

The background of the entire page is a photograph of a river flowing through a forest. The water is dark and appears to be moving over rocks, creating white foam and rapids. The trees on the banks are in autumn, with leaves in shades of green, yellow, and orange. The sky is not visible, suggesting a dense canopy.

*Advancing a Sustainable Future*

**Kronospan**

***Sustainability Report***

**2021 - 2022**



kronospan





# Content



07 Summary

## Introduction to Report

10 About the Report

12 Kronospan's Message

14 About Kronospan

16 Kronospan at a Glance

18 Our Values

19 Our Product Portfolio

## We Grow with Positive Governance

22 Our Organizational Structure

26 Business Ethics

28 Certifications

29 Kronospan Building Blocks

30 Value Chain

32 Sustainability in Forestry and Building Products Industry

32 Mega Trends

36 Industry Risks and Operations

38 Sustainability Management

39 Our Understanding of Sustainability and Stakeholder Expectation

- 39 Our Sustainability Strategy
- 41 Materiality and Stakeholder Analysis
- 43 Material Issues for Kronospan Inc. and Its Stakeholders
- 44 Our Contributions to Sustainable Development and Our Targets
- 48 Communication with Stakeholders

50 Responsible Growth Strategy

## We Produce by Adding Positive Value to the Environment

54 Environmental Management Approach

58 Energy Management

63 Waste Management

68 Water Management

## We Aim for Carbon Negative Production

72 Environmentally Responsible Production Processes

74 Our Sustainable Production Cycle

77 Sustainable Forest Management

- 80 Raw Material Management

84 Product Quality

86 R&D Activities

88 Emission Management

- 90 Corporate Footprint
- 92 Life Cycle Assessment (LCA)

## We Make Progress by Contributing to Our Stakeholders

98 We Care About Our People

100 Employee Training and Development

100 Employee Training Journey

104 Employee Development and Career Journey

110 Equality of Opportunity and Diversity

113 Equal Pay for Equal Work

114 Social Contributions

118 Cooperations

119 Account Management

123 Supply Chain

126 Occupational Health and Safety

132 Fight Against COVID-19

## Appendices

136 Appendix 1 - Social Performance Indicators

157 Appendix 2 - Environmental Performance Indicators

163 Appendix 3 - LCA Results

168 Appendix 4 - Kronospan GRI Index

## Summary

Minimizing the environmental impact caused by the production activities of Kronospan is an integral part of our company policy. Increasing efficiency and minimizing waste and raw materials used in our manufacturing process is carried out with the objective of preserving nature.

Our motto “**Advancing a Sustainable Future**” strives for a cleaner, more sustainable, and comfortable world for future generations.

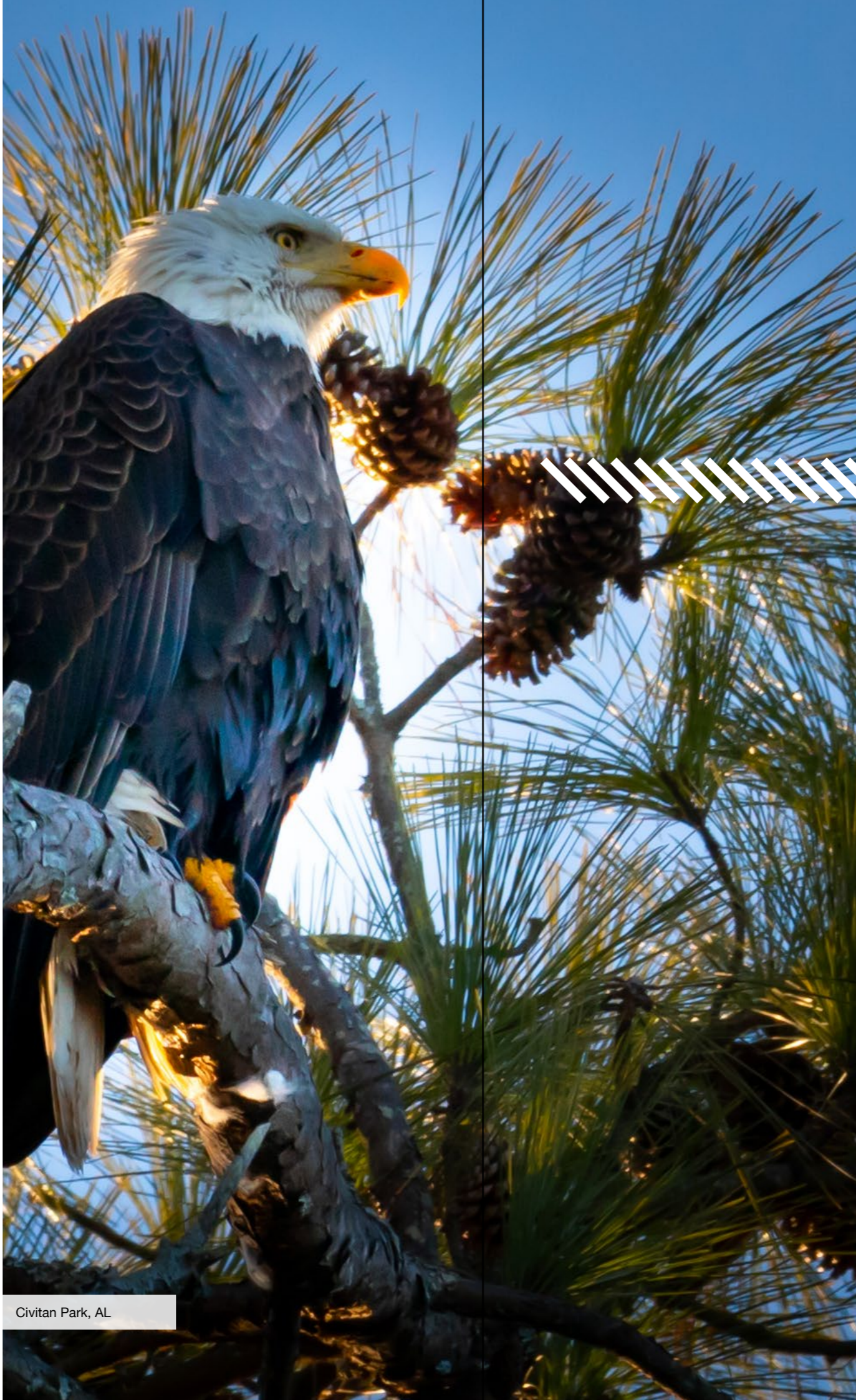
We lead the way in sustainable products development in collaboration with our key stakeholders.

Our goal is to manufacture whilst preserving the environment and in this regard we meticulously examine our raw material, energy and water consumption in all our processes. We are constantly gearing our operations towards a greener future by having an acute awareness of our carbon footprint that we are tirelessly trying to improve.

In this report, we will outline our environmental, social and other corporate initiatives and highlight the positive impacts these have on all our stakeholder groups.

We are proud to report our focus on operational excellence to all our clients and business partners and maintain customer satisfaction levels at the highest levels possible.





## ***Introduction to Report***

Civitan Park, AL



# Introduction to Report

## About the Report

### GRI 102- 45, GRI 102-46, GRI 102-49

Kronospan Inc. is proud to share its first sustainability report, where we discuss our sustainability approach, management, strategy, material issues, and operation. This report communicates Kronospan's sustainability approach transparently to all stakeholders and shows how this approach impacts our values, taking an environmental, social, and economic perspective as a whole. Our **"Advancing a Sustainable Future"** motto, the theme of this report, is in line with the contents and aims to convey our sustainability message to our stakeholders.

This is our first sustainability report and covers the period from **1<sup>st</sup> October 2021 to 30<sup>th</sup> September 2022**. The report is in line with the GRI Standards core level. Our report presents relevant content in the GRI Index Table in the **"Appendices"** section for easy access. You can find detailed performance indicators related to our material issues for the three previous periods in the related section.

Kronospan aims to publish a sustainability report annually within the scope of its related targets and commitments for upcoming periods.

This report aims to inform our priority stakeholders (primarily our clients, suppliers, community, university members, and Government Officials) about Kronospan's sustainability journey. This report also shares our contributions to the Sustainable Development Goals (SDG) published by the United Nations. We share our focus on SDGs as well as the SDGs we indirectly have an impact on.



Brady's Bend, PA

Unless otherwise indicated, "Kronospan", "Kronospan U.S.A.", "our company", "the company" and "the firm" means Kronospan Inc. The data and information in this report are regarding the Kronospan facilities in **Alabama (AL)** and **Pennsylvania (PA)**. In the report, "Clarion" refers to operational services in Pennsylvania, and "Oxford" refers to operational services in Alabama. The locations, the related data, and information pertaining to and related breakdowns are presented both in the report and in the performance indicator tables in the Appendices section. Additionally, Kronospan Inc. Group structure chart, which represents the different operation levels, is also shared in the Appendices.

The accessibility of our sustainability report to our stakeholders and their feedback on our report is of great importance to us. As a part of our environmental responsibility, a limited number of copies of this report was printed. You can access our report at [https://kronospan-express.com/en\\_US/express-services/downloads](https://kronospan-express.com/en_US/express-services/downloads) and send us your questions or opinions about the report via [sustainability@kronospanusa.com](mailto:sustainability@kronospanusa.com).



#### Navigation Indicator

Future goals are outlined within the scope of Kronospan's related issues.



# Kronospan's Message

## Advancing a Sustainable Future



Valued Stakeholders,

I am proud and excited to present Kronospan U.S.A.'s first Sustainability Report. Kronospan has a proud 125 year history of being an industry leader in sustainability within the building products sector.

Through its entrepreneurship and innovation, Kronospan has developed a responsible, reliable business model that provides a sustainable supply chain to all its stakeholders. In this report, we will share our beliefs, actions taken and goals we have set that will steer us towards a brighter future.

We believe that our people are our most valuable resource and our ability to attract and retain talent from diverse cultures and backgrounds is a top priority. Kronospan empowers its associates to be innovative and creative and to believe that everything is within their capability and reach. We aim to foster positive interpersonal relationships and to offer rewarding opportunities throughout the organization. It is imperative that a safe and inclusive working environment is offered for our current and future employees so that all employees feel valued and proud of their contribution to society.

A core principle at Kronospan is the efficient and effective use of all its resources. We have established a circular economy that sets goals to eliminate waste streams and reduce consumption of raw materials, energy and water.

This is especially evident in the proper management and preservation of the forests within our communities. Trees are the world's most valued renewable resource and we have a responsibility to manage that resource effectively so that future generations can experience their benefit. We will continue to innovate our operation so that we continue to positively impact the environment by capturing and storing carbon through carbon-negative manufacturing.

We believe that we have a responsibility to govern our business while preserving the beauty in nature. Without hesitation, we act ethically in all facets of the operation while applying Kronospan's corporate values. We believe in safeguarding our assets against known and unknown challenges. We understand our leadership position within the industry and we accept the responsibility and challenges that it brings.

In the following pages we present our successes in 2022 as well as the complex challenges that lie ahead. We are excited about our progress and we are eager to share our journey towards creating a more sustainable world for future generations.

**Hans Obermaier**  
CEO Kronospan U.S.A.





## About Kronospan

In 1897 Kronospan commenced operations with a Sawmill in Lungötz, Austria. Today, Kronospan is the world's largest producer of engineered wood panels and associated value-added products.

Kronospan leads the industry with its advanced technologies in production. Kronospan prioritizes waste-free production by using wood residues, small and oversized round wood to produce technically advanced engineered products.

**Kronospan stores 1000 kg of CO<sub>2</sub> per m<sup>3</sup> in its products.**

Kronospan guarantees a reliable value chain and aims to provide the best service to all its business partners and clients. Unlike most global operations and global structures, Kronospan boasts a decentralized management structure that facilitates agile decision making, tailor made to the countries in which we operate. In its global operations, Kronospan compares all its international facilities and uses standard services when it's crucial to maintain its position as a low cost manufacturer with efficient production and raw material management. Kronospan manages its manufacturing and sales functions locally in the various countries in which we operate. In this regard, our manufacturing facilities in Oxford, Alabama and Clarion, Pennsylvania have been managed in Alabama since 2007 and 2015 respectively.



Oxford, AL



Clarion, PA



### Kronospan at a Glance

Kronospan Inc.'s journey started in North American with the construction of a fiberboard manufacturing facility in Oxford, Alabama in 2008.

Subsequently, KronoChem U.S.A. was incorporated to manufacture the resins used in our board and treated paper production processes and began operations in October 2015. The addition of KronoChem U.S.A. was a significant step forward in the group's efforts to vertically integrate the business.

In December 2015, Clarion Industries Inc. was acquired by way of acquisition. Clarion is a fiberboard and laminate flooring production facility located in Clarion, Pennsylvania. The acquisition of Clarion Industries gave Kronospan a strong presence in the manufacture of Laminate flooring in North America.

Kronospan Laminates LLC, was incorporated to further establish Kronospan as a leading laminate flooring producer in North America with the construction of a laminate flooring and paper treatment facility in Oxford, Alabama that began operations in April 2017.

In order to further diversify Kronospan's product range and cement our status as a "one stop shop" for our customers, Kronospan PB LLC was incorporated to manufacture Particleboard and Thermally Fused Laminates and began commercial production in January 2020.

Kronospan has ambitious plans for the future and will continue to invest in its existing sites as well as greenfield developments in prospective new locations.



Allegheny National Forest, PA

125 Years of Experience 

86 Clients 

727 Employees 

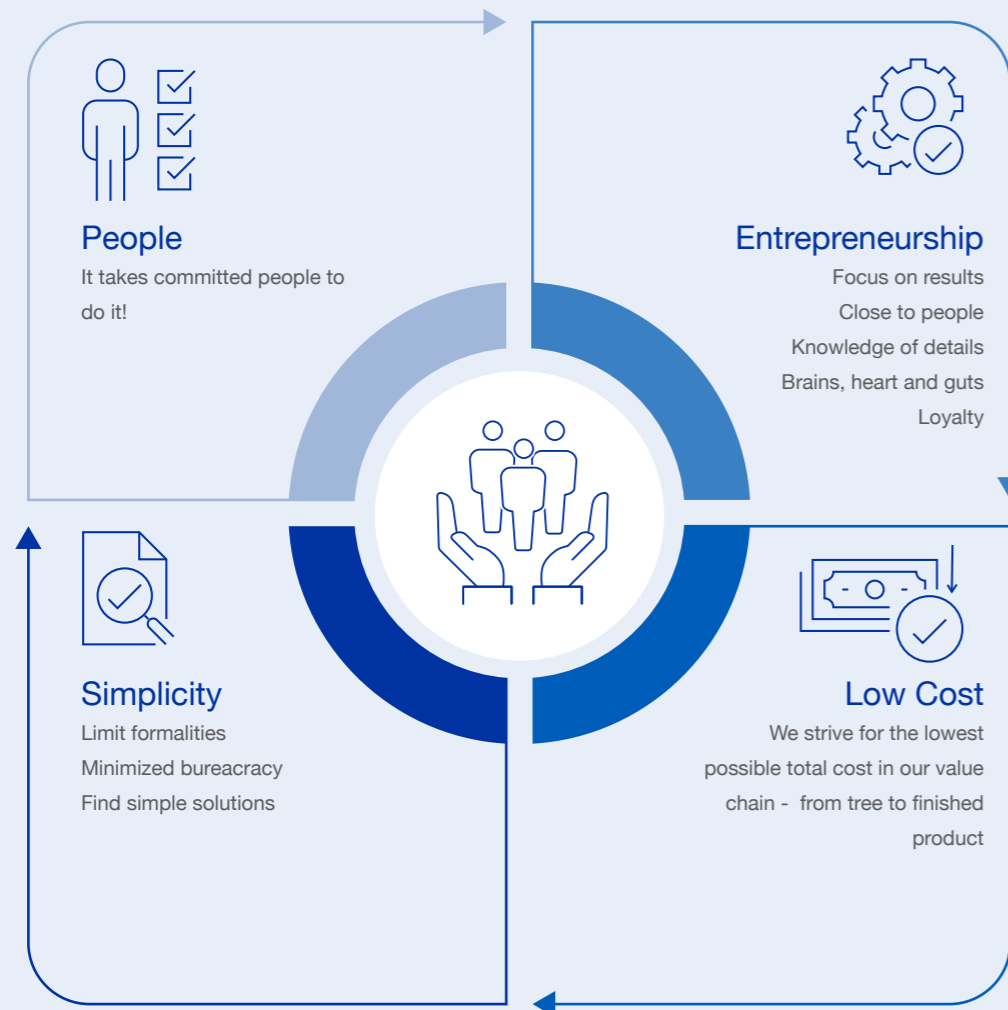
Two Production Facilities :  
Oxford, Alabama  
Clarion, Pennsylvania

Total Capital  
USD 1.3 Billion

Annual Production Capacity  
1,300,000 m<sup>3</sup>



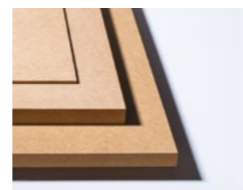
## Our Values



## Our Product Portfolio in Pennsylvania

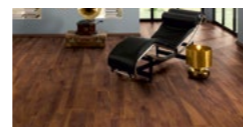
### MDF / HDF

The MDF / HDF production process involves grinding wood chips into fibers and binding them with synthetic resin under heat and pressure. Medium-density fibreboard (MDF) and high-density fiberboard (HDF) are versatile wood-based panels with good machinability. MDF and HDF have a consistent structure and density and a very smooth surface.



