entire workforce embraces and practises sustainability at burgbad
- 2.**
burgbad is the leading manufacturer of innovative and sustainable bathroom furniture
- 3.**
burgbad sees sustainability holistically and includes the value chain in its considerations
- 4.**
At burgbad, employees' health and development is our principal focus
- 5.**
The goal for all of us is to increase the number of virtual meetings and reduce travel

RESPONSIBILITY IN THE SUPPLY CHAIN

Compilation of figures

burgbad has an IT-based eco-controlling system that compiles essential data and permits an input-output analysis for the company. It was implemented in 2014 as part of the Blue Life strategy of the parent company's Building Products Division. We report our data to the parent company on a quarterly basis.

Our quantitative reduction targets in Scope 1 and 2 and figures that relate to the produced unit are derived from the base year 2014 and the data ascertained by the eco-controlling system. However, the eco-controlling system does not cover the vehicle fleet under Scope 1, nor any Scope 3 emissions.

In our efforts to become an increasingly climate-neutral business, we have therefore been assessing our CO₂ emissions for Scopes 1 to 3 according to the considerably more comprehensive criteria of the German Quality Assurance Association for Furniture (DGM).

Networking

We regard networking with like-minded partners as a crucial aspect of our sustainability efforts and use our membership in associations and other advocacy groups in that spirit.

The spokesman of burgbad's executive board, Jörg Loew, is also on the boards of the Association of the German Kitchen Furniture Industry (Verband der deutschen Küchenmöbelindustrie/VddK) and ARGE Neue Medien (an alliance of brand manufacturers from the HVAC industry), as well as Vice Chairman of the Sanitaryware Industry Forum (Industrieforum Sanitär/IFS).

Dr Susanne Steinhauer, burgbad's head of sustainability management, has been chair of the Sustainability Committee of the German Quality Assurance Association for Furniture (DGM) since 2019 and is involved with the EU's Circular 4.0 project in her capacity as an industry expert.

In addition, burgbad is a member of the Initiative Pro Recyclingpapier (which promotes the use of recycled paper) and has been a supporter of the Development and Climate Alliance since its launch. The foundation uses voluntary greenhouse gas offsets as an instrument for linking development cooperation and international climate protection.

Associations and advocacy groups Relevant memberships of burgbad

*Verband der deutschen
Küchenmöbelindustrie*

ARGE neue Medien

Industrieforum Sanitär, IFS

*Deutsche Gütegemeinschaft
Möbel e.V., DGM*

*Dachverband der deutschen
Sanitärwirtschaft, VDS*

Allianz für Entwicklung und Klima

Initiative pro Recycling

burgbad has been working for years to anchor sustainability not just within the company itself but along its entire global value chain. Although we mainly rely on wood to produce our furniture, we also need other components and a multitude of sundries and want to rule out the possibility that they are in any way associated with human rights violations or environmental risks.

In order to ensure a sustainable supply chain, we use a combination of several approaches. We choose our suppliers carefully, stay in contact with them, require them to comply with our Code of Conduct and perform risk assessments.

In addition, we mainly work with German and European suppliers so as to prevent exploitation, uphold quality and safeguard regional jobs

Human rights and environmental protection

Since 2014, we have required all suppliers to comply with our Code of Conduct and to oblige any sub-suppliers they may collaborate with to comply with it as well. In our Code of Conduct for suppliers, we outline our expectations with regard to respecting human rights, labour

standards and environmental protection.

We have had relationships with most of our suppliers for years and hold structured annual meetings with all of them; sustainability-related aspects have been part of the agenda for these meetings since 2017.

Based on the requirements of Germany's National Action Plan for Business and Human Rights (NAP), we have analysed our entire value chain for risks. In terms of number, 98.8% of our direct suppliers come from Europe; in 2020, German suppliers alone accounted for 83% of that figure. Human rights and environmental violations seem unlikely here.

In addition, we wanted to include suppliers that we are associated with via intermediaries in the risk assessment as well. In 2018, we therefore developed a self-assessment questionnaire for suppliers and import service providers. Besides questions about quality and environmental concerns, it also asks about where the goods we purchase originate from and the production and labour conditions there. In the same year, we conducted a survey of our

20 biggest suppliers as well as those who purchase components from risk regions, which in our case means from China.

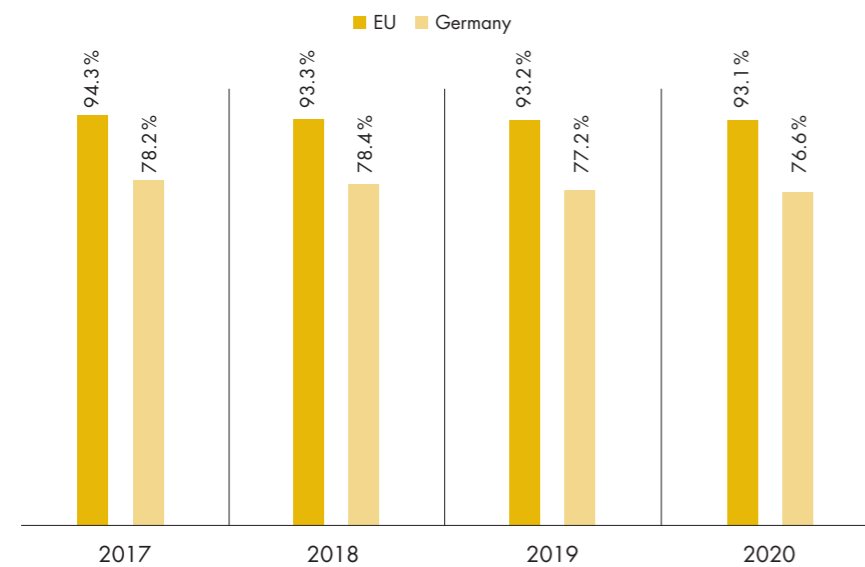
The completed questionnaires formed the basis of the risk assessment that we conducted in 2019. We did not identify any risks with regard to human rights violations – including in connection with our sub-suppliers from Asia. All links with Asia turned out to be long-term partnerships, which further diminishes the likelihood of risks.

For suppliers of our biggest group of raw materials, i.e. wood, we conduct risk assessments along the supply chain as part of our PEFC certification. We did not contact them in connection with our NAP-based risk assessment.

We are very much aware that monitoring human rights issues in our value chain remains a continuous, in-process responsibility that always has to be taken into account when dealing with new suppliers.

There were no changes or shifts in the supply chain in the period covered by this report.

Spending on local suppliers as % of total budget



We purchase the vast majority of our products and services in Europe and Germany.

Promotion of regional production

burgbad mainly collaborates with suppliers in Germany and France, as well as in other European countries. This approach means we benefit from reliable quality while simultaneously helping to preserve jobs in the areas surrounding our locations.

Our well-established European supply chains and close contacts with suppliers proved their worth in a year dominated by the coronavirus too: despite the sometimes difficult circumstances that prevailed in 2020, we were able to depend on reliable delivery from our partners.

Our commitment to regional production

burgbad GmbH is Germany's first bathroom furniture manufacturer to certify all its product lines with the Furniture made in Germany label of origin, which was developed by the Association of the German Furniture Industry (Verband der deutschen Möbelindustrie/VDM) and the German Institute for Quality Assurance and Certification (Deutsches Institut für Gütesicherung und Kennzeichnung/RAL) in compliance with the RAL-RG 0191 standard. It is the first-ever label of origin for everyday items to be recognised by RAL.

Strict conditions are attached to the label, including that the development, assembly and quality testing of the furniture take place in Germany.

In addition, the majority of the components must originate from Germany as well. With the new label, we are underscoring our commitment both to sustainability and to our German-based suppliers.

There is also an industry initiative for regional furniture in France, "Meublez-vous français", which our French subsidiary based in Nogent-le-Roi has joined.



Assessment and outlook

We have achieved the goals we set ourselves for the period 2018 to 2020 with regard to ensuring a sustainable supply chain:

- Development of a suppliers' questionnaire on risk assessment
- Survey of our 20 biggest suppliers and suppliers with products from Asia
- Implementation of risk assessment

We are proceeding on the assumption that these measures are meaningful and having an impact. In our estimation, we already meet the majority of the requirements that the German Supply Chain Act will impose from 2023 on, even though – because of our size – we do not anticipate that we will fall under the legislation.

We have set ourselves two particular goals for the period 2020 to 2023. We will continue to consider and address the requirements of the NAP and the German Supply Chain Act and welcome the Supply Chain Act as adopted for Germany in June 2021. Furthermore, we want to explore whether it is possible to expand regional supply structures to an even greater extent than is currently the case by the end of 2021.

EMPLOYEE SATISFACTION



burgbad faces similar challenges to other companies: on the one hand, it's difficult to find young staff – and that's particularly true of companies in rural areas. In our case too, the share of apprentices declined in 2020, which is a cause of concern for us.

On the other hand, the workforce is ageing. We're proud that more than a quarter of our employees have been with burgbad for more than 25 years. However, that also raises the question of how we can create a mixed age structure in the medium term, enabling us to ensure that existing knowledge is not lost while simultaneously acquiring new skills – which, in the light of the rapidly changing, increasingly digital world of work, we urgently need.