### Flooring

Laminate Flooring is produced by pressing, under heat and pressure, various layers of resin/melamine-impregnated paper on top of and below HDF panels.



## Our Product Portfolio in Alabama

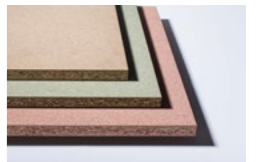
### MDF / HDF

The MDF / HDF production process involves grinding wood chips into fibers and binding them with synthetic resin under heat and pressure. Medium-density fibreboard (MDF) and high-density fiberboard (HDF) are versatile wood-based panels with good machinability. MDF and HDF have a consistent structure and density and a very smooth surface.



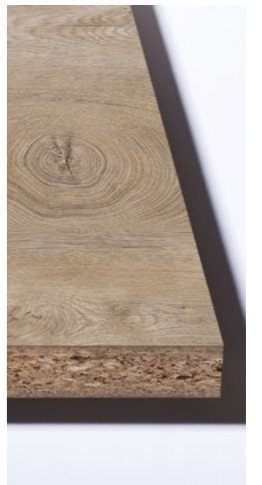
### PB

Particleboard is an engineered wood-based product manufactured from wood chip particles and a synthetic binding resin. PB is widely used in the furniture manufacturing and refurbishment sectors.



### MF-PB

MF-PB is a standard board and an essential material in the furniture and interior design industries. Made from particleboard covered with a decorative paper suffused with melamine resin, it's the most widely used material for modern furniture. It is available in various finishes, including gloss, matt, lightly textured, and wood grain.



### MF-MDF

Formed by covering an MDF core with a decorative resin-impregnated paper, our melamine-faced MDF is suitable for high-quality furniture and interior design projects. The core of the material is composed of wood fibers, giving a flat and smooth surface, high density, and stability, which makes it excellent for processing. It is available in various thicknesses, designs, and decorative finishes on one or both sides.

### Flooring

Laminate Flooring is produced by pressing, under heat and pressure, various layers of resin/melamine-impregnated paper on top of and below HDF panels.



### Impregnated Paper

Impregnated paper is manufactured by dipping raw paper in paper impregnation resin tubs. Impregnated paper is used to manufacture MF-PB, MF-MDF, and laminate flooring.



### Formaldehyde

Formaldehyde is a product of a methanol chemical reaction. The formaldehyde facility manufactures formalin in various concentrations.



### Resin

Resin formaldehyde is produced by the chemical reaction of urea and melamine. The resin facility manufactures UF, MUF and MF resin for MDF, HDF and laminate flooring, including impregnated paper resin.







*We Grow with  
Positive  
Governance*

Bear Town Rocks, PA



# We Grow with Positive Governance



## Our Organizational Structure

Kronospan is a leading global company that has been operating for 125 years. Our vast experience in the engineered wood panel industry coupled with our willingness and ability to innovate have enabled the group to cement our status as an industry leader. Our decentralized management structure facilitates streamlined decision making that is tailored to the local environment in which we operate allowing us to cater to the social, ethical and environmental requirements of our local communities. Our governance model aims to create value for all our stakeholders. Our executive management team, together with the department leaders execute the strategic and operating plans of the business.



## Sustainability Material Issues

Economic Growth

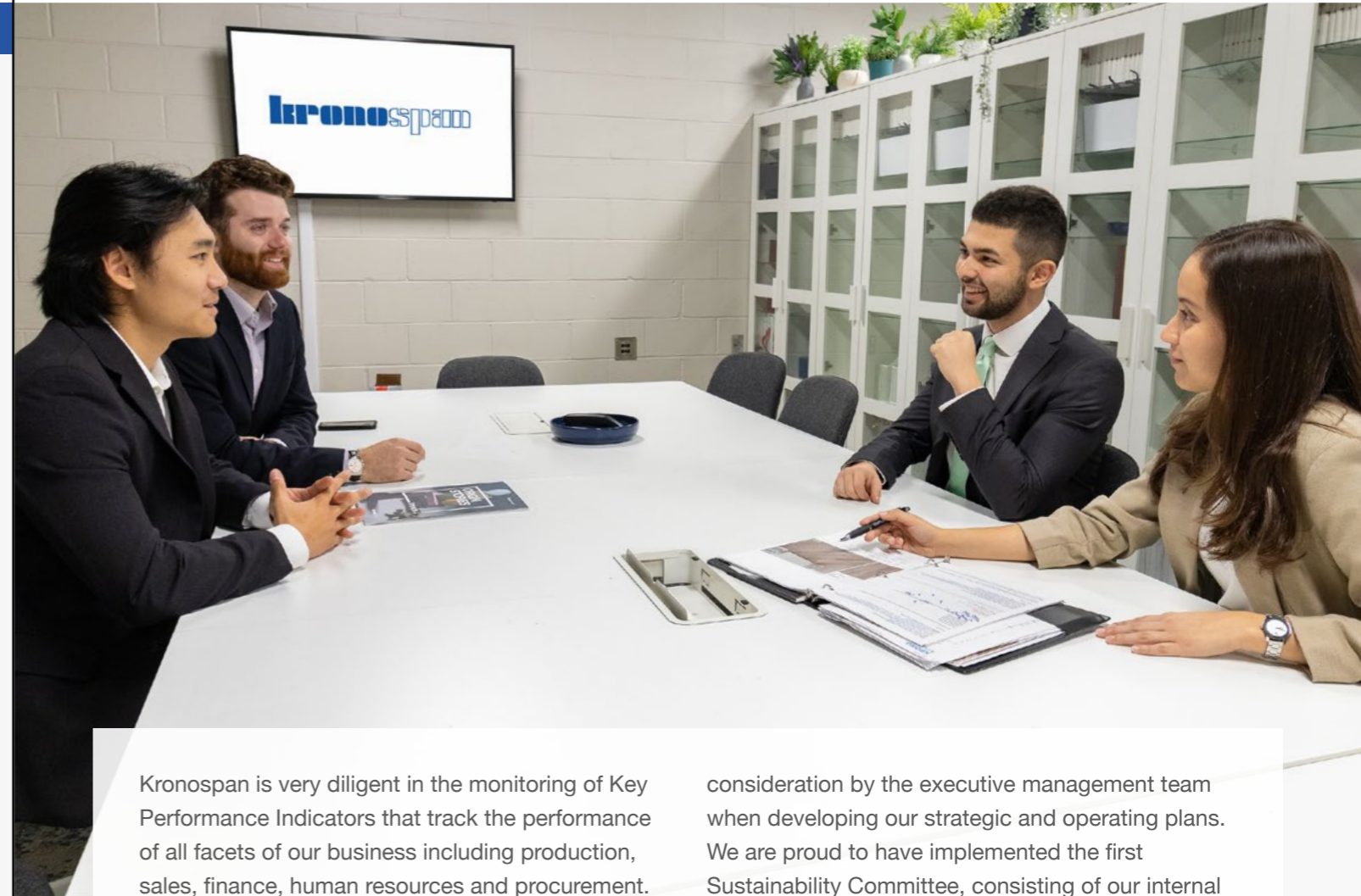
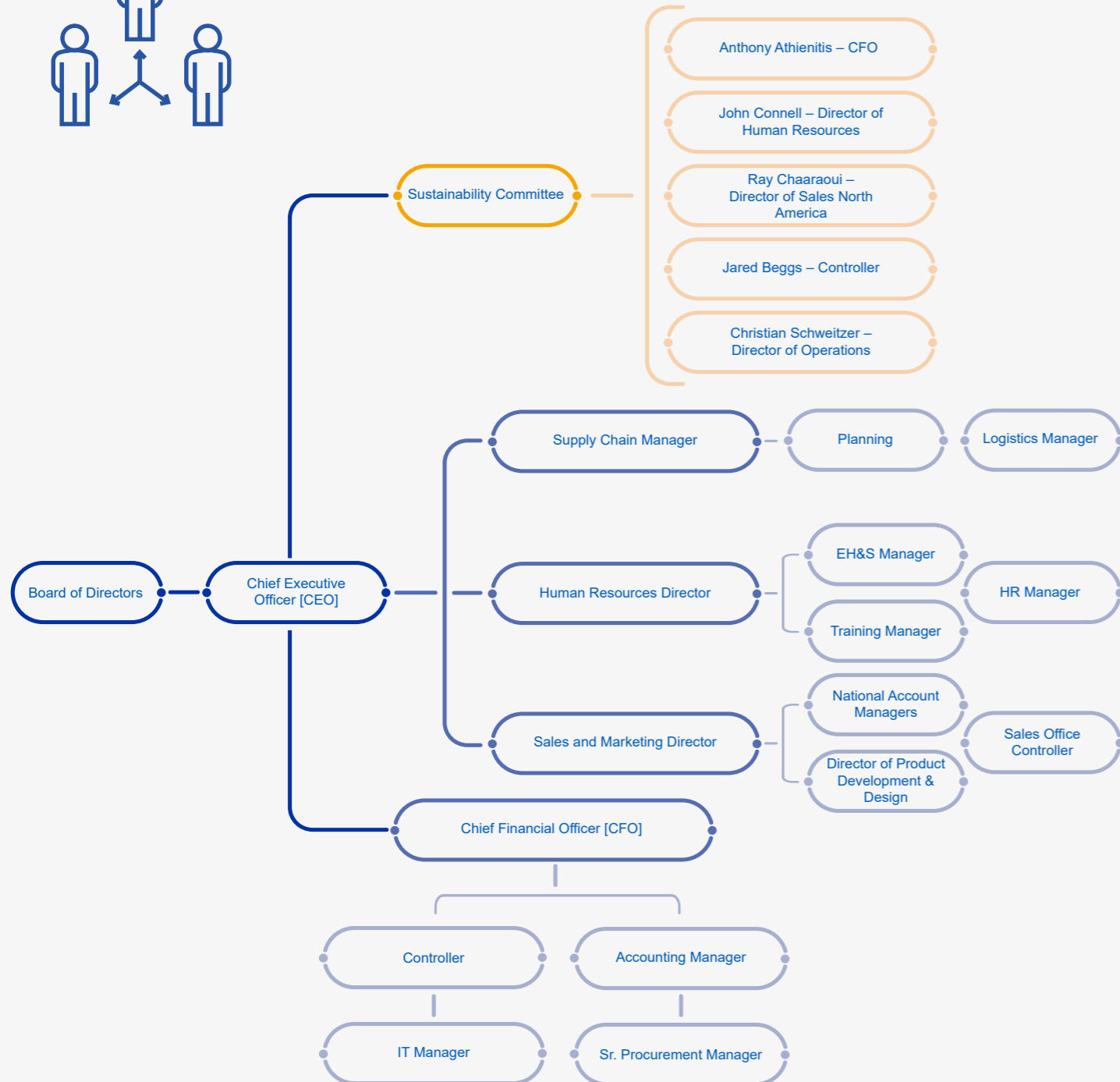
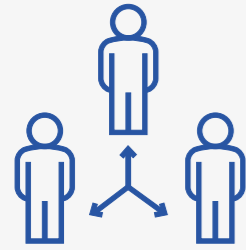
Sustainable Value Chain

Business Ethics

Tennessee River, AL



## Our Organizational Structure



Kronospan is very diligent in the monitoring of Key Performance Indicators that track the performance of all facets of our business including production, sales, finance, human resources and procurement. This process is streamlined by the development of our in-house enterprise resource planning software that caters to the specific requirements of our industry.

The process begins with the monthly preparation and circulation of all determined KPIs to key organizational stakeholders, including the Board of Directors, Management Team, and associates. Our associates are encouraged to express their ideas and opinions to their supervisors regarding any areas where they perceive improvements can be made and these recommendations are taken into

consideration by the executive management team when developing our strategic and operating plans. We are proud to have implemented the first Sustainability Committee, consisting of our internal stakeholders, in the Alabama and Pennsylvania facilities to develop our actions and targets that will carry our sustainability journey forward and continue our respect for the environment throughout our entire production process. Our committee operates by setting goals and objectives to realize Kronospan’s target of being a carbon-neutral production company and to encourage a positive environmental commitment.

Please see the details in the section of the report titled **“Our Understanding of Sustainability”**.



## Business Ethics

Business ethics is a critical issue for companies in order to build trust with its stakeholders.

At Kronospan Inc., we have determined it as the second most critical issue when analyzing material issues carried out with our stakeholders. In this context, data security and a code of conduct are the ethical frameworks we build on.

### Anti - Corruption and Bribery:

At Kronospan, we carry out a defined process for avoiding antitrust situations. Through our online Krono Academy courses, we ensure that all associates in Finance, Sales, Procurement, Lumber Supply, and Logistics, as well as General Managers (CEOs), CFOs, Production and Technical Directors, and other partners who communicate with third parties, adopt and understand the Kronospan Antitrust Policy through our respective training courses.

### Data Privacy:

Data security and protection come first for Kronospan Inc. to keep our associates in a comfortable working environment. To promote that, we carry out training to assist our associates in their development journey. Moreover, we collaborate with our associates on information security and privacy. To that end, we provide the “**Fraud Attention - Corruption Awareness**” training, supported by various real-world scenarios, to help them be vigilant against fraud always and everywhere.

Please see the details in the section of the report titled “**Employee Training Journey**”.

### Code of Conduct

Kronospan is the world’s leading manufacturer of wood-based panel products. We owe our leadership position to the Code of Conduct that all our associates apply globally. This Code of Conduct has been communicated to all our associates and is accessible to all of our stakeholders.



We have stated the ethical-based behavior rules, which are one of the cornerstones of success, in 10 principles. As Kronospan Inc., we aim to add Code of Conduct training to our training module in 2023 and strive for all our associates to adopt these rules interactively and complete their training.

Awareness, knowledge, and the need for appropriate conduct in all business dealings are communicated through organized training. As part of compliance with the Code, associates must report suspected violations via their manager or internal auditor. Reporting can be done anonymously, and under no circumstances will disciplinary action be taken

against an associate making such a referral, even if no violation is discovered after investigation.

Kronospan also has a Supplier Code of Conduct that clarifies a breach of Kronospan’s principles and Supplier requirements is an extremely serious matter. Where a violation is suspected, Kronospan reserves the right to obtain information regarding all relevant facts.

Furthermore, Kronospan reserves the right to terminate without notice the contractual relationship with a supplier that does not demonstrably meet Kronospan’s Supplier Code of Conduct requirements.

Kronospan’s Supplier Code of Conduct mandates that all suppliers follow national and international laws regarding human rights and labor standards. In particular, Kronospan expects its suppliers to apply applicable labor rights to their associates. In addition, Kronospan expects that no child labor, discrimination, or forced labor is allowed by our suppliers. Kronospan expects its suppliers to comply with applicable laws regarding working hours and their associates’ remuneration. Failure to comply with our code of conduct will result in the termination of its contractual agreement without notice.



Preparing Code of Conduct policy training content and having all associates complete this training in 2022 - 2023



## Certifications

Kronospan is happy and proud to share its growing collection of environmental certifications with all valued internal and external stakeholders who are partners in our success.



Eco-Certified Composite Grademark Certification Program Certificate of Compliance

- Institution: Composite Panel Association
- Product Scope: Medium Density Fiberboard (MDF) and Thin MDF
- Location: Pennsylvania



Eco-Certified Composite Grademark Certification Program Certificate of Compliance

- Institution : Composite Panel Association
- Product Scope : Medium Density Fiberboard (MDF) and Thin MDF
- Location : Alabama



Formaldehyde Emissions Grademark Certification Program Certificate of Compliance

- Institution : Composite Panel Association
- Product Scope : Particleboard (IND)
- Location : Alabama



Formaldehyde Emissions Grademark Program Certificate of Compliance N – 2 2 – 107

- Institution : Composite Panel Association (TPC-1)
- Product Scope : Medium Density Fiberboard (MDF) and Thin MDF
- Location : Pennsylvania



Eco-Certified Composite Grade-mark Certification Program Certificate of Compliance

- Institution : Composite Panel Association
- Product Scope : Particleboard
- Location : Alabama



FSC Chain of Custody Certification Standard and FSC CoC Control Wood Standard

Institution : Bureau Veritas  
Location : Pennsylvania



Formaldehyde Emissions Grademark Certification Program Certificate of Compliance

- Institution : Composite Panel Association
- Product Scope : Medium Density Fiberboard (M22) , Thin MDF (M12)
- Location : Alabama



Green Guard Gold Certification

- Product Scope: Flooring
- Location: Pennsylvania

## Kronospan Building Blocks

### Our Value Chain

We carry out our operations devotedly and in accordance with the 17 goals of the SDG in our process of purchasing raw materials, which represent the cornerstone of our value chain, to reaching our customers. We have stated our value chain as follows, and we have also stated the materiality issues we have determined in each of our circles. You can find details about the carry-out phase in which we determine our material issues from the “Materiality and Stakeholder Analysis” section.

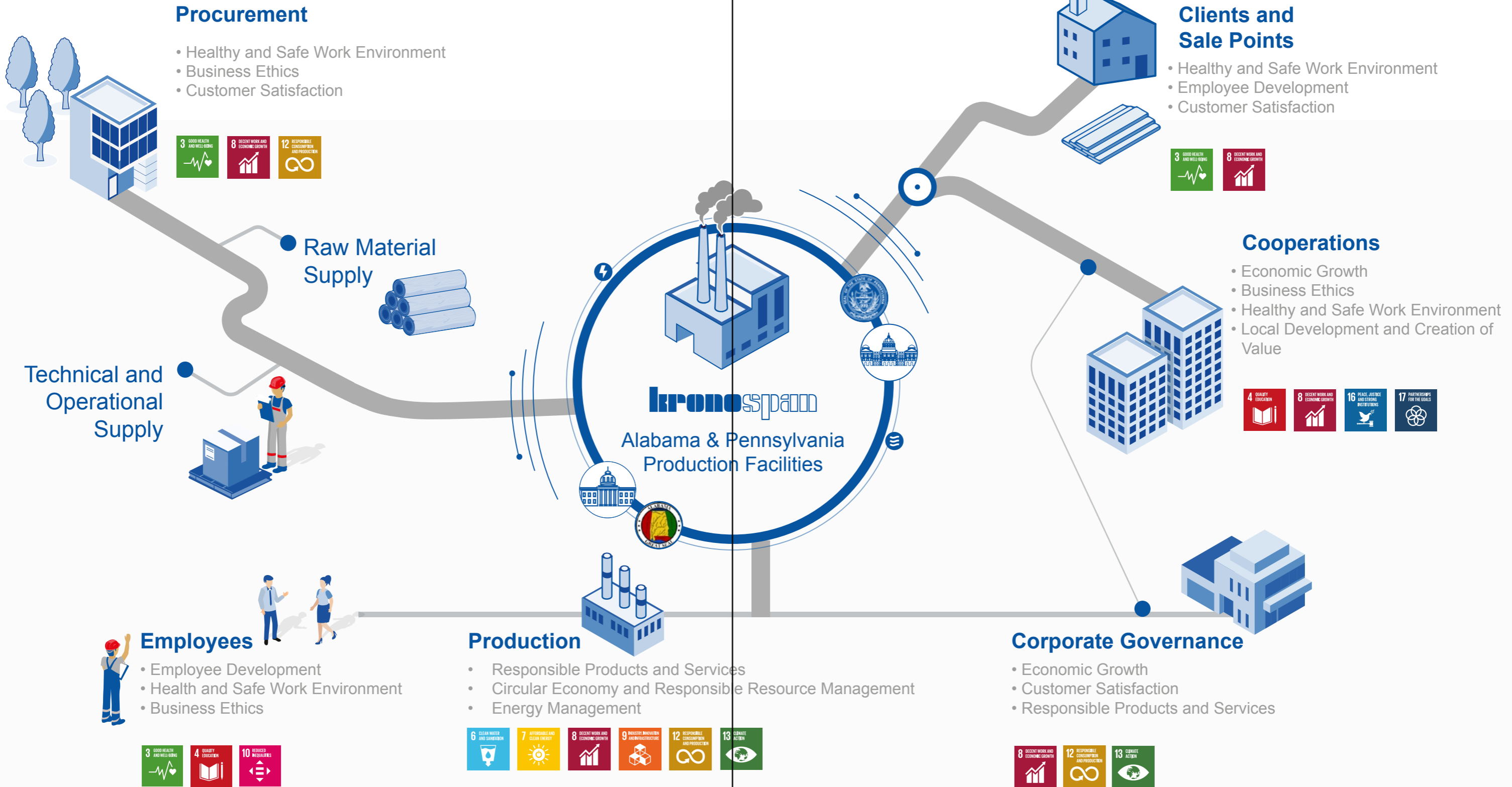
### Sustainable Value Chain

We create value with all our stakeholders and primarily offer our customers high-quality products and safe working conditions for our associates. We consider responsible procurement and consumption through our value chain. We are dedicated to becoming resource positive by making fundamental changes throughout our processes, as our goal is to store more carbon than we emit. By doing so, as highlighted in the Kronospan Value chain diagram, we consider sustainability a key criterion through our key stakeholders and collaborations. Regarding procurement, we require a list of criteria from our suppliers and expect it to embrace sustainable product sourcing. At our associate and production side, we dedicate ourselves to raising awareness among the associates regarding sustainability, and we adopt associate development as our priority. We also continue to develop cooperations to create sustainable values not only in our facilities but through the local community as well. As our responsible understanding of products and services to the environment, our clients and collaborators carry a sustainable business model.

Water Fall, AL



# Kronospan Value Chain





## Sustainability in Forestry and Building Products Industry



### Mega Trends\*

At Kronospan, we address the current material issues on our list of topics by considering **global, sectoral, and regulatory** megatrends and risk opportunities. We are aware that the megatrends that determine current and future global agendas affect issues related to sustainability.

#### Global Trends

##### Climate Change

The impact of global climate change can now be seen in every industry. It is no longer a concern of only scientists and experts but has become a concern shared by investors, consumers, companies, and world leaders. In addition to the climate change that occurs naturally over time, climate change can also be caused directly and indirectly by human activity that alters the composition of the global atmosphere.

The results of human activities described in the United Nations Framework Convention on Climate Change significantly impact the climate change perspective today. The primary factors leading to the emergence of climate change are industrialization, urbanization, and rapid population growth. We stress that the responsibility for climate change does not lie with only one industry but that all sectors operating in the consumption and production chain should take the necessary steps.

\* The disclosures in this section have been compiled from publicly available sources, and are those relating to the date of the report's preparation and the period preceding it. It is important to follow the official website and announcements for any changes that may occur after the report preparation period.

<sup>1</sup> <https://www.epa.gov/climate-indicators/climate-change-indicators-us-and-global-temperature>

According to the latest publications of the **EPA**, the climate change information in the United States is summarized as follows:

“Since 1901, the average surface temperature across the contiguous 48 states has risen at an average rate of 0.17°F per decade. Average temperatures have risen more quickly since the late 1970s (0.32 to 0.55°F per decade since 1979). Nine of the top 10 warmest years on record for the contiguous 48 states have occurred since 1998, and 2012 and 2016 were the two warmest years on record. Some parts of the United States have experienced more warming than others. The North, the West, and Alaska have seen temperatures increase the most, while some parts of the Southeast have experienced little change. Not all of these regional trends are statistically significant, however”.<sup>1</sup>

As factories operating in the U.S.A., we adopt new technologies that leave the most negligible impacts on the environment to improve our daily operations, knowing the consequences of climate change and being aware of its effects on us.

At Kronospan, we are aware of our social responsibility concerning production and consumption. We adopted the Sustainable Development Goals (SDGs) containing 17 articles signed by 193 countries at a UN summit in 2015 and are working towards a sustainable future. We aim to continue our activities in this context to

Clarion River, PA

demonstrate our leadership in the forestry and building products industry. At Kronospan, we are ready to take action to accelerate the restoration of forests and other ecosystems.

To help achieve this objective, we support the endeavors of creating infrastructure adhering to net zero carbon emission commitments of all raw material production industries, which continue to work against the potential implications of global climate change.

Under the light of the **Build Back Better Agenda**, we are ready to promote our adoption of a carbon-neutral economy. In the U.S.A., climate change has started to show its effect very harshly, and every business has to face it. According to White House declarations, the risk of climate change can be divided into two categories; physical and transition risks. In light of the “Build Back Better Agenda”, the potential climate-related risks for Kronospan are considered as follows:

- The physical risks are risks resulting from climatic events, such as wildfires, storms, and floods, whereas transition risks result from policy action taken to transition the economy off of fossil fuels.
- Physical risks refer to the harm to people and property arising from acute, climate-related disaster events such as hurricanes, wildfires, floods, and heatwaves as well as longer-term chronic phenomena such as higher average temperatures, changes in precipitation patterns, sea-level rise, and ocean acidification.<sup>2</sup>

<sup>2</sup> Financial Stability Oversight Council (FSOC), “Report on Climate-Related Financial Risk 2021”, pp. 12, <https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf>,

<sup>3</sup> Ibid, pp. 13

- The impacts of climate change have tended to be localized, with extreme events causing severe economic (and humanitarian) damage via wildfires, hurricanes, and other extreme events.
- Transition risks refer to stresses to specific institutions or sectors arising from the shifts in policy, consumer and business sentiment, or technologies associated with the changes necessary to limit climate change. One key category of policy changes associated with transition risks is those directed at incentivizing or requiring reductions in GHG emissions. Various economic mechanisms could be used to lower GHG emissions, including carbon pricing, taxes or subsidies, or regulation.<sup>3</sup>

#### Biodiversity

It is accepted that environmental sustainability is a building block of sustainable development. The conversation today is around the fact that in the 21st century, we face a loss of biodiversity and destruction of ecosystems, which will, because of resource scarcity, create a chain of interdependent results causing migration and destructive climate change instead of providing fresh water for 9 billion people. Kronospan considers the importance of biodiversity and sustainable forest management when determining our roadmap and avoids activities that damage nature. We know our duty to protect our nature and biodiversity in the forest products sector. In this context, we would like to proudly share that we are a partner of the **Sustainability Forest Initiative**.



## Sectoral Trends

### What Carbon-Negative Production Means to Our Industry

Carbon-negative production and carbon capture are primary objectives for our company operating in the forestry and building products industry. Research shows that using forests for sustainable carbon storage by balancing harvesting and replanting and managing forests responsibly to balance fossil fuel use decreases the amount of carbon in the atmosphere in the long run. Using raw material resources ripe for harvesting and at the end of their life cycles makes continuing carbon absorption during the product life cycle possible.

It is widely known that trees capture CO<sub>2</sub> and release oxygen throughout their lives due to their photosynthesis cycle. Acknowledged research shows that carbon captured is retained in the trunk of a tree throughout its life. Kronospan's high-quality, wood-based product portfolio, which uses forestry products as raw materials and processes them, works almost as a carbon storage method. In other words, Kronospan products retain CO<sub>2</sub> emitted for a long time. Kronospan's product-based circulation and the number of absorbed carbon calculations with the research results are explained in the section titled **"We Aim for Carbon-Negative Production"**.

Panel products that are produced through our manufacturing processes are supported by responsible forest awareness and recycling activities. They are included in the sector as a carbon storage source and evaluated in a sustainable and efficient production portfolio.

As the climate crisis continues to cause additional impact, we are aware that we should align ourselves with these changes with sustainability initiatives.



Hallmark Estate, AL

## Regulatory Trends

### Securities and Exchange Commission ( S.E.C )

The U.S.A. Securities and Exchange Commission has taken significant steps in the field of ESG to generate public awareness about climate change. Since 2010, the SEC has published several disclosures and guidelines about how to adopt ESG understanding to standards reporting guidance. By doing so, the SEC aims to accelerate climate change reporting strategies, processes and controls. At Kronospan Inc., we are aware of what's coming and therefore take our steps accordingly. Not only for the sake of regulations but also future generations and the environment.

The United States Securities and Exchange Commission has proposed new rules for climate change disclosures. According to the proposal, companies have to give a proper explanation about climate-related risks management and risk management processes, possible risks and significant impacts on business, strategy, and outlook caused by climate change and have to disclose Scope 1 and 2 emissions, Scope 3 emissions (if material), and describe the effects of physical risks and transition activities on the items of the financial statements.<sup>4</sup>

### The E.U. Green Deal

As we determine the topics material to us, considering social, environmental, and governance factors, our primary focus is the regulatory trends, and transformations the forestry and building products industry faces in sustainability. The E.U. Green Deal, promulgated in 2021, is one of the most up-to-date regulatory trends in this field. With this agreement, the E.U. aims to achieve net zero carbon emissions by 2050 and lead the

way in social and economic transformation. The agreement not only puts forth regulatory sanctions for the E.U., but is also binding for non-E.U. parties trading with the E.U.

While operating in the U.S.A., we also follow the E.U. regulations closely as we frequently keep in touch with our European shareholders and conduct our service and operations in line with Kronospan Global's goals and roadmap.

At Kronospan, we follow all developments and practices closely and place them among our long-term goals.

The E.U. Commission accepted the E.U. Green Deal in December 2019. It is a new growth strategy supporting the zero emissions target. It is modern, uses resources efficiently, and aims to create a just and prosperous society with a defined, competitive economy. In this scope, the European Commission 2021 Work Program launched the "Fit for 55" package to reduce greenhouse gas emissions by at least 55% by 2030 and achieve a climate-neutral continent by 2050.

We are aware that this package will have a critical impact on many industries. Kronospan fulfills its duty to provide renewable, sustainable resources and is proud of the environmental role it undertook. We are happy to execute an environmentally friendly operation and to align ourselves with high environmental standards. We share our net emissions with our stakeholders transparently during product life cycles, and we explain them in detail in emission analyses and the **"Emission Management"** section.

<sup>4</sup> <https://www.sec.gov/news/press-release/2022-46>





## Industry Risks and Operations

### Risk Management

In the light of sectoral, regulatory, and global trends, as well as international and local climate change-based developments, we determine our governance, social and environmental risks and take the necessary precautions to respond to these risks at the highest level.