We aim to focus intense attention on these questions in the course of the next two years. Last year, the corona pandemic paralysed many of our activities: contacts with schools and universities were disrupted, internal events were impossible, training and education programmes took place exclusively online. At the same time, the HR division was restructured at group level.

The active and committed dialogue between employees and the company is noteworthy – and, if anything, only intensified as a result of corona. All burgbad's sites have works councils who represent the interests of their colleagues. In addition, a general works council was formed in 2019,

with whom we enjoy a trusting relationship. 94.5% of our employees have a collective bargaining agreement or a company-specific agreement that has been negotiated between the works council and management. 5.5% of the workforce are executive employees who are paid according to individually negotiated contracts.

Our sustainability activities prove to be a particularly strong connecting link between the company and the workforce. Our colleagues take up issues, contribute their thoughts and ideas and put their hearts and souls into making a difference. The works council at our Greding site, for instance, expressed the desire to stop using disposable plastic cups at drinks vending machines, and burgbad has meanwhile purchased ceramic beakers.

We see this joint commitment to sustainability as an important component of employee retention.

The number of our employees has remained stable in recent years. Women make up about one third of the total workforce employed by burgbad. We do not expect this share to increase significantly because the majority of our activities are in technical and craft occupations. Among white-collar staff, there is a balanced ratio of men and women. In management positions that report directly to the executive board, women accounted for 22.2%, and in our two governing bodies, the executive board and the supervisory

board, for an overall total of 12.5%. We are not currently pursuing any concepts for increasing the percentage of women in leadership positions.

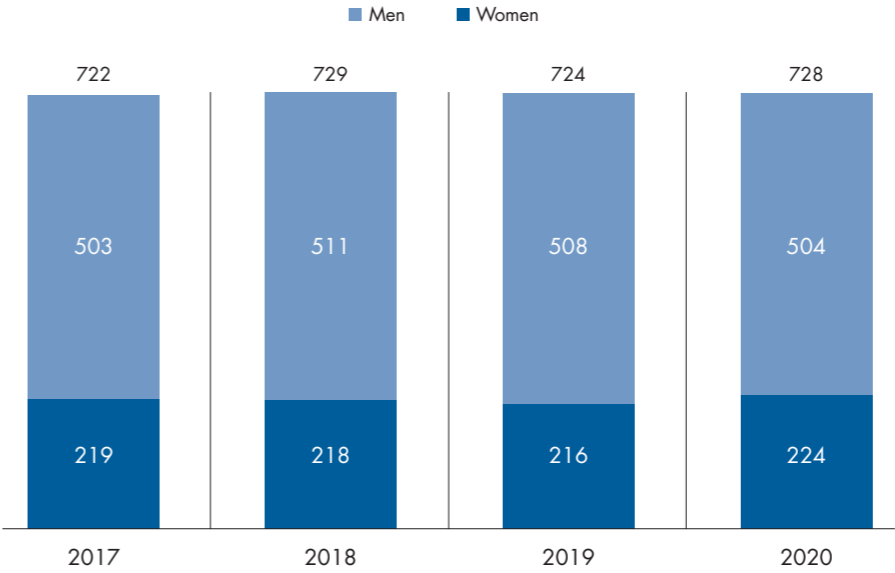
As in the past, women are particularly likely to take advantage of the part-time options that we gladly provide.

Schmallenberg leads the way

The management at our Schmallenberg site is particularly supportive of people with disabilities, who accounted for 8.6% of the workforce in 2020. In addition, Schmallenberg was again certified a "family-friendly company" by the Hochsauerland district in 2020.

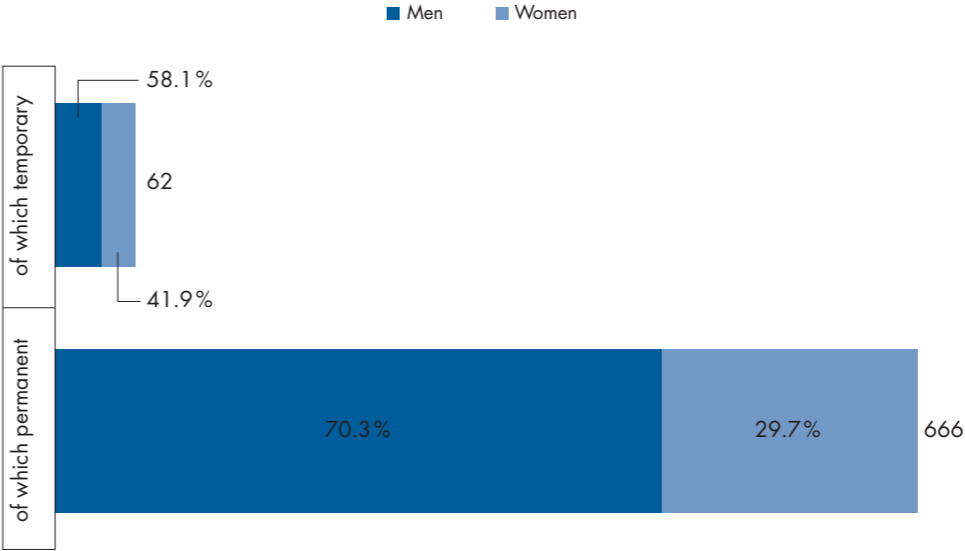


Employees 2017 to 2020*



* Number of employees incl. apprentices on 31.12. of resp. year

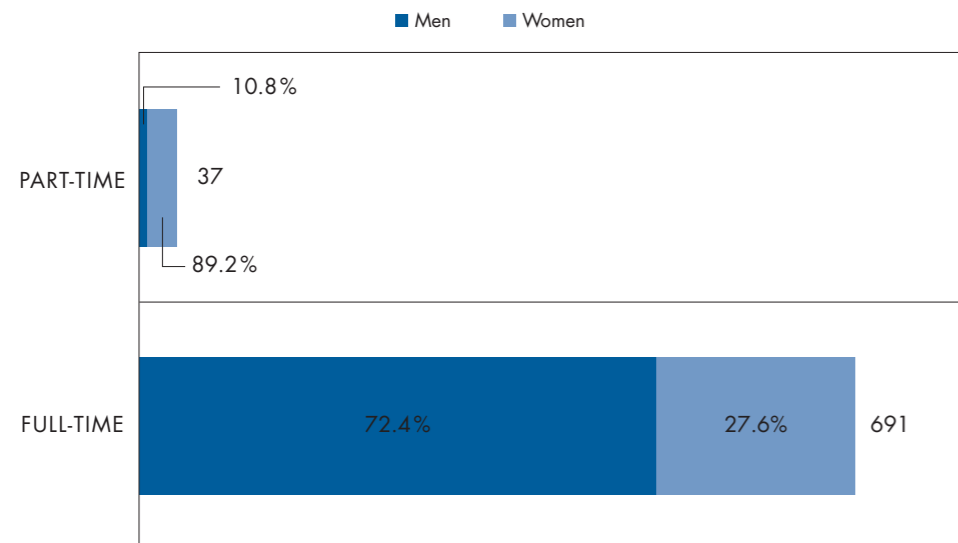
Employees by contract type and gender*



* Number of employees incl. apprentices on 31.12. 2020



Employees by employment type and gender*



* Number of employees incl. apprentices on 31.12.2020

Support for apprentices

The age structure at burgbad clearly shows the necessity of investing in the development of young talent and further training. For our increasingly digital fabrication with a multitude of sophisticated variants, we need employees who will enjoy becoming part of our company and continuing their development with us. This particularly applies to young talent in technical occupations.

Although we are recognised as an approved apprenticeship employer by the Chambers of Industry and Commerce, actively cultivated contact with schools during the reporting period and presented ourselves at career fairs, the share of apprentices declined, at least in 2020, to 3.4%

(previous year: 3.7%). This particularly affected our site in Greding, Bavaria, which is not accessible by public transport.

It is therefore all the more important for us to support and retain the young people who begin an apprenticeship with us. We view our apprenticeship programme, which we are increasingly organising on a cross-site basis, as a particularly good opportunity to achieve that.

Apprentices in Germany already have the option of preparing for their final exams by taking special courses at the Chambers of Industry and Commerce and the Chambers of Crafts and Trades. Since 2020, we have been focusing more attention on this aspect. At all

our sites in Germany, we now check our apprentices' individual need for support and sign them up for courses if it appears that there are gaps in their knowledge of the relevant material.

We are also in the process of inter-linking and expanding our internal training and education programmes. The most important pillars currently include teaching digital skills and introducing employees to the more complex aspects of spreadsheet programs like Excel. For prospective industrial management assistants, we offer a programme at our biggest site in Greding that familiarises them with all areas of the company, from procurement to production. We intend to develop this programme further.

Our apprenticeship programme

Industrial management assistant

IT specialist

Wood mechanic

Cabinetmaker

Technical product designer

Product data manager

Dual study programmes

Although we had already been conducting such development reviews in Germany, they were neither documented on a centralised basis nor uniformly structured. This was a suggestion from our 2017 employee survey, and we were glad to take it up.