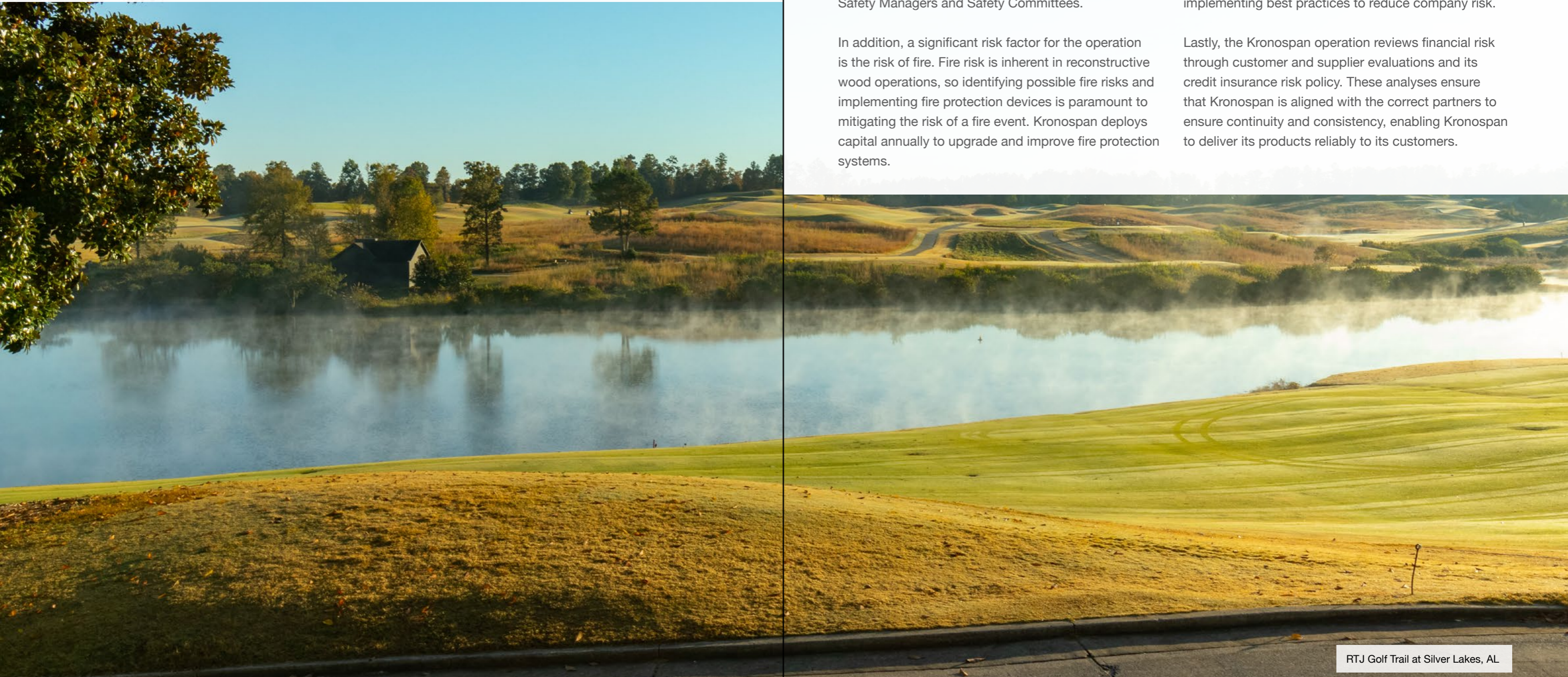
We take the necessary actions by integrating the risks we may encounter and have included our risk definition into our risk management system. Kronospan Inc. deploys its management team to assess and mitigate risk factors throughout the operation.

The Kronospan associates are the most valued asset of the organization, and associates must be able to go home each night to their family and friends. Therefore, Kronospan prioritizes evaluating the workplace environment to ensure associates have a safe work environment. This process is led by Senior Management, including the Environmental Health and Safety Managers and Safety Committees.

In addition, a significant risk factor for the operation is the risk of fire. Fire risk is inherent in reconstructive wood operations, so identifying possible fire risks and implementing fire protection devices is paramount to mitigating the risk of a fire event. Kronospan deploys capital annually to upgrade and improve fire protection systems.

Furthermore, Kronospan assesses equipment risk and failures to ensure operations are consistent and that the equipment poses no threat to the associates or the organization's financial stability. This is done through annual "technical audits", where internal equipment experts spend significant time assessing operations and making improvement recommendations for implementing best practices to reduce company risk.

Lastly, the Kronospan operation reviews financial risk through customer and supplier evaluations and its credit insurance risk policy. These analyses ensure that Kronospan is aligned with the correct partners to ensure continuity and consistency, enabling Kronospan to deliver its products reliably to its customers.







## Sustainability Management

Several topics are scrutinized concerning the industry and issues essential for the sustainable journey, such as making raw material consumption effective through recycled products, sustainable forest management, chemical emission tests, and the health and security of associates. As a leading industry stakeholder and a company providing services worldwide, Kronospan is committed to participating in this journey.

Today, the concept of sustainability is acknowledged as the point of convergence of all relevant issues in the environmental, social, and governance framework. Kronospan imagines a sustainability journey where all stakeholders walk along with us with a business understanding that is sensitive to people and the environment and considers future generations.

In this direction, Kronospan Inc. has recently implemented its first sustainability committee in 2022 to engage our sustainability understanding into our corporate strategy.

The committee is composed of representatives from both the Alabama and Pennsylvania locations. The committee will meet at a minimum of monthly to implement sustainable goals and discuss opportunities for Kronospan Inc. to meet and set new goals to become a more sustainable company. The committee will monitor progress toward the goals and create actionable items for the committee members to initiate throughout the organization. Through senior leadership participation in the committee, the committee will seamlessly integrate within the organizational structure, and the goals will be communicated throughout the company.

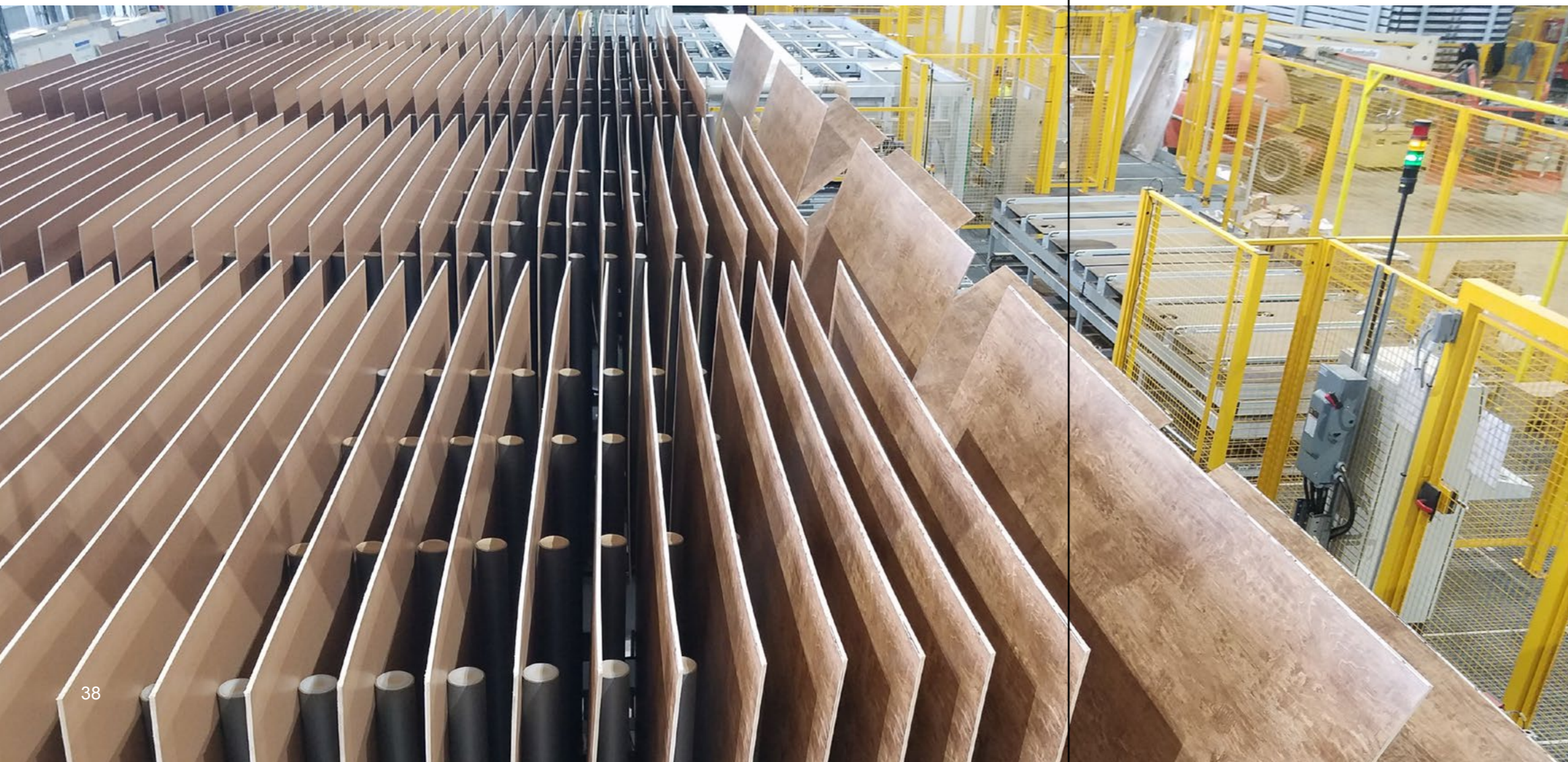
## Our Understanding of Sustainability and Stakeholder Expectations

### Our Sustainability Strategy

To be a sustainable company in every sense that is helpful to our planet, country, nature, and stakeholders, we provide leading services in the industry through our sustainability strategy designed based on four themes and in which we integrate the Kronospan values. We work towards maintaining our performance at the highest and most efficient level via our sustainability strategy, which is based upon four main themes (positive governance, positive value for the environment, carbon-negative production, and contributions to our stakeholders). Under the defined sustainability themes, we shed light on the present via the material issues we report to all stakeholders, and together we determine the best objectives for the future.

Under the global, sectoral, and regulatory trends, we are aware of what's coming and try to adapt our operations to new world expectations. Not only trends arising from the new world dimension but also the expectations and concerns of our stakeholders are key elements to shape our strategy.

Several indicators are followed by governance (high level) to execute the sustainable strategy. Specific KPIs are followed to keep track of the changes and requirements in the operations, which are integrated into the strategy as a result of the KPI follow-ups. Kronospan has an extensive database populated daily with key performance indicators from every manufacturing site across the globe. These KPIs help the local management teams benchmark their operational performance against their peers worldwide. The KPIs are reviewed routinely and communicated vertically and horizontally throughout the global organization to ensure best practices are implemented at each location and that each management team is held accountable to the strictest standards. Reports and ledgers are created with actionable items that management must act upon to comply with Kronospan standards.







We are growing with a **positive governance** approach and we work tirelessly to contribute to all our stakeholders. As we integrate responsible service provision into our corporate management profile, we are also making sensitive management activities sustainable.



We produce by adding **positive value to the environment** and we work at high speed. We support our environmentally-sensitive business model with energy, water and waste management activities in our offices and production facilities.



We aim for **carbon negative production** and we support our activities with our world-class product range. In addition to our targets, responsible resource use in all our raw material supply and production processes is at the heart of our strategy.



We make progress by **contributing to our stakeholders**. At Kronospan, we provide opportunities for all employees and we support ethical, transparent communication based on equality. As an organization producing and developing for the good of the society, we continue contributing to social responsibility projects and maintaining close contact with our clients.

### Materiality and Stakeholder Analysis

With our associates, Kronospan continuously improves its business model to manufacture high-quality products sensitive to people and the environment and to provide value to our stakeholders, including all business partners. As the first step of our sustainability report, and as an output of the meetings that brought together the Kronospan management team and sustainability task group with our consultant group who was supporting us in this process, the sustainability themes of our company were determined. In this process where we planned our sustainability journey based on **three main pillars of ESG (Environmental, Social, and Governance)**.

As we created the main framework of our material analysis in the scope of environmental, social, and governance issues, we also considered many assessment criteria with our task groups. Our first step was to carry out an external environment analysis. In line with this analysis, we determined the risks and opportunities the industry faces in the sustainability arena. In addition, we shared how the sector is affected and what kind of activities are carried out.

Simultaneously, we detailed material issues of companies important in the industry nationally and globally and analyzed and compared Kronospan activities. The last step in determining our material issues was studying the SDGs and sub-objectives perspective.

We conducted a material analysis to determine the material issues for our industry and created a framework for our sustainability strategy. The results of this detailed analysis informed our sustainability report. This report also helps us determine future focus issues on our sustainability journey and consolidate our activities to meet our stakeholders' expectations, keeping in mind their priorities to the best of our ability. Using this study, we aim to determine future periods' objectives and activities and create short-, medium- and long-term plans of action.



Hampton Cove, AL



When determining issues, a simultaneous evaluation was carried out using corporate risk methods, and the risk study group's material issues were included in the process. The determined issues were approved and finalized by the CEO of Kronospan Inc.

Following the completion of the external environment analysis, our material issues were submitted to management and then the relevant departments for confirmation. We sent material issues to all stakeholders for evaluation.

Our list of material issues was communicated to our stakeholders via an online survey, and they were asked to rank the issues by priority.

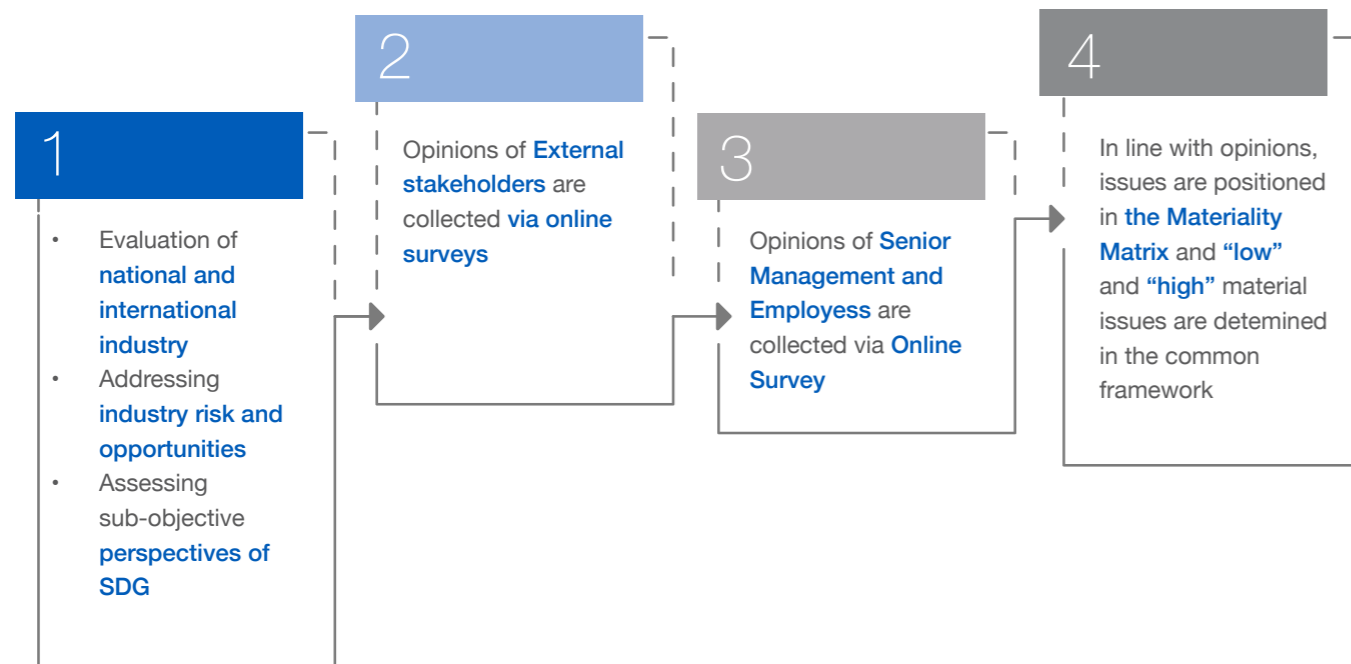
As for our external stakeholders, we contacted the community members with whom we cooperate, suppliers, customers, and others (including universities,

other community members, government officials, State representatives, local agencies attorneys, and university associates). We asked them to evaluate and rank the material issues we determined in the framework of solution partnership with Kronospan. Using this survey, we completed an analysis fed by the relevant stakeholder groups.

The results of the stakeholder analysis are represented at a group level. However, we have two different operation sizes (Alabama and Pennsylvania) since our online stakeholder survey is sent to all associates in both operating units without labeling our associates according to their geographical locations. At the same time, we are aware that each location's prioritization might differ. Considering these differences, we carried out an analysis from an overall perspective of Kronospan Inc.

**Materiality Analysis Steps**

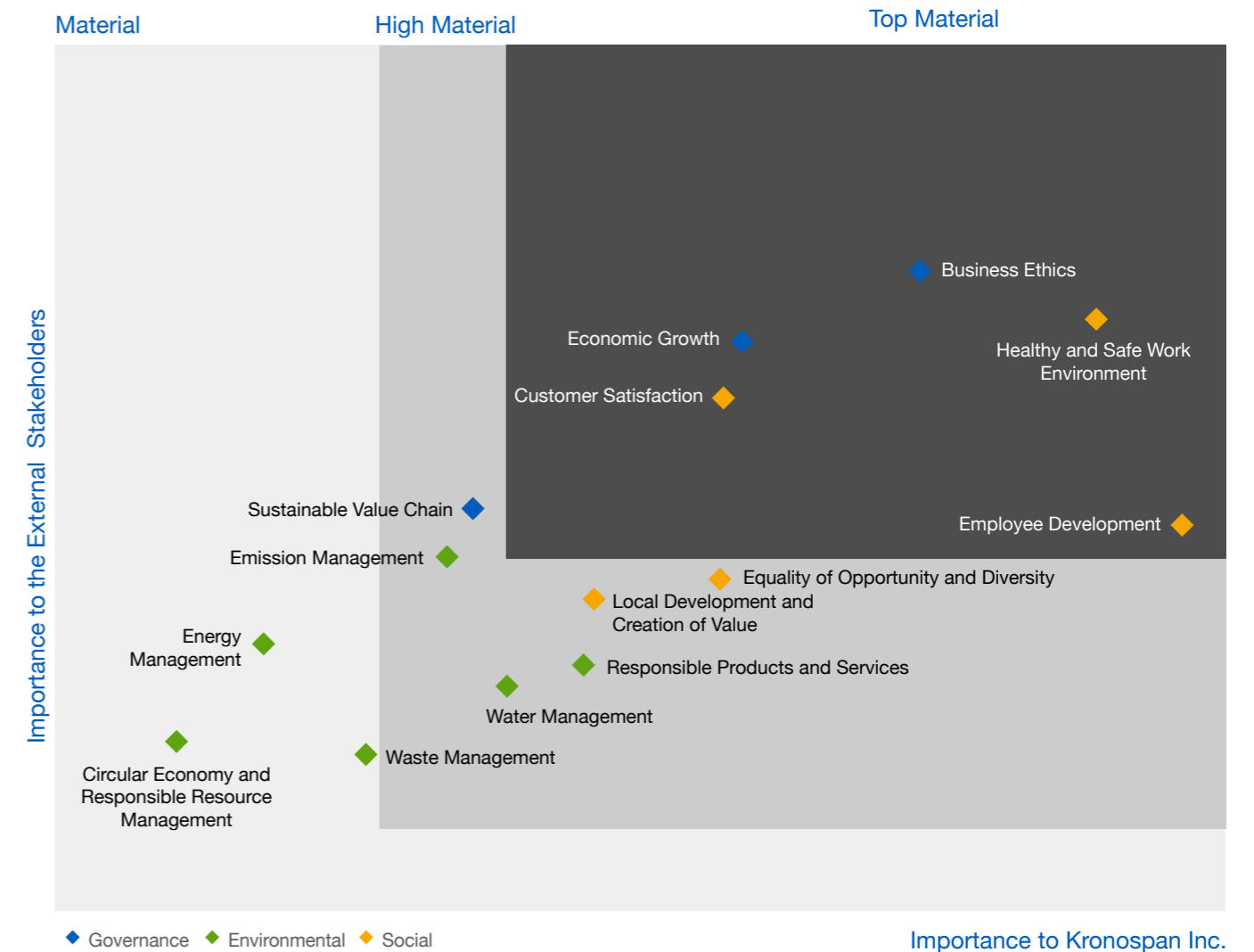
We carried out our analysis of material issues with a study consisting of 4 main steps :



**Material Issues For Kronospan Inc. and Its Stakeholders**

As a result of the completed stakeholder analysis, 5 top material issues, 6 high material issues and 3 material issues were determined within the framework of our 3 main pillars. The prominent issues among our top material issues were defined as **Healthy and Safe Work Environment, Business Ethics, Employee Development.**

The vertical axis of the material matrix in our report transparently shows the weighted averages of material external stakeholder issues, while the horizontal axis shows the weighted averages of material issues determined for internal stakeholders, including the upper management team.



**Top material issues for Kronospan upper management;**

1. Employee Development
2. Healthy and Safe Work Environment
3. Business Ethics



**Top material issues for external stakeholders;**

1. Business Ethics
2. Healthy and Safe Work Environment
3. Economic Growth



### Our Contributions to Sustainable Development and Our Targets

SDGs, also referred to as global goals, are a call to a universal collective action to eliminate poverty, protect our planet and ensure that all humans live in peace and prosperity. In 2015, world leaders agreed to meet 17 global goals by 2030 and made guiding commitments to “eliminate extreme poverty”, “combat inequality and injustice” and “mitigate the impact of climate change”.

To monitor the achievement of the SDGs and targets, Kronospan Inc. is committing to helping lead the transition to a more environmentally friendly forestry and building products sector by prioritizing circularity in our production cycles. Displaying our support for SDGs, we have developed further investments and initiatives to become a more sustainable company in each operational step. Considering the 4 SDG targets, which are also important for our sector, we take care to shape our actions accordingly.

We share our commitments in the framework of SDGs, considering our actions and objectives related to our sustainable environmental, social, and governance approach.

To define our contributions to and impact on SDGs, we aligned our material issues with SDGs and assessed our shared objectives and commitments. Following our assessment, we committed to 10 SDGs, including 4 main focus SDGs where we have a direct impact.



RTJ Golf Trail at Silver Lakes, AL

#### Our focus targets are as follows:



**SDG 4- Quality Education :** Quality Education with a stakeholder development journey providing quality training materials and opportunities based on inclusion and justice, incentivizing everyone to use the training opportunities.



**SDG 3- Good Health and Wellbeing :** Ensure healthy lives and safe working conditions and promote well-being for all our stakeholders at all ages and levels.



**SDG 8- Decent Work and Economic Growth :** Decent Work and Economic Growth we have qualified, fair, stable, and inclusive production processes; high-quality, environmentally friendly product range; a leading role in the industry; a full staff and productive employment; and a supporting role in sustainable economic growth.




**SDG-12 Responsible Consumption and Production :** With sustainable and effective use of resources, responsible understanding of production and products and a sustainable raw material and waste management mechanism.












GRI 102- 44, GRI 102-47

Theme	Relevant SDG	Material Issue	Objective
 Positive Governance		Economic Growth	<ul style="list-style-type: none"> <li>Sustainable management of production capacity enhancement</li> <li>Increasing the production capacity of MDF in first quarter of 2023</li> <li>Diversifying the product portfolio among retail and distribution outlets</li> </ul>
		Business Ethics	<ul style="list-style-type: none"> <li>Preparing Code of Conduct policy training and having all employees complete this training in 2022 - 2023</li> <li>Signing the Code of Conduct by all suppliers in 2023</li> </ul>
	 	Sustainable Value Chain	<ul style="list-style-type: none"> <li>Preparing the "Sustainable Self-Evaluation Form" in 2022 - 2023 and apply it to all value chain stakeholders by the end of 2023 - 2024 fiscal year</li> </ul>
 Positive Value to The Environment	 	Energy Management	<ul style="list-style-type: none"> <li>Acquiring the I-REC certificate for the production facilities by the end of 2023 - 2024 fiscal year</li> <li>Installing 100% LED lighting at all production lines in AL, PA by the end of 2022 - 2023 fiscal year</li> </ul>
	 	Waste Management	<ul style="list-style-type: none"> <li>Raising awareness of the waste management approach among our associates by new developed trainings</li> <li>Reaching 50% of our clients with battens and runners collection project</li> </ul>
		Water Management	<ul style="list-style-type: none"> <li>Installing a water treatment project that allows waste water to be recycled for industrial use by the end of 2022 - 2023 fiscal year</li> </ul>
 Carbon-Negative Production		Emission Management	<ul style="list-style-type: none"> <li>Completing LCA analysis by the end of 2025 for all products</li> <li>Increasing the number of electric car stations by the end of 2022 - 2023, in PA</li> <li>Installing electric car stations in 2022 - 2023, in AL</li> <li>Determining the Scope 3 emission boundary by the end of 2023 - 2024 fiscal year</li> <li>Installing CO<sub>2</sub> emission recording system in PA by the end of 2023 - 2024 fiscal year</li> </ul>
	 	Circular Economy and Responsible Resource Management	<ul style="list-style-type: none"> <li>Within the Kronospan's Circular economy approach, raising awareness among the associates with additional trainings</li> <li>Increasing pre and post-consumer wood waste to 5% in particleboard</li> </ul>
		Responsible Products and Services	<ul style="list-style-type: none"> <li>Maintaining our commitment to ensuring high quality products and services</li> <li>Maintaining our responsible product understanding and keeping the formaldehyde emission limit at 0.1 ppm within the environmental standards</li> </ul>

GRI 102- 44, GRI 102-47

Theme	Relevant SDG	Material Issue	Objective
 Contributing to Our Stakeholders		Employee Development	<ul style="list-style-type: none"> <li>Launching the "Employee Satisfaction Survey" by the end of 2022 - 2023 fiscal year</li> <li>\$100,000 fund will be allocated for internal and external trainings of employees for the 2022 - 2023 fiscal year</li> </ul>
	 	Equality of Opportunity and Diversity	<ul style="list-style-type: none"> <li>Increasing the rate of women employee at all locations from 13.5% to 15.0% in 2022 - 2023 fiscal year</li> <li>Increasing the number of women employees in production areas</li> <li>Developing pre - job technical trainings for women employees to take part in the production lines</li> </ul>
		Healthy and Safe Work Environment	<ul style="list-style-type: none"> <li>Zero lost time accidents in 2022 - 2023</li> </ul>
		Local Development and Creation of Value	<ul style="list-style-type: none"> <li>Expanding Forklift Certification Program including theoretical and hands - on training as well as training on workplace behavior and teamwork in 2023</li> <li>Increasing the number of participants with an additional 8 students, minimum of 4 minority or female participants, in FAME program by the end of 2022 - 2023 fiscal year</li> <li>Implementing our first pre-apprenticeship and apprenticeship program in the spring of 2023</li> </ul>
		Customer Satisfaction	<ul style="list-style-type: none"> <li>Launching the "Customer Satisfaction Survey" in 2022 - 2023 fiscal year</li> <li>Keeping customer satisfaction always at the highest level</li> <li>Increasing the number of customers by 15% in 2022 - 2023 fiscal year</li> <li>Diversifying the range of our customers</li> </ul>



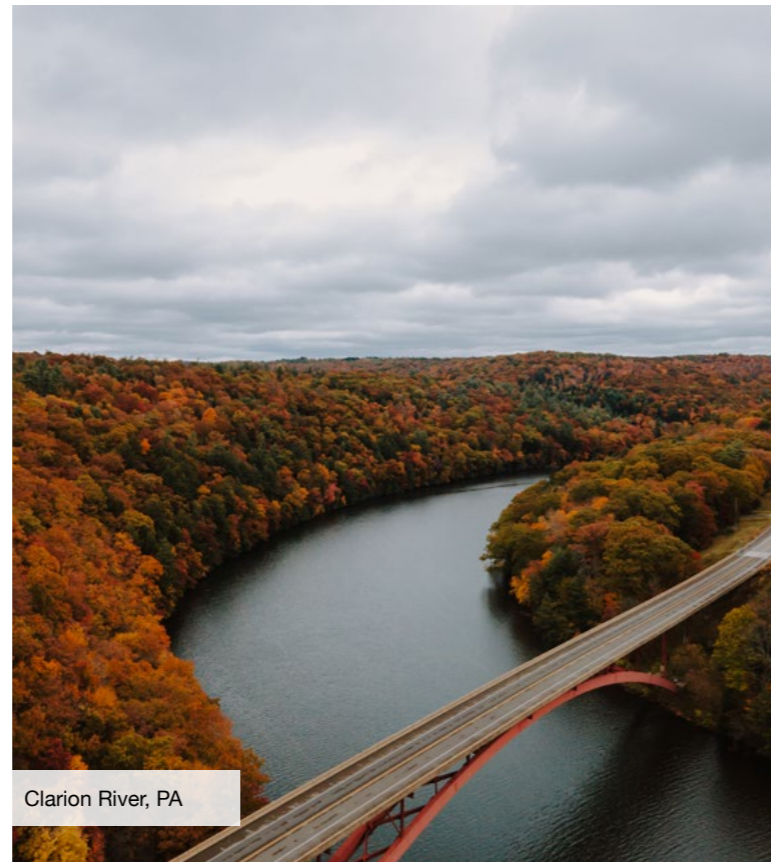
**Communication with Stakeholders**

We meet with our stakeholders regularly and maintain transparent communication, considering value creation for all stakeholders included in the Kronospan value chain. The local management team meets with the stakeholders routinely to maintain open and direct lines of communication. This helps define clear expectations throughout the entire value chain. During these meetings, we review past performance while focusing on future expectations with our stakeholders.

The primary goal of Kronospan is to offer a value proposition to its customers that will lead to a long-term partnership. Therefore, it is imperative that Kronospan has effective communication with its customers and executes the customers' requests flawlessly. This is achieved through regular meetings, both in person and via online communication channels such as emails and video conferences.

This value proposition includes the timely delivery of a quality product at a reasonable price. Furthermore, Kronospan must have productive communication with its supply chain to establish quality requirements and delivery expectations so that the entire supply chain is performing in unison. Through regular meetings, the supply chain remains informed of the Kronospan operation so that operational efficiencies throughout the supply chain can be maximized. Additionally, Kronospan has an extensive collaboration with Kronospan Global shareholders. We regularly attend the meetings being run every two weeks and track what is happening across the borders to follow up on best practices and sectoral trends.

In the global meetings, Kronospan values its relationships within the community, including the public officials who help foster a positive relationship between Kronospan and the surrounding communities.



Clarion River, PA

Consistent messaging with government officials fosters a positive relationship enabling the public officials to aid Kronospan in government programs. In addition, Kronospan assists the community through employment opportunities and service - related programs aimed at helping the community. In addition, the associates at Kronospan are one of the most critical assets at the company. Therefore, a continuous and transparent communication model is deployed to maximize associate satisfaction and associate retention.

The materiality analysis carried out during the preparation of our sustainability report guided us in leading a new development journey in which we communicated with our stakeholders using the correct channels and listened to their expectations.

In terms of external stakeholders, our most valuable source of communication with our customers, our most important stakeholders, is customer visits. Our teams can investigate everything reported using [clorders@kronospanusa.com](mailto:clorders@kronospanusa.com), where we receive feedback and improvement recommendations.