However, our goal of introducing structured reviews by 2020 at the latest was delayed. Both the setting up of a general works council in 2019 and the restructuring of HR management in Europe by the parent group took time with regard to ensuring transparency and a consistent approach. But in late 2020, the jointly developed procedure was approved, and since then develop-

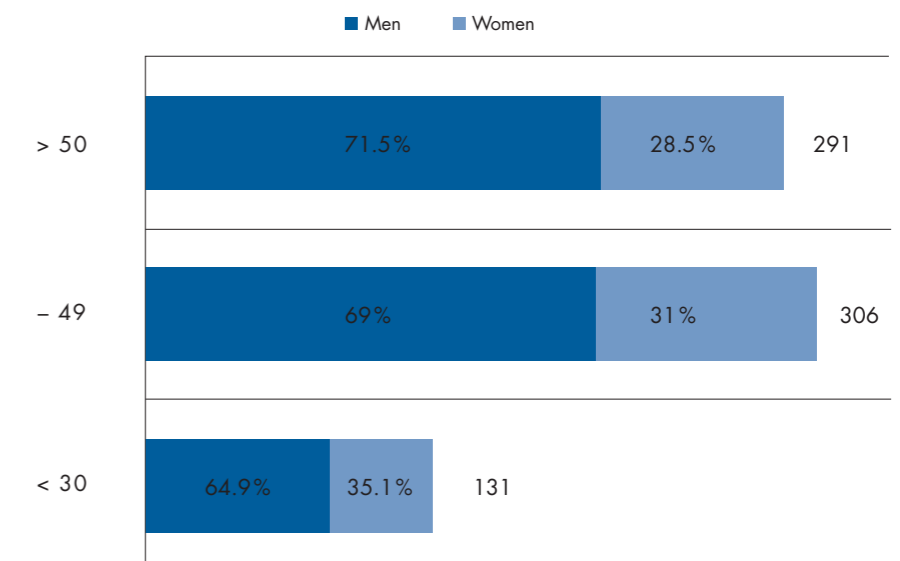
ment reviews have been taking place with employees up to lower management level across all locations. This enables us to reach 33% of our staff in the first phase.

The development reviews are also intended to create a basis for the systematic and company-wide structuring of our training and education programme.

Career development prospects for employees

We want to give our employees a career framework within which they can develop. That includes training, education and career opportunities, as well as the possibility to balance family and working life or, as they get older, to take a step back. Confidential talks between the employee and their manager play a major role in this context and generally take place once a year. The focus is on satisfaction with the work situation, desire for change and the agreement of concrete development goals.

Employees by age group*

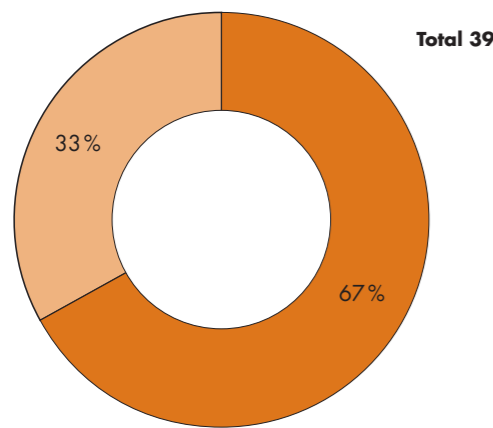


* Number of employees incl. apprentices on 31.12.2020

New hires by age group and gender on 31.12.2020

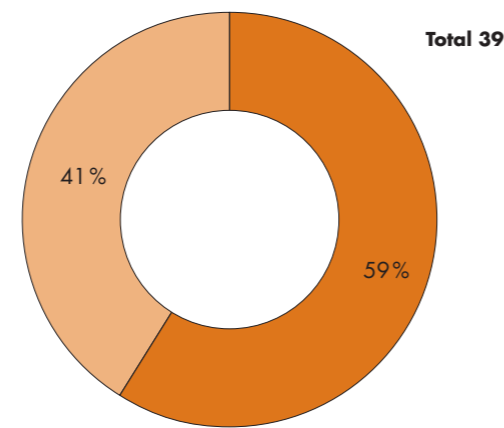
NEW HIRES BY GENDER

Men Women



NEW HIRES BY AGE GROUP

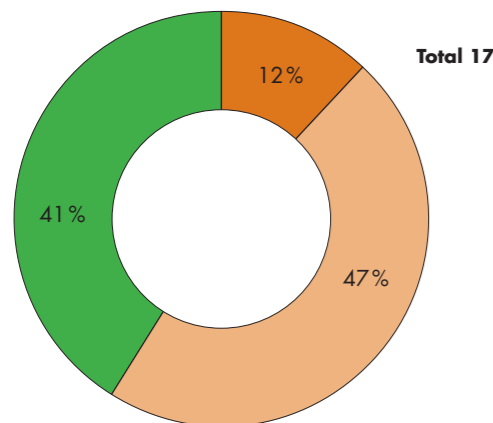
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Employee turnover by age group and gender* on 31.12.2020

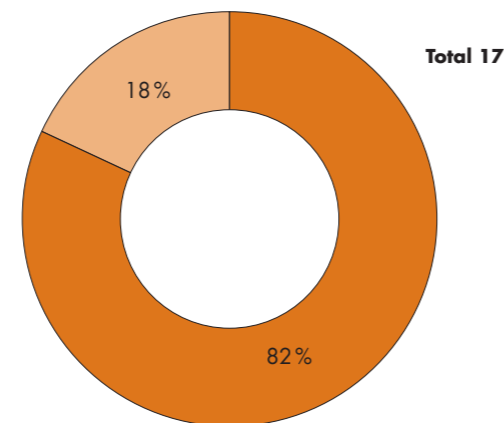
EMPLOYEE TURNOVER BY AGE GROUP

≤ 30 > 30 bis ≤ 50 > 50



EMPLOYEE TURNOVER BY GENDER

Men Women



* Resignations

Occupational health and safety

We sensitise our managers and forepersons to the need to set an example when it comes to safety – day in, day out. We document and evaluate all types of accident on a monthly basis. In addition, accidents are analysed in accordance with current regulations at the quarterly meetings of the occupational health and safety committees in Germany and France.

As part of our occupational health and safety management, we monitor the development of work-related accidents very closely. The lost time injury rate (LTIR, work-related accidents *200,000/hours worked) was at 7.1 % in 2020; commuting accidents, which are beyond burgbad's sphere of influence, accounted for more than one quarter of these incidents. In 2019, one commuting accident that resulted in lasting health impacts occurred. No occupational diseases were reported in the period from 2018 to 2020.

The outbreak of Covid-19 in early 2020 confronted us with a particularly serious challenge. In accordance with the different regional guidelines that applied to our sites, we appointed a pandemic officer who developed a pandemic plan that defined extensive protective measures for our sites, such as home working arrangements for administrative staff. In Germany, we stayed in touch with our employees and explained our actions to them by summarising all measures in a corona ticker that we distributed via the intranet – initially on a weekly basis, then every two weeks. Our site in France was impacted particularly hard by the full lockdown ordered by the authorities during the first wave: the entire plant had to close down completely.

However, prevention doesn't only play a key role in relation to corona; it is of fundamental importance to occupational health in general. That's why we welcome and support participation in the health-promoting activities offered by health insurance companies, as well as sporting activities at our sites.

At our Greding facility, staff make enthusiastic use of the table tennis equipment available in the break room. In 2019, we also introduced the "Active Break", an instructor-led exercise class at lunchtime, which however – like the table tennis games – has had to be suspended since the beginning of the corona pandemic. Also in Greding, we initiated a Health Management working group in collaboration with our biggest health insurer.

During the reporting period, we also expanded our offer of a personal company bike to all our sites in Germany. It has met with a very good response from the workforce: 153 of our colleagues are currently keeping in shape with burgbad bikes.

Developing sustainability together

Many suggestions for promoting sustainability come from our employees, and we greatly appreciate their contributions. In order to generate even greater awareness and deepen staff's knowledge, we have been conducting sustainability training courses since 2019, from workshops for apprentices all the way to lectures at works meetings. And since 2020, we have been posting a monthly sustainability ticker on our intranet. It keeps colleagues informed about the company's activities and invites discussion – an approach that meets with a broad-based response.

In response to the worrying 2019 report published by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) on the dramatic acceleration of species extinction, we teamed up with our workforce to launch activities that protect biodiversity and began by establishing two colonies of bees at our Schmallerberg plant, which are professionally supervised by knowledgeable employees. Other activities will follow.

In addition, both as a company and together with our staff, we support various social initiatives and projects in the areas where our sites are located. We support the youth work of the Fredeburg skiing club and the TV Fredeburg football club, as well as the Grafschaft Mountain Bike Days – a huge event in the region. At our location in Bavaria, we support rubber duck races in order to raise funds for good causes, as well as the youth work of the FG Gredonia carnival club.

At the 2018 One World Run, an annual event initiated by a burgbad employee in 2015, our 45 participants brought home the team cup, and in 2019 burgbad had no fewer than 55 runners on the starting line. In 2020, the event had to be cancelled due to the pandemic.

Once again, employees at our Greding site joined forces to help the loved ones of individual colleagues. They collected donations for a heart transplant for little Aria, as well as for disability-friendly adaptations to Nathanael's home after he suffered a life-changing accident.

Music from the sustainability team

"Don't just talk about it, get on and do it!" – that's the motto of our colleague Gunther Grittmann who, besides being part of burgbad's sustainability team, is also an active musician.

Inspired by the history of burgbad and sustainability, he wrote a song called Wild Water. There's also a video to accompany the song, and we use both for our internal communications and on social media. In next to no time, the Facebook post attracted over 1,000 clicks.



Our contribution to conservation

In the spirit of its PEFC certification, burgbad has been committed to sustainable forestry for years. In 2019, we and our staff joined forces to launch various conservation activities at our sites, all of them intended to contribute to SDG No. 15. Together, we want to help protect biodiversity.

The May 2019 report on biodiversity published by the United Nations' Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) provides scientific documentation of the dramatic extinction of species and is gradually generating broader awareness of this danger. Of the world's estimated 8 million species of

animals and plants, approximately 1 million are threatened by extinction, with dramatic consequences not just for nature but for humanity as well.

The decline in insect populations is particularly alarming. According to the Krefeld Study, which was published in 2017 and drew global attention, the total biomass of flying insects in 63 areas of Germany declined by more than 75 % over a period of 27 years.

Our response: in summer 2019, we introduced as many as 50,000 honeybees to the grounds of the burgbad plant in the Hochsauerland region. burgbad's oldest site in Schmallerberg, which is officially recognised as a health resort with outstanding air quality, is located where the forest meets the meadows in the Rothaar

Mountains. Two bee colonies are now professionally cared for here – by four burgbad employees who act as beekeepers.

Besides the honeybee, wild bees also play a key role in preserving our cultural and agricultural landscape because they pollinate approximately one third of agricultural crops while searching for food. For years now, NGOs and beekeepers have been warning of a huge global decline in bee populations as a result of disease, pesticides, climate extremes, invasive species and loss of habitat. If bees were to disappear, the human food supply would be threatened across the globe – with the familiar consequences of famine, conflicts and floods of refugees.



DEVELOPMENT OF SUSTAINABLE PRODUCTS

Assessment and outlook

We have achieved the goals we set ourselves for the period 2018 to 2020 with the aim of enhancing employee satisfaction and retention:

- We have ensured the training of young people in clerical and technical occupations at all German sites, even though it is increasingly difficult to find interested apprentices.
- The promotion of regular further training and continuing education for employees is underway. In the first phase, we focused on structuring and broadening the internal offering for our apprentices across all locations.
- We have introduced standardised, systematic development reviews at all locations, for the time being with employees up to lower management level.

In our opinion, all these measures are meaningful and should be pursued in the future.

By 2023, we want to ensure the targeted expansion of our training and education programme. The fact that the training and education agreements made between employees and their superiors are now documented centrally creates a good basis for that. We will use the experience gained in the course of development reviews up to lower management level to decide whether this kind of standardised procedure makes sense for all employees and, if so, how it should be structured.

In the coming two years we want to develop and test ideas for job swapping. That would enable apprentices to get to know the company better, even beyond their own location, and bring more variety to the everyday working lives of staff in technical occupations.

By 2023, we will roll out both the existing training programme on health-related topics and health maintenance measures all over Germany. In France, we will

conduct corresponding training programmes in compliance with legal requirements.

We are planning to hold an ideas contest on the theme of sustainability among our employees so as to encourage and strengthen identification with this vital issue. At the same time, we want to check whether it is possible to establish bee colonies at other sites and sow wild flower meadows instead of lawns.

As soon as the corona pandemic is contained, we want to resume and intensify our promotion of burgbad as an attractive employer at schools and fairs so as to ensure our visibility in the competition for the best skilled workers.

burgbad is increasingly focusing on the development of bathroom furniture that delivers clear added value for its users. We rely on quality, aesthetics, durability and functionality. And offering our customers products that are produced under fair conditions and free of harmful substances is equally important to us. burgbad GmbH's entire range of furniture has been awarded a Class A emissions rating.



However, sustainability requirements are increasing. The United Nations provided important impetus in 2015: within the framework of the Sustainable Development Goals (SDGs), it called for "sustainable consumption and production patterns" based on a series of factors, including the resource efficiency, CO₂ footprint and longevity of products, as well as the recyclability of their components.

These factors also play a central role in the European Green Deal, which has drawn global attention and aims to make the continent climate-neutral by 2050. The key idea is the circular economy – a future economic system in which resource input and the production of waste, emissions and energy wastage are minimised by slowing, reducing and closing energy and material loops.

As a manufacturer of top-quality bathroom furniture, burgbad can and wants to contribute to these aims along the entire value chain. We use our innovation potential to develop furniture that is sustainable in every respect. At the same time, we endeavour to source sustainable materials and avoid using critical input materials in our furniture and packaging wherever possible. We design our furniture to be long-lasting and versatile. We reduce and recycle our waste and urge our suppliers to do the same.

The Green Deal action areas

The European Circular Economy Action Plan aims to decouple economic growth from resource use



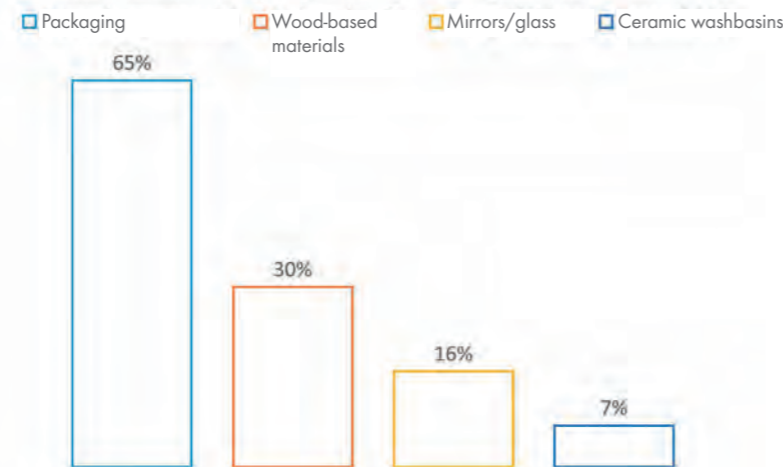
Innovation approaches

burgbad wants to be the leading manufacturer of innovative and sustainable bathroom furniture. By 2023, we will develop a collection of furniture that follows the eco-design approach. Ecodesign focuses on improved product design that is specifically geared to sustainability. By making intelligent use of resources, the aim is to minimise environmental impacts along the entire value chain and create the greatest possible benefit for everybody involved. To prepare the ground, we began determining the share of recycled input materials in the products we purchase back in 2019. In 2020, we defined ecodesign as an overarching mission for sustainable corporate governance and added it to our agenda.

Today burgbad already makes furniture with unusually high sustainability credentials. After many years, we have launched a product range in solid wood again: our new Mya collection. All the wood is PEFC-certified, and virtually no composite materials are used. Thanks to the many floor-standing elements, the furniture is flexible enough to be used for an entire lifetime. The collection was presented with the German Design Award 2019.

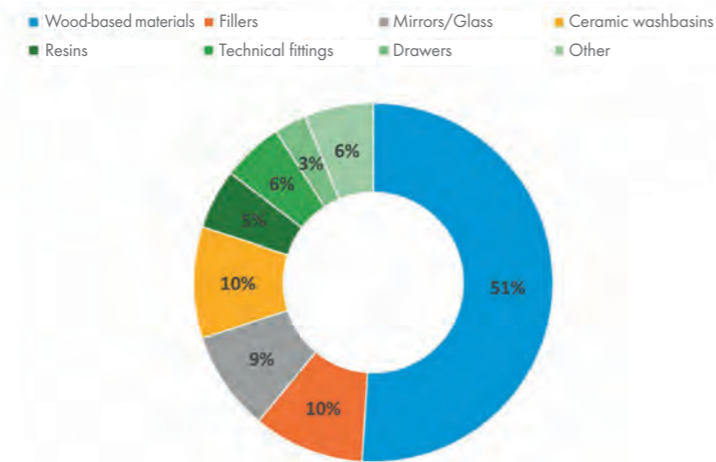
Our second special furniture range goes by the name of Eqio and is burgbad's bestseller. During the reporting period, we had the range certified with the Blue Angel. The

Recycled input materials [% by weight]



By 2023, we want to investigate whether the share of recycled materials in the goods we purchase and their packaging can be increased.

Breakdown of Production Materials 2020 [% by weight]



Wood is our most used material. We source more than 90% of it from PEFC-certified, sustainably managed forests.

decision to choose this attractively priced collection for certification with Germany's best-known ecolabel was very deliberate: we want to show that sustainability doesn't automatically have to mean expensive. The Blue Angel is awarded to particularly sustainable products. The evaluation

criteria are defined and constantly updated by the German Environment Agency. As a result, burgbad is the first bathroom furniture manufacturer in Germany's three-tier distribution system to offer a collection with the Blue Angel ecolabel.

Materials

We want the production of our products to be ecological 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.