**GRI 102- 40, GRI 102-42, GRI 102-43**

	Stakeholder	Communication Channel	Communication Frequency	Stakeholder Expectations	Report Section Stating the Actions Taken
	<b>Employees</b>	Meetings; teleconference; email	Continuous	Economic Growth, Client Satisfaction, Responsible Products and Services, Sustainable Value Chain	<ul style="list-style-type: none"> <li>We Care About Our People</li> <li>Employee Training and Development</li> <li>Equality of Opportunity and Diversity</li> </ul>
	<b>Senior Management</b>	Meetings; teleconference; email	Continuous	Economic Growth, Client Satisfaction, Responsible Products and Services, Sustainable Value Chain	<ul style="list-style-type: none"> <li>We Grow With Positive Governance</li> </ul>
	<b>Non-Government Organizations (NGO)</b>	NGO meetings	Periodically	Responsible Products and Services, Healthy and Safe Work Environment, Equality of Opportunity and Diversity, Local Development and Creation of Value	<ul style="list-style-type: none"> <li>Social Contributions</li> </ul>
	<b>Universities</b>	Site Visits; Internship Programs, Projects	Periodically	Emission Management Circular Economy and Responsible Resource Management, Waste Management, Water Management	<ul style="list-style-type: none"> <li>Social Contribution</li> <li>Employee Training and Development</li> <li>R&amp;D Activities</li> </ul>
	<b>Customers</b>	Meetings; teleconference; email; trade shows	Continuous	Client Satisfaction, Responsible Products and Services, Economic Growth, Sustainable Value Chain	<ul style="list-style-type: none"> <li>Kronospan Forestry Product Building Blocks</li> <li>Account Management</li> </ul>
	<b>Suppliers</b>	Meetings; teleconference; email; trade shows	Continuous	Healthy and Safe Work Environment, Client Satisfaction, Economic Growth Responsible Products and Services	<ul style="list-style-type: none"> <li>Kronospan Forestry Product Building Blocks</li> <li>Supply Chain</li> <li>Raw Material Management</li> </ul>
	<b>Public Institutions</b>	In person; telephone	Continuous	Responsible Products and Services, Healthy and Safe Work Environment, Client Satisfaction, Sustainable Value Chain	<ul style="list-style-type: none"> <li>Environmentally Responsible Production Processes</li> <li>Social Contribution</li> </ul>
	<b>Society</b>	In person; telephone	Periodically	Economic Growth, Client Satisfaction, Responsible Products and Services, Sustainable Value Chain	<ul style="list-style-type: none"> <li>Social Contribution</li> </ul>
	<b>Government Officials</b>	In person; telephone	Periodically	Healthy and Safe Work Environment, Client Satisfaction, Economic Growth, Responsible Products and Services, Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Environmentally Responsible Production Activities; Social Contribution</li> </ul>

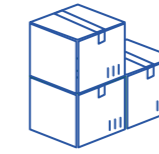


## Responsible Growth Strategy

We aim to carry out our responsible production activities to protect our resources, especially our forests, which are our natural heritage, with our ever-growing and environmentally friendly product range within the framework of our material issues of **Economic Growth, Responsible Products, and Services**. Our goal is to provide our associates and community with development opportunities that enable them to improve their unique skills and working motivation. We believe that an inclusive and motivated team creates a more dynamic workforce and safer and more efficient

operations. As one of the leading wood companies in the world, we contribute to SDG 8 by ensuring safe and fair working conditions and providing opportunities for the training and employment of our associates.

We are committed to progress patterns aligning with our goals by adopting **Climate Action** number thirteen, **Responsible Production and Consumption** number twelve and **Decent Work and Economic Growth** patterns number eight among the Sustainable Development Goals.



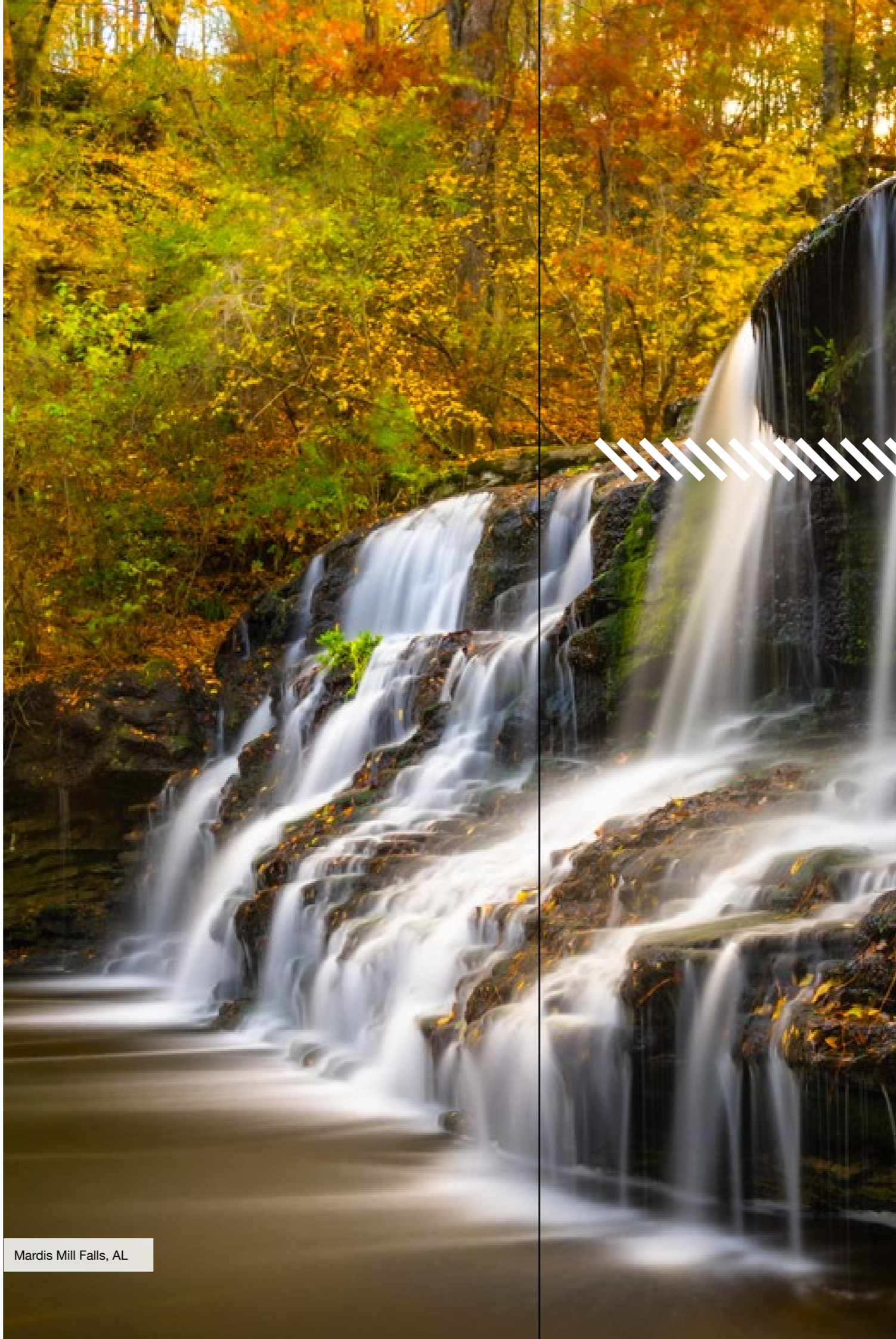
Production Capacity  
**1,300,000 m<sup>3</sup>**

Accordingly, we lead the sector in the sustainable management of our growing production capacity with increasing customer demands. We share the details of our product and service understanding, which we always keep customer satisfaction at the highest level, under the title of “**Account Management**”.



Sustainable management of production capacity enhancement





*We Produce by  
Adding Positive  
Value to the  
Environment*

Mardis Mill Falls, AL





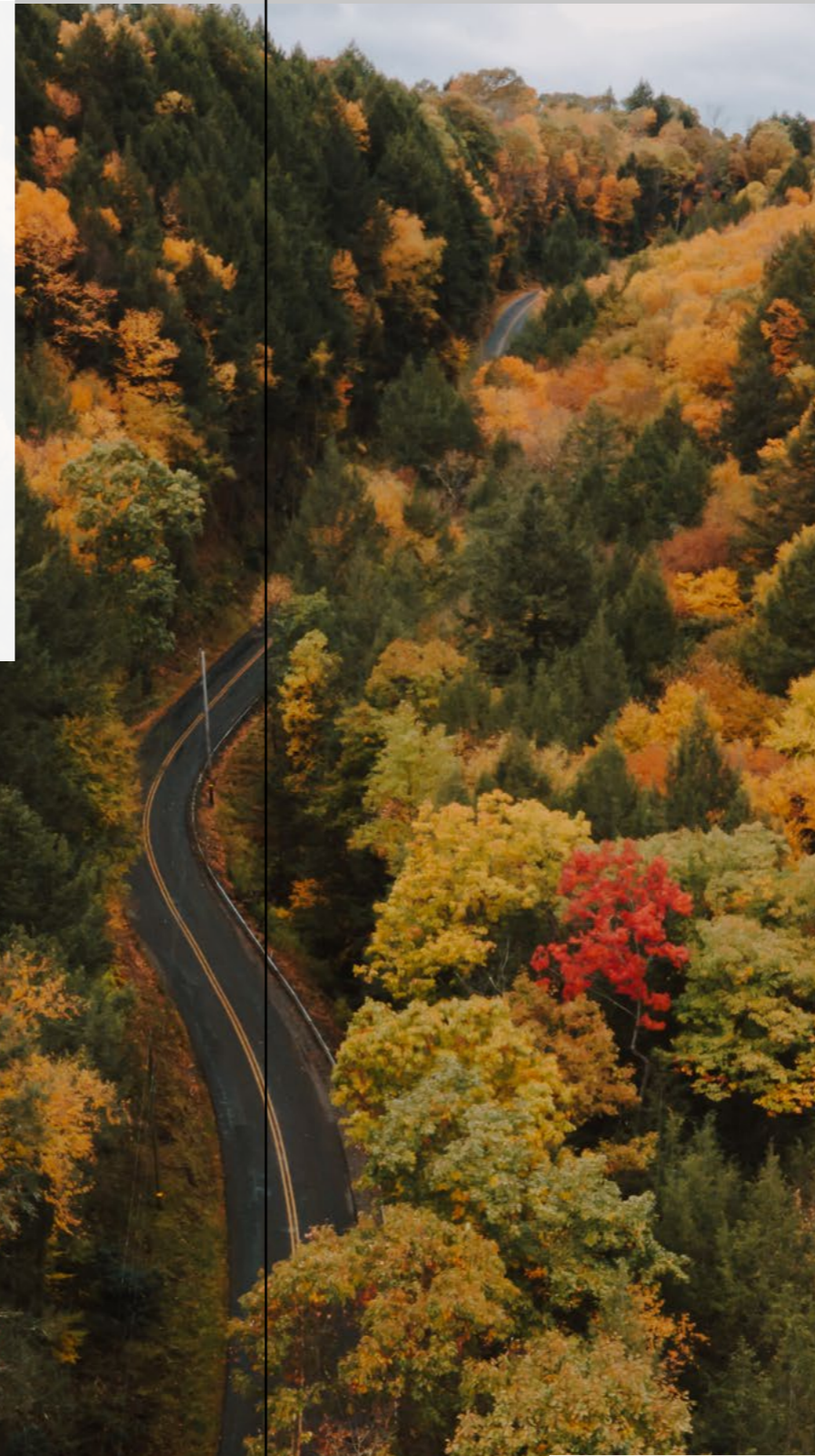
# We Produce by Adding Positive Value to the Environment



## Environmental Management Approach

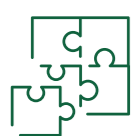
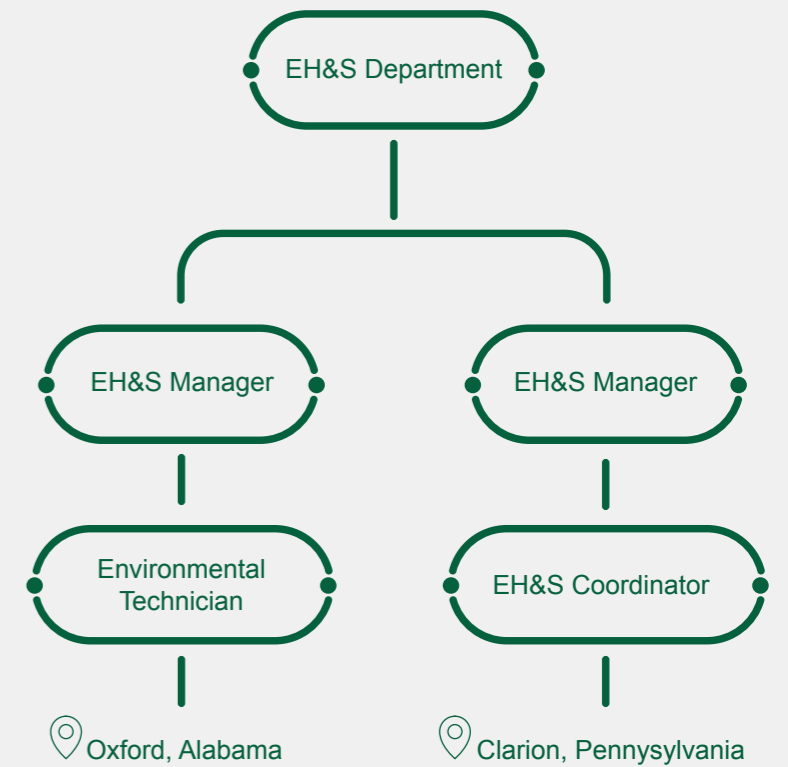
Energy Management, Water Management, and Waste Management are significant sustainability issues that the senior management team closely monitors. Due to this, we have an Environmental Health and Safety (EH&S) department in our Pennsylvania and Alabama production facilities. At the Alabama location, the EH&S department reports directly to the human resources director. At the Pennsylvania location, the EH&S department reports directly to the operations director.

At the **Pennsylvania site**, two people are responsible for the related operations as the EH&S Manager, and the EH&S Coordinator. Whereas, at the **Alabama site**, two people carry out the processes as EH&S Manager and Environmental Technician.



Clarion County, PA

### Kronospan's Team:



## Sustainability Material Issues

Energy Management

Waste Management

Water Management



We document our production operation, environment, energy, waste, and water management progress monthly in our Board of Directors meetings to ensure that we always add a positive value to the environment and consolidate our success in this matter. To that end, we define our goals to consolidate our “**thinking about what we can do better to ensure sustainable production**” understanding. We are proud that our continuous improvement model positively impacts the environment. For this model to be successful and for our goals to be met, we track the process improvement progress monthly.

During the 2021 - 2022 fiscal year, Kronsopan invested **\$12.2 million USD** towards environmental process improvements. The investments were to better align the operational process to the improvement objectives that were identified during the monthly management meetings.

In our Alabama facility, we are installing a **Wastewater Treatment Evaporator**. This system will allow processed wastewater to be recycled for industrial use. We are proud to share with our stakeholders that this new system will be operating by March 2023. The project details have been shared in the “**Water Management**” section.

The environmental investments at the Pennsylvania production facility have been classified and prioritized in different manners. Under our healthy and safe working environment and circularity approach, the **Electric Sweeper** equipment has been implemented to provide a clean working environment for our employees. In addition, it collects dust waste generated from the operation that can be reused as biomass fuel.

To distance ourselves from fossil fuel, to adapt to today’s megatrends, and to ensure we do our part in protecting natural resources, we have begun to install **electric vehicle charging stations** in our facilities for employee and external stakeholder use.

**The Wetland Relocation** project has also been implemented at the Pennsylvania facility to ensure nature and the ecosystem is preserved and protected as the company expands its operation.

Lastly, the **Dust Silo** application has been implemented, allowing the sawdust formed during production at the facility to be reused as fuel. This way while ensuring a circulatory operation throughout our plant, we also avoid fossil fuels by converting waste streams into energy.



**\$12.2 Million USD**  
Environmental  
Investment





## Energy Management

As part of the forestry and building products industry, one of our critical responsibilities is to use energy efficiently in production. To ensure that we fulfill this responsibility, we meticulously conduct studies with our Environmental Health and Safety department and operate our systems in the most energy-efficient way.

In 2021 - 2022, the total energy consumption of all our locations (Pennsylvania and Alabama) were reported as 830,996 MWh. Considering our leading role in the industry and growing production capacity, we assist the company's transformation in minimizing energy consumption per production unit. Using electricity sub-meters throughout our facility allows energy consumption in production lines to be monitored location-based, and our efficient energy monitoring mechanism is designed accordingly.