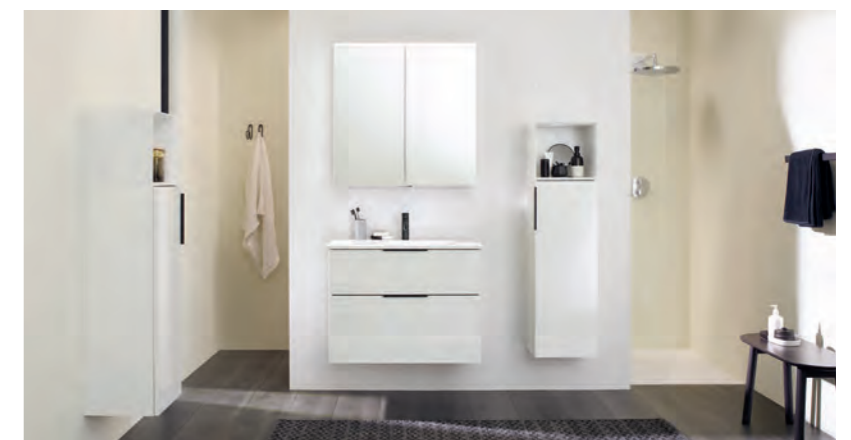
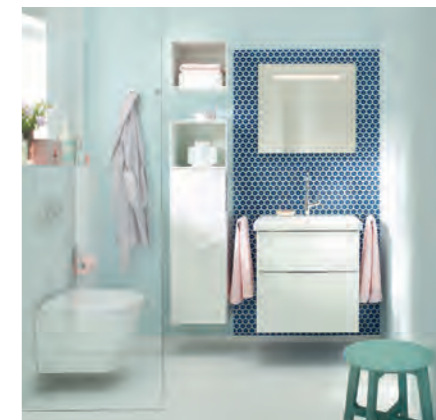
In 2020, we used a total of 10,873 tonnes of materials to produce our furniture. Proportionally, approx. half of those materials are wood-based, followed by fillers, ceramic washbasins, mirrors and glass. There have been no significant changes in the individual materials' percentage share of the total requirement as compared to previous years.

Eqio: certifiably sustainable

Eqio has proved itself as a universally compatible bathroom furniture collection that is suitable for bathrooms of any size and blends in with a wide variety of styles while providing extremely good value for money. The collection satisfies high expectations in terms of customisability and function as well. It was certified with the Blue Angel in 2020.



www.blauer-engel.de/uz38



Wood

All our furniture has held PEFC chain of custody certification since 2014 and all our sites are certified accordingly. PEFC (Programme for the Endorsement of Forest Certification) is an independent certification system that promotes sustainable forest management. The seal of approval is only awarded to companies who can provide end-to-end verification that the wood they process is sourced from sustainably managed forests. As a result, burgbad furniture with the PEFC label guarantees that the entire production chain is certified.

In Germany, certified wood has long since accounted for more than 90% of the wood we buy. During the reporting period, we reached the same share for France as well. In addition, in 2019 we converted the individual certifications of burgbad GmbH and burgbad France SAS into multisite certification of the parent company burgbad AG. This ensures that processes are implemented identically, which leads to even greater transparency.

The rest of the wood we purchased was approved as sustainable in the course of a risk assessment conducted as part of the PEFC audit. This verification is monitored and confirmed by independent certification bodies (TÜV Nord) every year.

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 2020, our mirrors were sourced entirely from Europe. We do not see any risk here as regards non-compliance with standards. We purchased 78% of our glass from Asia via a German import service provider. As a non-European trading partner, this supplier was subject to an additional risk assessment in 2018. The aim: to ensure to the best of our ability that the core labour standards of the International Labour Organization (ILO) are being complied with and that employees are being paid above the minimum wage. Nor did we identify any risks with regard to human rights violations in the upstream supply chain.

Ceramic washbasins

When sourcing ceramic washbasins, we take advantage of synergies with our parent company Eczacıbaşı because we can be sure that the

sustainability requirements have been observed in accordance with our group-wide rules. That is why we source a steady 94% of our ceramic from one of our sister companies in Turkey.

Technical fittings and drawers

In 2020, technical fittings accounted for approx. 6 wt% (percentage by weight) and drawers for 3 wt%, all sourced from renowned European partners.

Resins

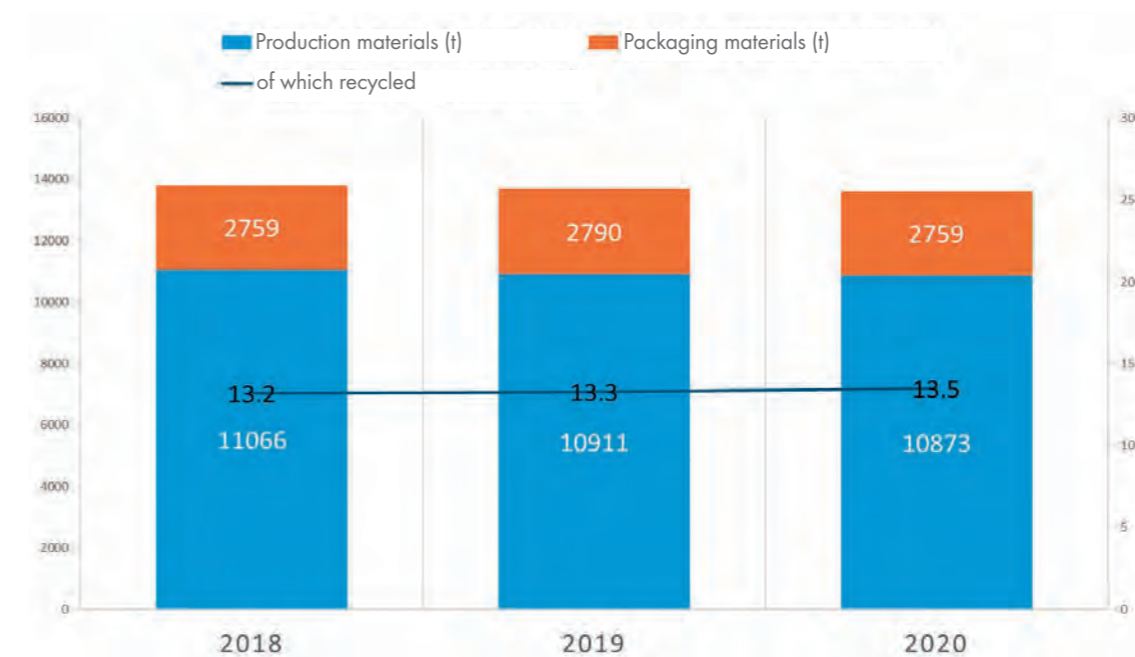
In 2020, resins – some of them specially produced for us – accounted for 5 wt%; we use them both for finishing the surfaces of our mineral cast washbasins and as a binding agent for our fillers in order to give the products the necessary durability. All the suppliers come from Europe.

Other

The remaining 6 wt% in 2020 includes various sundries that we have been sourcing from renowned partners for many years.

Apart from production materials, we also purchased 2,759 tonnes of packaging materials. 13.5% of the materials we purchased were recycled.

Materials used 2018 to 2020



Waste

As well as our material input, we use our digital eco-controlling system to collect and monitor waste-related data too. A total of 1,764 tonnes of waste were generated in 2020, in particular industrial & construction waste, wood-based materials and cardboard packaging. The amount of waste (kg/t of production) was reduced by 23% in 2020 as compared to the base year 2014. That is considerably more than the 10% we had originally estimated. We may have been overly cautious in calculating that goal. On the other hand, our production volume

increased in the same period, which generally results in less waste per production unit.

Recyclable waste accounted for 63.8 wt% (percentage by weight) and thus accounts for roughly the same share as in previous years.

All our waste is disposed of by certified waste management companies. Waste requiring supervision, such as residues from our paint shops, accounts for approx. 5% of the waste we generate. Scrap wood is used as fuel for the wood-burning heating systems at our Schmallenberg and Greiding sites in order to

save fossil fuels and avoid CO₂ emissions.

Cardboard and packaging waste result almost entirely from deliveries of packaged goods. We are working closely with our suppliers to reduce the amount of these types of waste and are attempting to increase the share of recycled materials. In both Germany and France, product and transport packaging that we put into circulation ourselves is professionally recycled at our expense in compliance with the legal provisions.

At our German sites, we use solvent-based resins and lacquers for our premium furniture. The resulting fumes are extracted and cleaned by exhaust air treatment units. We do not currently see any possibilities for dispensing with these components. In France we work with water-based lacquers, which are emission-free but only suitable for a certain part of our collections.

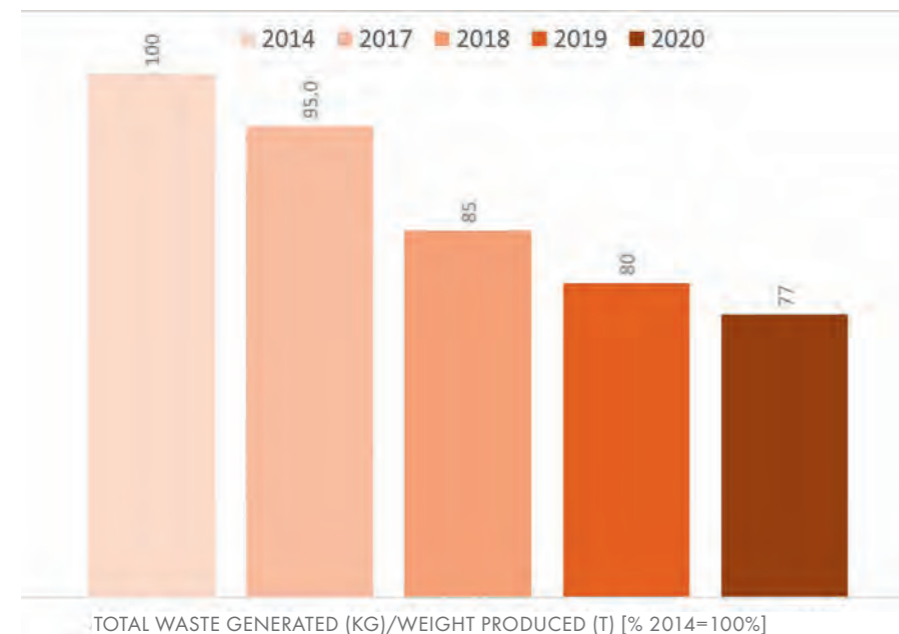
We are not aware of any risks relating to the disposal of waste in

our upstream value chain. All our suppliers have signed up to our Code of Conduct, which makes explicit reference to compliance with legal requirements and international standards concerning environmental and worker protection. Suppliers who may represent an increased risk are subject to an additional assessment.

Our furniture is versatile and long-lasting. It can provide loyal service for bathroom users almost

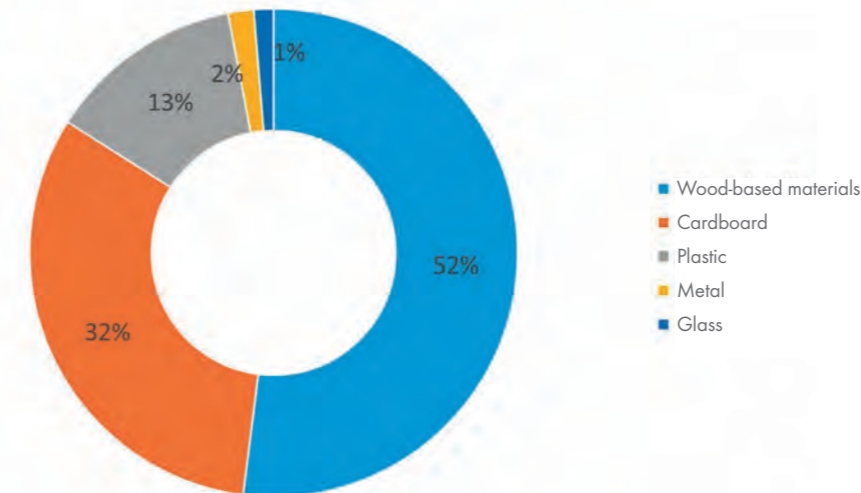
indefinitely. Towards the end of its life cycle, its owners generally sell it to somebody else or dispose of it via a bulky waste collection service. As of yet, we do not have a concept for taking back and reclaiming used bathroom furniture. However, we are considering all possible options in connection with the development of our circular economy strategy.

Waste generation (kg/t of production)



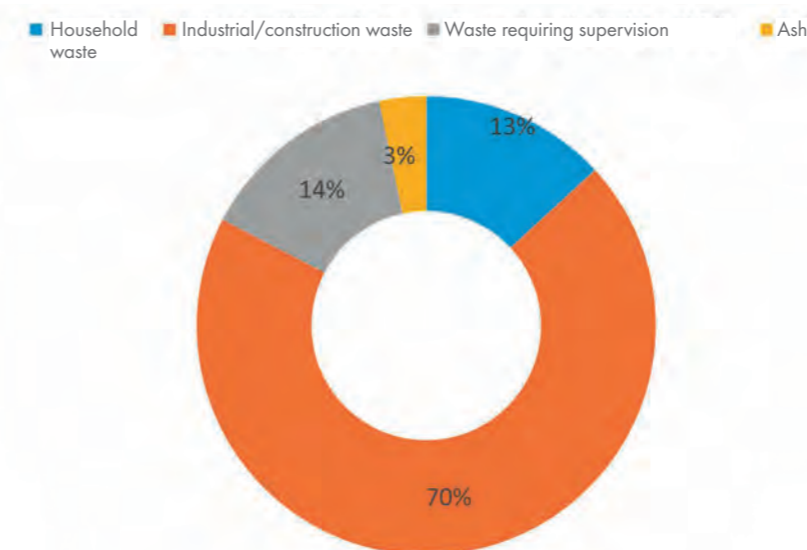
The total amount of waste generated has decreased by 23 % since 2014.

Recyclable waste 2020 [% by weight]



Almost 64% of our waste is directed to recycling. Wood waste is used as fuel for our wood-burning heating systems.

Waste directed to disposal 2020 [% by weight]



Approx. 36 % of our waste is not recyclable and is disposed of, i.e. either landfilled or incinerated.

Responsible use of consumables

We strive to make economical use of resources in our administrative departments too. Since 2015, for instance, aided by increasing digitalisation, we have continuously reduced paper consumption. While we can't manage entirely without paper, in Germany we have only been using recycled paper with the Blue Angel ecolabel for our office communications and business correspondence since 2019. The equivalent quality is not available in France. We have also optimised the printing of our catalogues and reduced the number of pages by more than 50 % as compared to 2014.



At our workplaces and factories, we have introduced water dispensers and carafes instead of individual bottles and, on the initiative of the Greding works council, begun replacing disposable cups with ceramic beakers at vending machines. As a result, we expect to save a considerable amount of disposable plastic cups and therefore waste.

Assessment and outlook

We have achieved or even surpassed the major goals we set ourselves for 2018 to 2020. We are very satisfied with the efficacy of the measures we have introduced.

- Determine the percentages of recycled input material in the raw materials and products we purchase: packaging, wood-based materials, fillers, mirror glass, ceramic
- Increase the share of PEFC-certified wood purchased for France to 90%. In Germany, the 90% share that had already been reached has been maintained
- Switch to buying PEFC/FSC-certified cardboard
- Reduction of waste (kg/t of production) by 10% as compared to 2014. We have achieved a reduction of 23%

For 2021, we have planned our first interdisciplinary workshop in order to enlarge on ideas for developing a collection of completely sustainable furniture by 2023 and work on linking it with circular economy goals.

We will expand the Emission Class A certification of our furniture collection from burgbad GmbH to the whole of burgbad AG, which will then cover our production operation in France as well.

We want to discuss the issue of the percentage of recycled input material in the products we buy with our suppliers and encourage them to collaborate on joint development. This dialogue will enable us to clarify whether it is possible to further increase the amount of recycled material in the products we purchase and whether our suppliers can reduce packaging or replace it with recyclable material.

We would like to achieve largely "paperless desks" in our administrative departments in Germany. In 2018, we launched a comprehensive digitalisation project for office-based sales and are confident that we will be able to reduce paper consumption significantly in the medium term: the goal is a 50% decrease as compared to 2015.

We would also like to reduce our total amount of waste by another two percentage points by 2023, which would bring us to an overall decrease of 25%.

Climate change is a challenge that burgbad is countering with active measures. In order to reduce our negative impacts, we have been working since 2014 to lower burgbad's overall energy consumption and increase the share of renewable energies in our energy mix. We are striving towards increasingly climate-neutral production. We have been offsetting the remaining unavoidable emissions since 2016. Our offset concept has complied with the guidelines of the Development and Climate Alliance since 2018.

We want to set an example beyond our sector and are explicitly committed to the United Nation's "well below two degrees" target.

Energy mix and fuel consumption

We use the following energy sources at our sites: natural gas, biomass, electricity, heating oil, LPG/LNG, forklift diesel and fuels for our vehicle fleet.

According to our eco-controlling system, the renewable energies we purchased accounted for a share of 61.8% in 2020, half of which is attributable to purchased energy from renewable resources, the other half to biomass from scrap wood left over from production, which is used as an energy source for our plants in Greding and Schmallenberg. We invested in a new wood-fuelled heating system for Schmallenberg in 2018.

An analysis of the efficiency and feasibility of using scrap wood at our site in France revealed that an investment does not currently make sense. In Schmallenberg and Greding, we would have liked to install a combined heat and power plant and/or solar systems. But here too, it was apparent that neither of the concepts under consideration is currently viable from a technical or economic perspective.

Having considerably increased the share of renewable energies we use since 2014, the potential seems largely exhausted for the time being, even though we do not rule out investments in the future, for instance in photovoltaic systems.