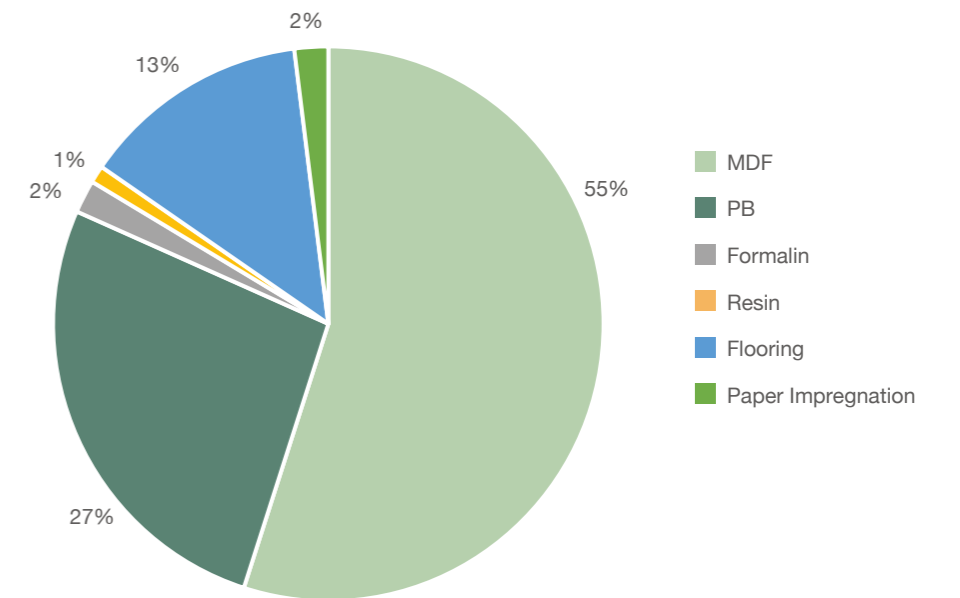
As a company that respects nature, our first step is implementing energy efficiency control projects in our sustainability journey.

Through the electricity demand response program at the Pennsylvania facility, Kronospan helps balance the grid's load to help ensure the power grid is not overwhelmed during high utilization periods. At the same time, we monitor the electricity consumption for each production line separately in order to operate the equipment in the most efficient manner.

In 2021 - 2022, a total of **312,878 MWh** of electrical energy was reported to be consumed on our production lines, representing MDF, PB, Formaldehyde, Glue, Flooring,

and Paper Impregnation production. The top energy consuming products are listed as MDF (55% of our energy consumption), and PB and Flooring follow with 27% and 13% of consumption, respectively. At the Alabama facility, electricity is purchased from Alabama Power Company which generates 43.5% of its electricity from coal. The electricity produced internally is produced using natural gas which is better for the environment. The detailed electricity consumption breakdowns have been shared in the **"Environmental Performance Indicators"** section.

2021 - 2022 Production Line Electricity Consumption





In the scope of increasing energy efficiency projects, the Kronospan engineering team designed a system that actively recovers the hot gas exhaust from the gas powered generators to use in the MDF production drying process. With this system, we can recover up to 16 MW of heat to be used in the MDF driers.

In addition, we are excited to switch to 100% LED lighting in all of our production lines in both factories by the end of the 2022 - 2023 period.

Despite our increased production, we have been successful in implementing energy-saving projects to keep energy consumption at the same amount as previous years.

In terms of our circularity and efficient energy management approach, every residual waste component is evaluated efficiently throughout our facilities. The wood bark is used as biomass fuel or it is sold to be used as a raw material in another product. The dust and the granules arising from the sanding and sawing process of the operation are either burned as biomass fuel or used as a raw material in the particleboard operation. The details have been visualized in our sustainable production cycle. We would like to proudly share that we do not use fuel oil or coal in our facilities.

Energy Consumption Breakdown Per Financial Years

	2019 - 2020	2020 - 2021	2021 - 2022
Energy Consumption ( MWh )	701,296.34	830,541.33	830,996.48

Energy Consumption Breakdown Per Financial Years

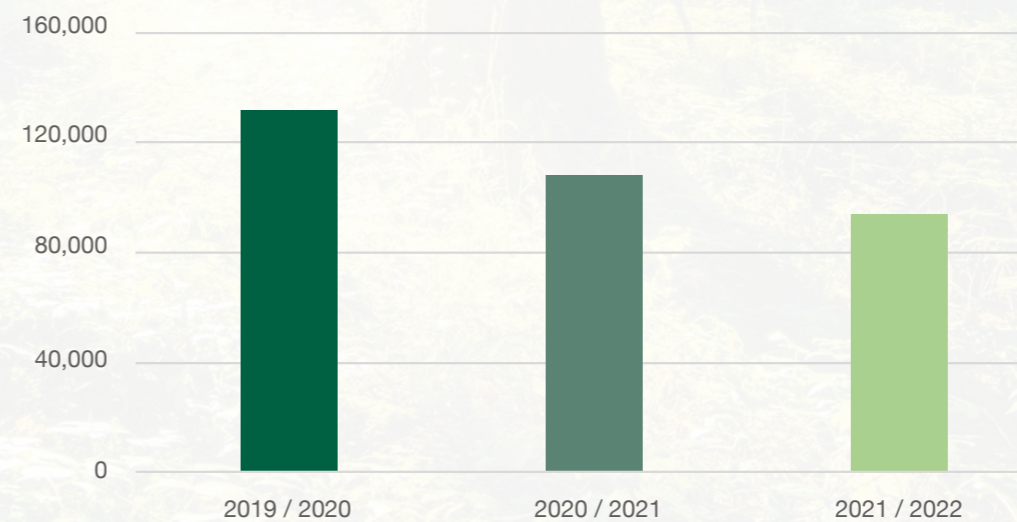
2021 - 2022 Energy Consumption Breakdown by Resource ( MWh )	
Natural Gas	511,692.24
LPG	1,499
Company Cars - Gasoline	159
Operational Vehicles (Manufacturing Plant Vehicles) - Diesel	3,027
Operational Vehicles (Manufacturing Plant Vehicles) - LPG	1,741
Electricity	312,878



Installing 100% LED lighting at all production lines in AL, PA by the end of the 2022 - 2023 fiscal year



Operational Vehicles (Manufacturing Plant Vehicles) - Gallon







**\$50,000 USD**

**Electric Charging Stations Investment**

We are distancing ourselves from fossil fuels to ensure we do our part in protecting natural resources. To that end, we are conducting feasibility studies to install 5 MWp Photovoltaic plants in Pennsylvania and Alabama. This process will aim to receive electricity from renewable energy sources **by the end of 2023 - 2024** and to certify the progress with IREC.

In our journey to reduce our corporate footprint by moving away from fossil fuels, we aim to increase the number of electric vehicle charging stations open to both employees and visitors at the Pennsylvania facility in the 2022 - 2023 period.

In addition to the 50 electric forklifts and 8 charging station points at our Alabama facility, we will be installing electric vehicle charging stations in the 2022 - 2023 period.



**Acquiring the I-REC certificate for the production facilities by the end of the 2023 - 2024 fiscal year**



## Waste Management

Rapid industrialization and population growth, two of the most important reasons for global climate change, cause consumption of natural resources.

Waste arises out of natural resource consumption, and this waste has an impact on both the environment and human health. Forests, our natural heritage, are the most damaged links in this chain of events. By making the most efficient use of our natural resources, we aim to reduce waste, improve recovery, and enhance the circularity of our production cycles.

**Organizing training for Kronospan Employees in the Environmental Aspects of the facility is one of the activities we currently do to spread the importance of waste management across our facilities and in our production lines. This training highlights the importance of recycling to minimize waste disposal costs and to recycle wood products as fuel in the facility where biogenic burner units are used for heat energy.**

**The environmental department monitors waste disposal hoppers daily to ensure that recyclable materials are not being placed into the waste roll-off boxes that are emptied at a landfill.**

Roll-off boxes are taken to the landfill only when full. This avoids unnecessary transportation costs and emissions from this transportation.

Not only in our facilities, but we are also encouraging our big clients to support wood-based waste recycling. We collaborate with our clients to return the battens and runners used in the delivery process. The battens and runners do not contain any plastics. Unfortunately, returned battens and runners can be damaged in some cases, so they become unsuitable for reuse. In those circumstances, within our circularity approach, they are directly used as fuel.

The collaboration is currently implemented within the Clarion and Oxford customers. However, we are aware that it needs to be improved through all delivery service lines and as Kronospan we are proud to share that **we aim to reach 50% of our clients with this project.**

Our environmental team managers efficiently implement laws and regulations related to the waste management system. They are being monitored and disposals are being carried out according to the **State law of the Code of Federal Regulations Title 40, "Protection of the Environment"**.

In the U.S.A., as Kronospan Inc., we are required to regulate all our waste streams. According to the regulations, the first step is identifying the waste type, whether it belongs to the hazardous, non-hazardous, or industrial non-hazardous waste category. To identify those wastes, our environmental specialists and managers must comply with specified third-party certifications. After the wastes are defined, necessary tests are made under laboratory conditions for non-hazardous wastes. If the test results confirm the waste is non-hazardous, the waste will be disposed of in the landfill. Non-hazardous waste management system is regulated under the **Code of Federal Regulations, Title 40 "Environmental Protection"; Subchapter: "Solid Waste"**.

Those regulations are adopted at the state level. Each state also has its own environmental regulations on waste management. It is significant to highlight that Alabama and Pennsylvania have their own management systems and related regulations. Those regulations are not only about how to identify and dispose of the waste but also cover how to transport and recycle them if possible.



In terms of our non-hazardous waste management approach, we generally prefer to operate the waste internally. Yet, some of the non-hazardous waste has to be transferred to external sources by law for recycling. Third-party waste disposal firms take waste to a suitable landfill for disposal instead of companies like us to mitigate any violation of the rules while transporting the waste to the disposal site.

To be completely transparent and in compliance with the laws and regulations, related records and training classes are declared to regulatory agencies. Regulatory agencies want to observe the training and waste records of the company and whether all those are kept and run according to state and federal laws and regulations. To keep these records, our environmental managers must pass EPA test every six months to receive the certification.

We also prioritize waste recycling to increase the number of our recycling projects. The plastic waste streams in our facilities consist of various types of plastic usage. Plastic sheets are used to wrap impregnated papers whereas plastic banding is used to secure MDF panels, PB panels, laminate flooring cartons to pallets and plastic wraps are used to wrap MDF panels and laminate flooring pallets. Shrink films are also being used around the cartons of laminate flooring.



Soybean Sunset, AL



Reaching 50% of our clients with battens and runners collection project

Kronospan is currently working on plastic recycling with a new vendor. The vendor is in the process of analyzing the material to determine the next course of action. Therefore, the stage of this project is in its infancy. The anticipated time to have the process in practice is by July 2023. By doing so, we aim to raise our employees' awareness of recycling management within our working environment.

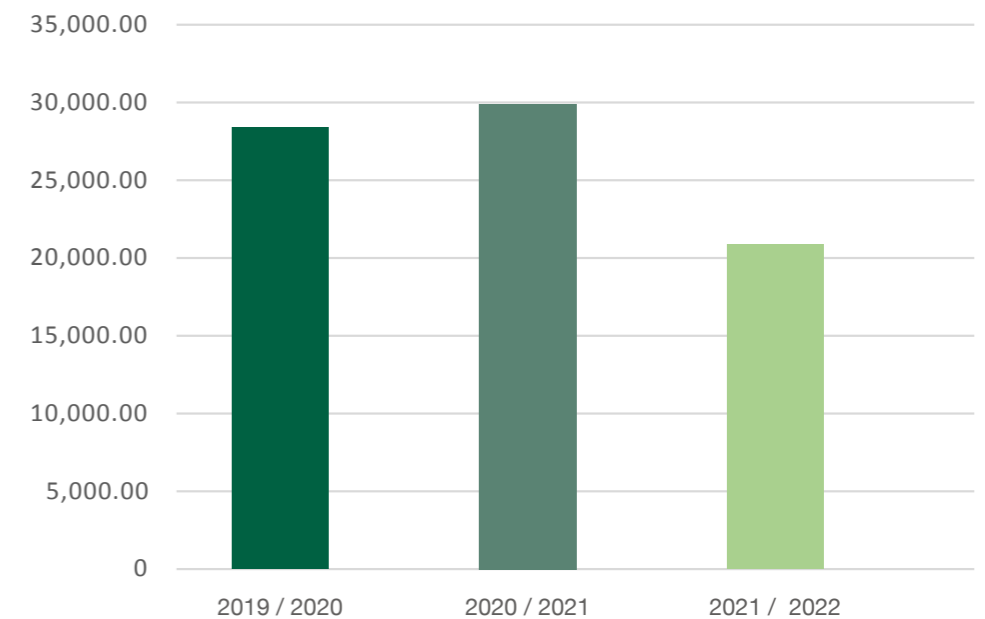
As a result, we have been trying to achieve our **zero waste** goal on our production lines.

Compared to previous years, the amount of hazardous and non-hazardous waste decreased.

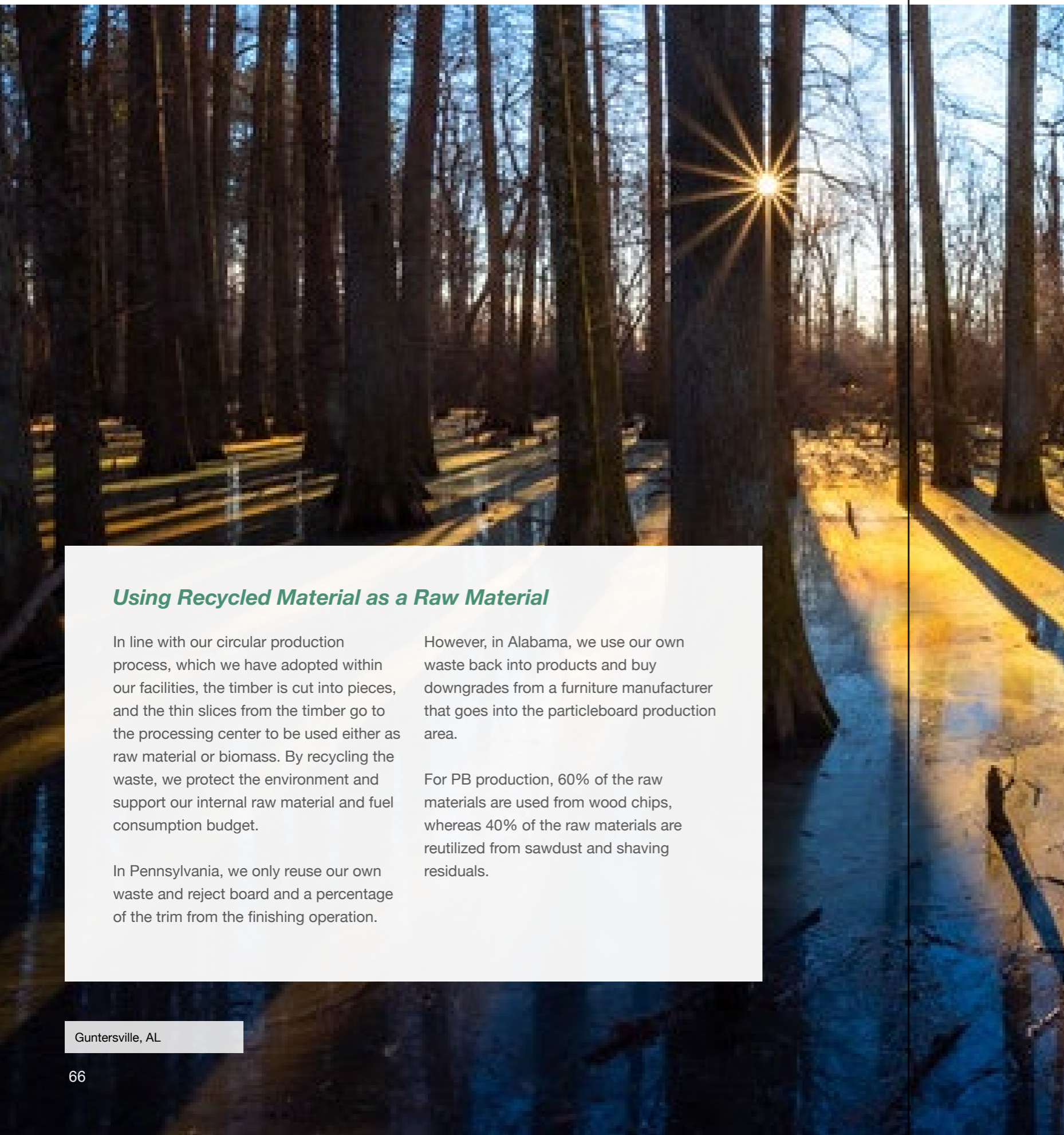
In 2021 - 2022, **127,440 kg** of non-hazardous waste was recycled through the facility.