Energy mix and consumption*

Fuel consumption (MJ) (Scope 1)	2017	2018	2019	2020
1. Plant				
Biomass (scrap wood)	21142840	24236122	22485427	20814869
Natural gas	21874849	19906258	18716659	16848256
Heating oil	4472323	2918419	5547085	3578936
2. Motor fuels				
Diesel (forklifts, tractors, generators)	23551	31388	23008	23911
LPG/LNG	352242	403754	399589	428065
Energy consumption (MJ) (Scope 2)				
Electricity from non-renewable sources	6590030	5116874	4935024	4052909
Electricity from renewable sources	19100437	19286071	18971708	19523340

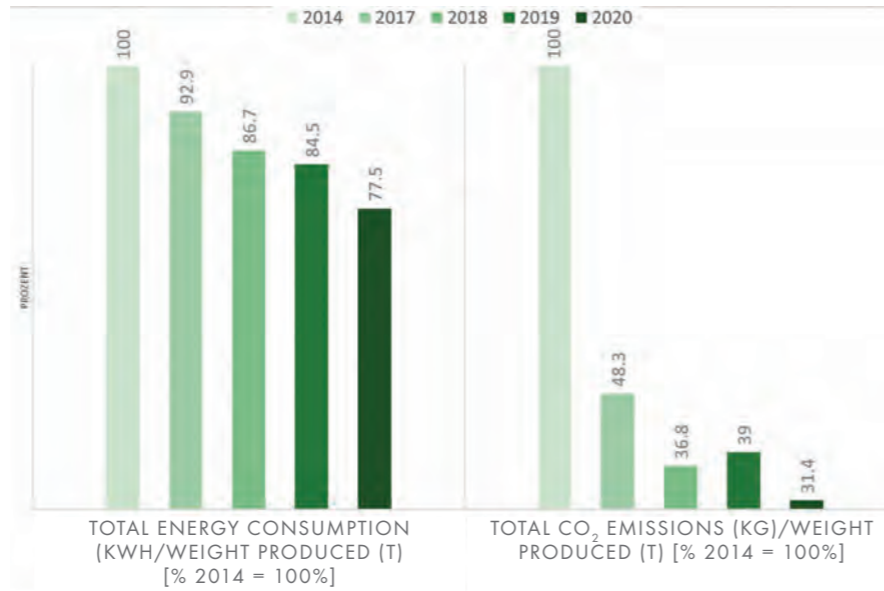
* Real values according to eco-controlling. Fuels for the vehicle fleet are not covered but are included in the emissions footprint according to DGM criteria.

Energy and CO₂ intensity

We have far exceeded our goal of a 10% reduction in energy consumption per unit produced by 2020 as compared to 2014. According to our eco-controlling system, the reduction amounted to 22.55% – more than twice as much as planned. Here too, the goals we set ourselves may have been too conservative. At the same time, our total production output increased, which generally leads to lower energy consumption per unit produced.

As compared to 2014, we have been able to reduce CO₂ emissions per unit produced by 68.6% and have thus more than met our goal of a 55% reduction.

In 2019, we successfully completed an energy audit in compliance with DIN 16247.



We have significantly reduced energy consumption and CO₂ emissions per unit produced since 2014.

Emissions footprint and climate neutrality

In our efforts to become an increasingly climate-neutral business, we have been calculating our CO₂ emissions for Scopes 1 to 3 according to the criteria of the German Quality Assurance Association for Furniture (DGM) since 2016. We compensate for greenhouse gas emissions by purchasing offsets.

A look at burgbad's CO₂ footprint reveals two things: a significant percentage of our emissions (58% in 2020) is caused by heat and motor fuel consumption at our sites and by our fleet (Scope 1). An almost equally large percentage (41%) is attributable to indirect emissions resulting from e.g. business travel, waste generation or the consumption of office materials (Scope 3). Up until now, another major source of emissions has not

been included in Scope 3: the transport of furniture and components, for instance from the factory to the end customer. It is safe to assume that this factor will have a considerable impact when, in the coming years, we begin calculating the CO₂ footprint not only for production but for the products too – throughout their entire life cycle (PCF, product carbon footprint).

Greenhouse gas emissions 2018-2020 [t CO₂e]*

Allocation	Emissions by category	[t CO ₂ e]		
		2018	2019	2020
Scope 1	Heat consumption**	1391.0	1512.30	1214.65
	In-company motor fuel consumption	601.2	570.40	758.21
	Gas leakages (refrigerants)	0.00	0.00	0.00
	Total	1992.2	2082.70	1972.86
Scope 2***	Electricity consumption	2.4	37.60	28.82
	District heating/cooling	0.00	0.00	0.00
	Total	2.4	37.60	28.82
Scope 3	Upstream energy-related emissions	899.0	907.50	651.17
	Business travel and hotel stays	80.1	68.60	10.49
	Employee commuting	655.9	586.00	582.40
	In-company water and waste	6.8	7.10	19.68 (6.83)****
	Consumable office supplies (paper)	20.7	15.20	132.94 (13.15)****
	Total	1662.5	1584.40	1396.68
	Sum total	3657.1	3704.70	3398.36
	Offset emissions	3657	3707	3400

*Emissions footprint according to DGM. Real values, except upstream energy-related emissions (baseline consumption data) and employee commuting (estimated value). The emission factors originate from the emission inventory databases of DEFRA, GEMIS, Ecoinvent and the German Environment Agency (UBA).

**Woodchips are included and weighted with an emission factor of 0.

*** Market-based method

**** Since 2020, inclusion of external printing services and waste generated in addition to residual waste. The figures in brackets permit comparison with the previous year.

burgbad is a climate-neutral business

burgbad is a member of the German Quality Assurance Association for Furniture (DGM) and has joined its Climate Pact for the Furniture Industry. We have been compiling and offsetting our company's CO₂ footprint as per Scope 1, 2 and 3 according to the criteria defined by the DGM since 2016. According to the DGM guidelines, our business activities were climate-neutral in the financial years 2018 to 2020. Our offset purchases are specifically channelled into Development and Climate Alliance projects.



Development and Climate Alliance

Climate change is one of the biggest challenges of our time; the Earth has been pushed almost to the limits of its resilience. 80 million people in coastal areas are at acute risk due to rising sea levels, up to 140 million people in sub-Saharan Africa, Latin America and South Asia will lose their homes by 2050. Industrialised countries bear particular responsibility as they are primarily responsible for climate change. Against this backdrop, Germany's Federal Ministry for Economic Cooperation and Development (BMZ) launched the Development and Climate Alliance in the autumn of 2018. The participating companies offset their CO₂ emissions by specifically channelling their payments into climate protection projects in emerging and developing countries that meet the criteria defined by the Alliance. burgbad was the first bathroom furniture manufacturer to support the Alliance right from the start and chose Alliance-approved offset projects that generate a co-benefit in developing countries. We share the Alliance's objectives and are committed to helping achieve them. We encourage others in our networks to get involved so as to increase the efficacy of the Alliance.

Our development partnership

In 2018 and 2019, burgbad invested in Godawari Power and Ispat Limited (GPIL), a Gold Standard climate protection project in India. It enables the operation of a 20 MW biomass power plant in Siltara, Raipur. Rice husks are used as the main source of energy – a resource that is increasingly replacing fossil fuels. What's more, the rice husks provide a biofuel that does not require any additional land for cultivation. On the contrary: the biomass would not be used otherwise; it would be left to rot or burned.

The project creates direct and indirect jobs and therefore helps improve the economic situation in the area. Farmers are paid a better price for their paddy because the husks can now be used as well. And because the husks have to be collected from the fields and transported to the power plant site, the project generates income opportunities for the rural population as well. People from local villages are given priority when it comes to filling vacant positions.



"We have to do everything we can to become climate neutral as quickly as possible! But being a climate policy pioneer also means thinking beyond Germany and investing a great deal more in a global energy transition. Advanced climate legislation must also include incentives for reducing CO₂ and adaptation investments in developing and emerging countries. Global cooperation is the only way to protect the climate."

*Dr Gerd Müller,
German Development Minister*

Assessment and outlook

We have achieved or even surpassed the goals we set ourselves for the period 2018 to 2020 with the aim of reducing energy consumption and the associated CO₂ emissions. The actions we have taken were effective in every respect:

- We have conducted efficiency and feasibility analyses with regard to using scrap wood for heating at our site in France and for using renewable energy resources for the Schmallenberg site – currently with a negative result. We do not rule out the possibility of investments in the future.
- As compared to 2014 we have reduced energy consumption (kWh/t of production) not just by the 10% we had planned but by 22.5%.
- As compared to 2014 we have reduced CO₂ emissions (kg/t of production) for Scope 1 and 2 not just by 55% but by 68.6%.
- Our business activities in the years 2018 to 2020 were climate-neutral.

With regard to both total energy consumption and the reduction of CO₂ emissions, very little savings potential remains. On the one hand, it is not possible to achieve any further significant increase in the share of renewable energies. At the same time, a major automation investment at our Greding site from 2021 on will result in additional energy being required per tonne of production.

For 2023, we are therefore setting ourselves the goal of finding other areas where a reduction in emissions is possible. There are plans for an efficiency and feasibility analysis to clarify whether it makes sense to switch our fleet to electric/hybrid vehicles. We want to increase the number of virtual meetings so as to reduce travel and make more journeys by train rather than by car. We have successively reduced air travel since 2016 and aim to continue doing so.

As in the past, unavoidable emissions will be offset.

OUR CONTRIBUTION TO THE SDGs



As a member of the UN Global Compact, burgbad has been addressing the United Nations' 2030 Agenda and the 17 Sustainable Development Goals derived from it



Goal 3
Ensure healthy lives and promote well-being for all at all ages

since 2015. It isn't just politics and civil society that can attribute to achieving the goals; as a company, we can do our bit as well. That's why we always consider our busi-

ness against the background of the SDGs and compare the possibilities available to us with the global objectives.

Employees:
We are expanding our measures for in-house health promotion and the age-appropriate configuration of work processes and rolling them out across all our German sites.

Customers:
Our furniture is free of harmful substances and inspected for quality, safety, health and environmental protection. burgbad GmbH's entire range of furniture has been awarded a Class A emissions rating and the Golden M quality label.



Goal 4
Ensure education and promote lifelong learning opportunities for all

Apprentices:
We are recognised as an approved apprenticeship employer by the Chambers of Industry and Commerce and provide individual, targeted support for our apprentices. We undertake to ensure that they can cope with the requirements of their training.

Employees:
In our company, employees can develop as they wish. That includes training, education and career opportunities, as well as professional reorientation in order to balance family and working life or, as they get older, to continue to be able to cope with the constantly changing world of work. With that in mind, we are restructuring our internal training and education programme across all sites, basing our decisions on the results of the annual development reviews.

Education for Sustainable Development:
Education for Sustainable Development (ESD) is part of our training and education programme. We are already conducting training courses with our apprentices and offer lectures for the workforce. Since 2020, we have been posting a monthly sustainability ticker on our intranet. We are planning to hold an ideas contest on the theme of sustainability so as to encourage and strengthen employees' identification with this vital issue.





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


Sustainable supply chain:
Based on the requirements of Germany's National Action Plan for Business and Human Rights (NAP), we monitor suppliers with regard to environmental and human rights aspects. In our estimation, we already meet the majority of the requirements that the German Supply Chain Act will impose from 2023 on, even though we do not anticipate that we will fall under the legislation because of our size.

Work environment:
98.8% of our suppliers come from Europe. Especially in Germany and France, we are committed to preserving regional manufacturing structures.

At burgbad, we support the interests of our workforce. In 2020, our Schmallenberg site was once again certified a "family-friendly company".

Development partnership:
As a member of the Development and Climate Alliance, our CO₂ offsets are specifically channelled into climate protection projects in emerging and developing countries in order to generate a co-benefit in those countries. In 2018 and 2019, burgbad invested in Godawari Power and Ispat Limited (GPIL), a Gold Standard climate protection project in India. It enables the operation of a 20 MW biomass power plant in Siltara, Raipur, and creates local jobs and income opportunities.

	<p>Goal 12 Ensure sustainable consumption and production patterns</p>	<p>Sustainable furniture: We develop top-quality, long-lasting and ecologically sustainable furniture. Our new Mya series is made of solid wood. All the wood is PEFC-certified, and virtually no composite materials are used.</p> <p>Our bestselling Eqio range was certified with the Blue Angel, Germany's best-known ecolabel, in 2020. Our aim: to demonstrate that sustainable furniture doesn't have to be expensive.</p> <p>By 2023, we will develop a collection of furniture that follows the ecodesign approach. Environmental impacts are minimised along the entire value chain and the greatest possible benefit is created for everybody involved.</p> <p>burgbad GmbH is Germany's first bathroom furniture manufacturer to certify all its product lines with the Furniture made in Germany label of origin.</p> <p>Sustainable production: In 2019, we determined the percentages of recycled input materials in the raw materials and products we purchase with the goal of further increasing the amount of recycled input in the materials we need. We have continuously decreased the amount of waste (kg/t of production) we generate in recent years, reducing it by 23% since 2014. Almost 64% of our waste is directed to recycling. Scrap wood is used as fuel for our wood-burning heating systems.</p>
	<p>Goal 13 Take urgent action to combat climate change and its impacts</p>	<p>Reduction and offsets: Since 2014, burgbad has been working to lower overall energy consumption and increase the share of renewable energies in our energy mix. We want to set an example beyond our sector and are explicitly committed to the United Nation's "well below two degrees" target.</p> <p>We have reduced CO₂ emissions per unit produced by 68.6% since 2014. We have been offsetting unavoidable emissions since 2016 and are a climate-neutral business according to the criteria of the DGM. Our offset concept has complied with the guidelines of the Development and Climate Alliance since 2018.</p>

	<p>Ziel 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</p>	<p>In the supply chain: burgbad has been committed to sustainable forestry for years. That's why we source more than 90% of our wood-based materials from PEFC-certified forests. The rest of our wood was approved as sustainable in the course of the PEFC audit. Wood is our most used material and accounts for over 50% of our production materials.</p> <p>At our sites: Since 2015 we have continuously reduced paper consumption; our target is –50% by 2023. In Germany we only use recycled paper with the Blue Angel ecolabel for our office communications and business correspondence.</p> <p>Together with our workforce, we have introduced activities to protect biodiversity at our sites. We have established two bee colonies at our facility in the Hochsauerland region. We want to plant trees wherever it makes sense, are considering wild flower meadows and want to take part in regional litter cleanup campaigns.</p>
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Sustainability goals 2018 to 2020

Period	Goal	2018	2019	2020
Responsibility in the supply chain				
Goal 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 NAP	✓		
Goal 2018	Implementation of risk assessment in accordance with NAP		✓	
Goal, medium-term	Implementation of NAP requirements on voluntary basis		✓	✓
Employee satisfaction				
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 development review for employees up to lower management level across all locations			✓
Goal 2018	Promotion of regular further training and continuing education measures	✓	✓	✓
General goal	Lower the number of work-related accidents			
General goal	Apply the "health label" in France as soon as the corresponding draft bill for assessing emission levels in indoor air has been passed			
Development of sustainable products				
Goal 2018	Extensive investigation of percentages of recycled input materials in bought-in raw materials and products: packaging, wood-based materials, fillers, mirror glass, ceramic	✓		
Goal 2018	Increase the share of PEFC-certified wood for France to 90%. In Germany, maintain the 90% already achieved	✓	✓	✓
Goal 2018	Switch to buying PEFC/FSC-certified cardboard	✓		
Goal 2020	Reduce total amount of waste (kg/t of production) by 10% as compared to 2014	-15%	-20%	-23%
Goal 2020	Reduce paper consumption by 50% as compared to 2015	-2.6%	+0.1%	-18.8%

Climate protection in production and at our sites

Goal 2018	Efficiency and feasibility analysis of using scrap wood for heating at the location in France, similarly to Germany	✓		
Goal 2018	Efficiency and feasibility analysis of renewable energy sources for the Schmallenberg site: CHP and/or PV system	✓		
General goal	Annual offsetting of unavoidable CO ₂ 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	✓	✓	✓
Goal 2020	Reduce CO ₂ emissions (kg/t of production) by 55% as compared to 2014 (according to Scope 1 and 2 of the Eczacıbaşı Group's eco-controlling system)	-63.2%	-60.7%	-68.6%
Goal 2020	Reduce total energy consumption (kWh/t of production) by 10% as compared to 2014	-13.3%	-15.5%	-22.5%

Sustainability goals for 2023

Responsibility in the supply chain

- Implementation of the NAP requirements and/or the German Supply Chain Act on a voluntary basis
- Analyse whether collaboration with regional suppliers can be meaningfully expanded

Employee satisfaction

- Targeted expansion of training and education programme based on insights from development reviews
- Develop and test ideas for job swapping for apprentices and staff in technical occupations
- Expand both the training programme on health-related topics and health maintenance measures
- Lower the number of work-related accidents
- Ideas contest on the theme of sustainability
- Other join-in activities on the theme of sustainability: creation of wild flower meadows, tree plantings, regional litter cleanup campaigns

Development of environmentally sound products

- Development of a collection of sustainable furniture based on ecodesign principles
- Meet the requirements for PEFC certification of burgbad AG on a permanent basis
- Dialogue with suppliers to explore how the percentage of recyclable packaging material can be increased on their part
- Assess to what extent the percentage of recycled input materials in bought-in parts can be increased
- Reduce total amount of waste (kg/t of production) by 25 % as compared to 2014
- Reduce consumption of office paper products by 50 % as compared to 2015, in particular via ongoing digitalisation
- Extend certification of furniture range with Class A emissions rating to the whole of burgbad AG
- We are still waiting for the legislation in France. However, in 2021 we decided to have the French site audited in accordance with the criteria of the DGM emissions label so that the entire burgbad AG can use the label. We could therefore rephrase the goal and write "or use of available alternatives"

Climate protection in production and at our sites

- Reduce CO₂ emissions (kg/t of production) by 65 % as compared to 2014
- Reduce total energy consumption (kWh/t of production) by 15 % as compared to 2014
- Feasibility and efficiency analysis for switching fleet to electric/hybrid vehicles
- Reduce emissions as a result of air travel (kg CO₂) by 50 % as compared to 2016
- Reduce fuel consumption by travelling by train instead of car and improving ridesharing options
- Increase the number of virtual meetings and reduce travel
- Annual offsetting of unavoidable CO₂ emissions in accordance with DGM criteria

GRI content index

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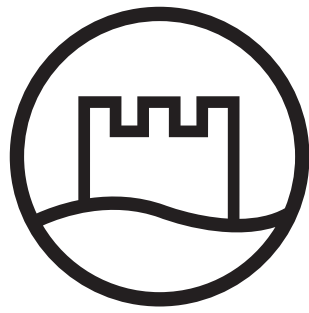
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