In order not to compromise our sensitivity about waste, we will create a training module that will raise awareness of waste management for all our employees.

Non - Hazardous Waste Amount Per Financial Years (ton)







### Using Recycled Material as a Raw Material

In line with our circular production process, which we have adopted within our facilities, the timber is cut into pieces, and the thin slices from the timber go to the processing center to be used either as raw material or biomass. By recycling the waste, we protect the environment and support our internal raw material and fuel consumption budget.

In Pennsylvania, we only reuse our own waste and reject board and a percentage of the trim from the finishing operation.

However, in Alabama, we use our own waste back into products and buy downgrades from a furniture manufacturer that goes into the particleboard production area.

For PB production, 60% of the raw materials are used from wood chips, whereas 40% of the raw materials are reutilized from sawdust and shaving residuals.

Guntersville, AL

### Other Waste

Other waste is collected within separate 30-yard roll-off dumpsters. The roll-off dumpsters are separated by the type of waste streams. Roll-off dumpsters are monitored frequently by the environmental department. To lessen the disposal costs, hauling costs, and emissions from over-the-road hauling, dumpster picking-up schedules are being planned as needed.

### Managing Hazardous Waste

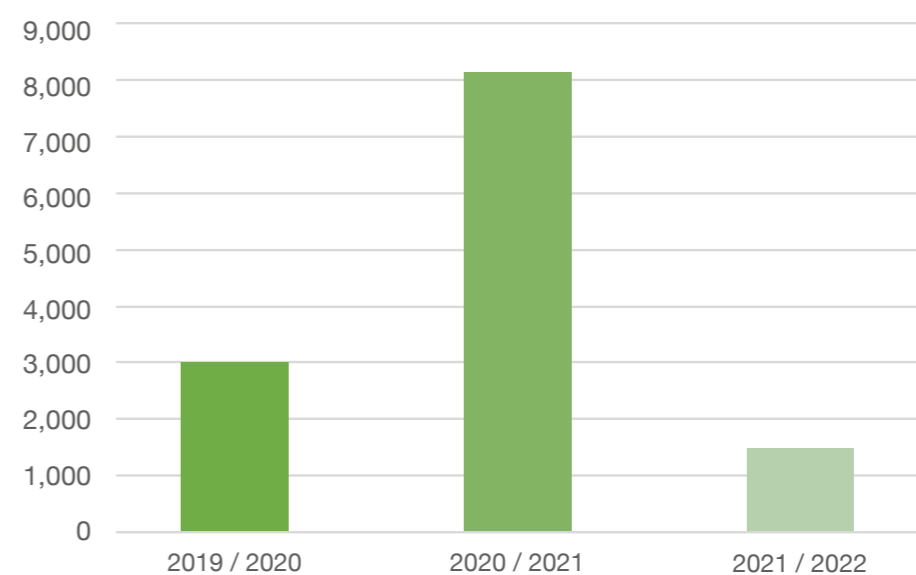
Hazardous waste includes information about materials that are explosive, inflammable, combustible, that emit inflammable gasses upon contact with water, that oxidize, involve organic peroxide, toxic, corrosive, that emit toxic gasses upon contact with air and water, and have toxic and eco-toxic features, and includes their amounts and recycling information.

The hazardous waste management is more complicated than the non-hazardous waste management since the related regulations restrict Kronospan more. It is regulated by the EPA (United States Environmental Protection Agency) and is subjected to the **Code of Federal Regulations, Title 40 “Environmental Protection” section, Part 260 “Hazardous Waste Management System: General”**.

For hazardous waste, we collaborate with a third-party firm and transport universally identified hazardous waste to a disposal facility to be appropriately destroyed.

Details are shared in the section on **“Energy Management”**.

Hazardous Waste Amount Per Financial Years (ton)





## Water Management

We are aware that our water resources are in jeopardy because of climate change, and we closely follow developments concerning water stress in the U.S.A. and globally. According to the World Resources Institute, the U.S.A. has been rated as “low-medium water stress”, but there are notable regional differences within its borders: <sup>1</sup> The western regions of the U.S.A., including California, have significantly higher water stress as the water supply has continuously decreased due to “exceptional drought”, an event brought on and exacerbated by climate change.<sup>2</sup>

We are aware that we should use our local resources efficiently to carry out and follow local projects, initiatives, and related regulations and laws to ensure sustainable management of our water consumption.

The monthly water consumption data is collected based on location and reported under various breakdowns. The total water consumption amount in Alabama is reported as total grid water usage. In Pennsylvania, grid and rain water usage are recorded as water consumption.

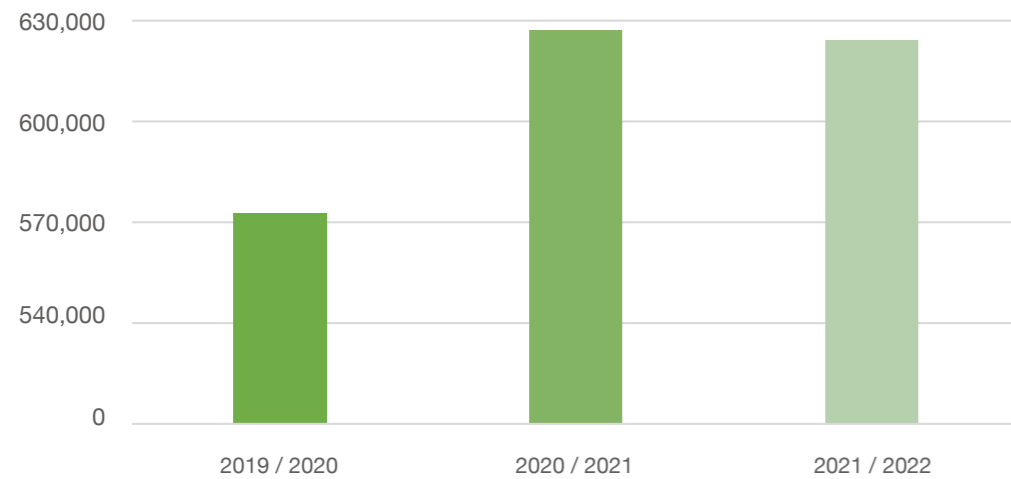
For further details, please see the section “**Environmental Performance Indicators**” in “Appendix 2.”

In Alabama, water is used in formalin production which is a raw material in the resin production process. We currently do not have water recovery system in Alabama, but it is planned to be installed.

A new Wastewater Treatment Plant in Alabama is being installed and will operate soon. Wastewater will be evaporated and used to make steam for the refiner units. The separated solids from the wastewater treatment plant will go to the biomass plant to be incinerated.

Kronospan is aware of its responsibility to protect the environment and natural resources. By doing so, we operate without polluting our natural resources. We are committed to sustainably protecting the environment and aspire to continue developing new processes to reduce waste streams.

Grid Water Consumption (m<sup>3</sup>)



<sup>1</sup> <https://earth.org/countries-with-water-scarcity/>

<sup>2</sup> *ibid.*



Installing a Wastewater Treatment Project that allows wastewater to be recycled for industrial use by the end of the 2022 - 2023 fiscal year



Lake Guntersville State Park, AL





*We Aim for  
Carbon Negative  
Production*

Clear Creek State Park, PA



# We Aim for Carbon Negative Production



## Environmentally Responsible Production Processes

Consistent with our core values of **Emission Management**, **Circular Economy**, **Responsible Resource Management**, and **Responsible Products and Services**, our manufacturing processes ensure that goods and services are produced in a way that minimizes both waste and pollution - a significant shift away from the “take-make-dispose” approach of the past. We operate the most technologically advanced environmental control equipment available, we strive to minimize or eliminate waste, we ensure our raw materials are sustainably sourced, and we utilize environmentally friendly manufacturing methods.

We adopt **Responsible Production, Consumption, and Climate Actions** and are committed to continuous improvements in line with our economic growth and sustainability objectives.

With deep visibility into our production and supply chain data, we effectively reduce waste, cut emissions, and minimize our carbon footprint. With sustainability processes integrated into our daily operations, we can effectively meet the expectations of our consumers, stakeholders and regulatory authorities at our Alabama and Pennsylvania sites.



### Sustainability Material Issues

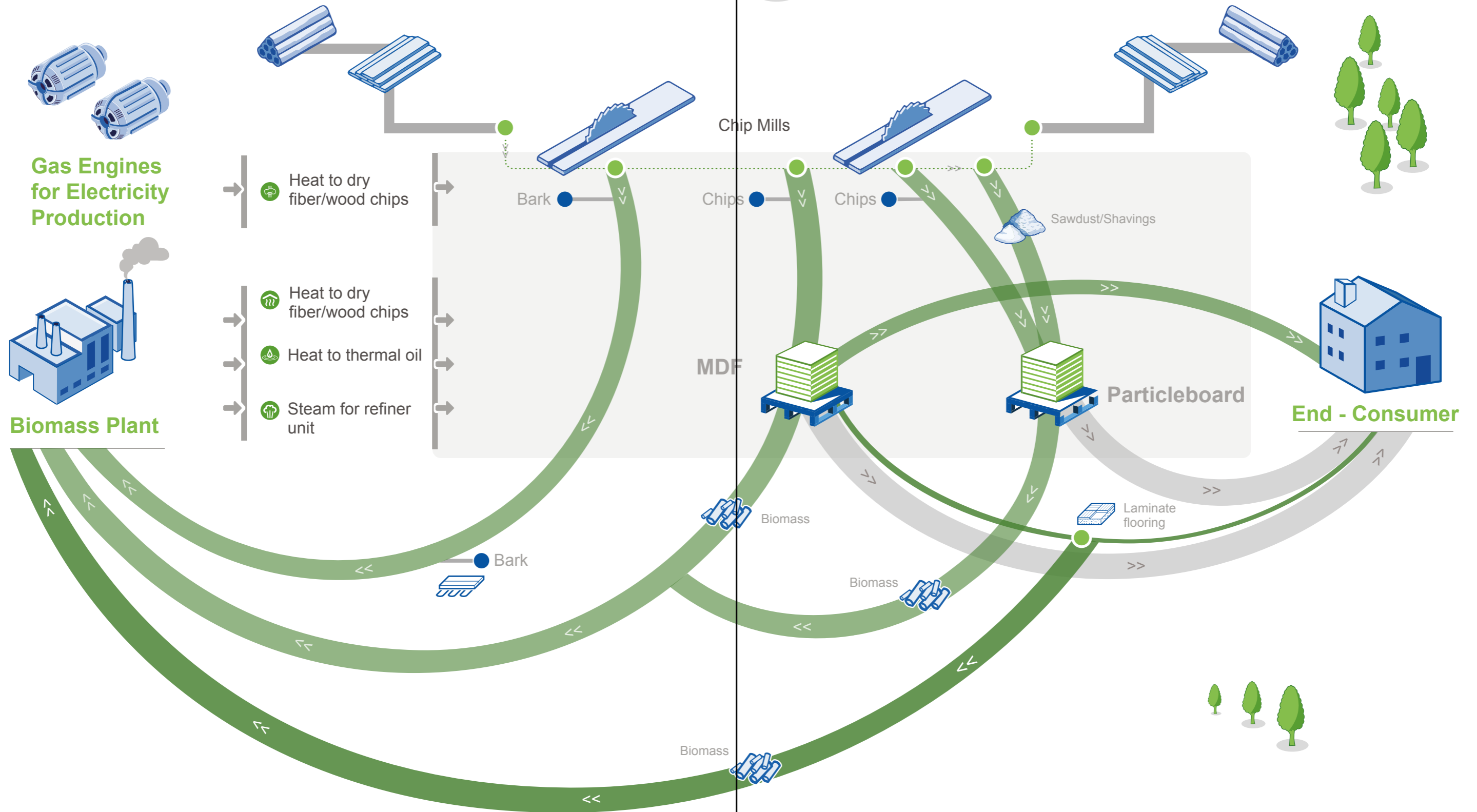


Guntersville State Park, AL



# Our Sustainable Production Cycle

## Responsible Products and Services







## Sustainable Forest Management

*“Lowest possible environmental impact”*

Forests play various ecological roles across the world. They are irreplaceable and under critical risk because of global climate change. Forests are an important line of defense in a world that is getting warmer. Research suggests that forests capture approximately one-third of global CO<sub>2</sub> and play an essential role in emission management. Protecting our natural heritage, our forests and managing it sustainably is a material issue for Kronospan.

To that end, we are acting to protect climate change related fire damaged forests by working closely with climate and forestry related institutions. We are committed to ensuring our products come from sustainable sources and encourage employees to broaden the practice of sustainable forestry. As part of this commitment, we strictly comply with the **“Forest Stewardship Council (FSC) Chain of Custody”** and **“FSC Controlled Wood”** and other corporate policies. These third-party certifications and corporate policies demonstrate the company’s best efforts to track the sources of its fiber better to avoid trading and sourcing wood from controversial sources or illegally harvested wood; wood harvested in violation of traditional and civil rights; wood harvested in forests where management activities threaten high conservation values; wood

harvested in forests being converted to plantations or non-forest use; and wood from forests in which genetically modified trees are planted.

Kronospan Inc. implements policies and procedures to meet the **Forest Stewardship Council Chain of Custody Standards and FSC Controlled Wood Standard requirements**. We give our support to The Forest Stewards Guild in their work to help mitigate risk to **FSC HCVs. Mesophytic Cove Sites** in Pennsylvania.

Moreover, Kronospan Inc. at its Pennsylvania is a partner of **SFI - SIC, Pennsylvania Sustainable Forest Initiative**, which enables our production site to promote sustainable forest practices throughout Pennsylvania.

Through these partnerships we promote wise forest stewardship through training, developing the logger workforce and educating the public about the value of working forests.





Kronospan Inc. is a partner of SFI - SIC, Pennsylvania Sustainable Forest Initiative, which enables our production site to promote sustainable forest practices throughout Pennsylvania.



Kronospan also supports tree and seed planting campaigns to maintain forests in Pennsylvania and Alabama with joint projects.

On January 28, 2022, Kronospan kicked off its **Project Grow** program with a tree-planting event at Munford Elementary School in Munford, Alabama. With over 165 4th graders and high school seniors plus 40 volunteers from Kronospan and the Talladega National Forest, 1,500 pine seedlings were planted.

In Alabama, we are a member of the Forestry Association, which promotes sustainable forest management.

Also, we partner with the **“Longleaf Alliance”**, which promotes planting, sustainable harvesting, and protection of Longleaf pine stands. Together with our suppliers, we strive to achieve the lowest possible environmental impact.

Kronospan employs credible, environmentally, socially, and economically sustainable forestry procurement and harvesting practices to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Kronospan is committed to following all applicable social laws concerning employment, including, but not limited to **“Fair Labor Standards Act”**, the **“Internal Revenue Code”**, the **“Social Security Act”**, the **“Occupational Safety and Health Act”** and the **“The Resource Conservation Recovery Act”**.

We practice a land stewardship ethic when purchasing and harvesting timber that promotes the reforestation, managing, growing, nurturing, and harvesting of trees for useful products with the conservation of soil, air, and water quality, biological diversity, wildlife and aquatic habitat, recreation, and aesthetics.

We do not only buy and sell sustainable products but also ensure that the product we buy and sell is based on a sustainable order in the environment in which it is grown and is protected within the framework of certain rules.

- We ensure the **lowest possible environmental impact to soil, water, and air,**
- We promote **maximum recycling** of our waste as well as accelerate the recycling of waste wood from other producers,
- We handle, use, **store, and destroy chemicals in environmentally, healthy, and safe ways,**
- We are a member of the Economic Chamber of **FSC® (License code: FSC-C018728),**
- We support the **FSC® (License code: FSC-C018728) Vancouver Declaration** for more sustainable sourcing of forest products and increase in the use of materials from responsibly managed forests.



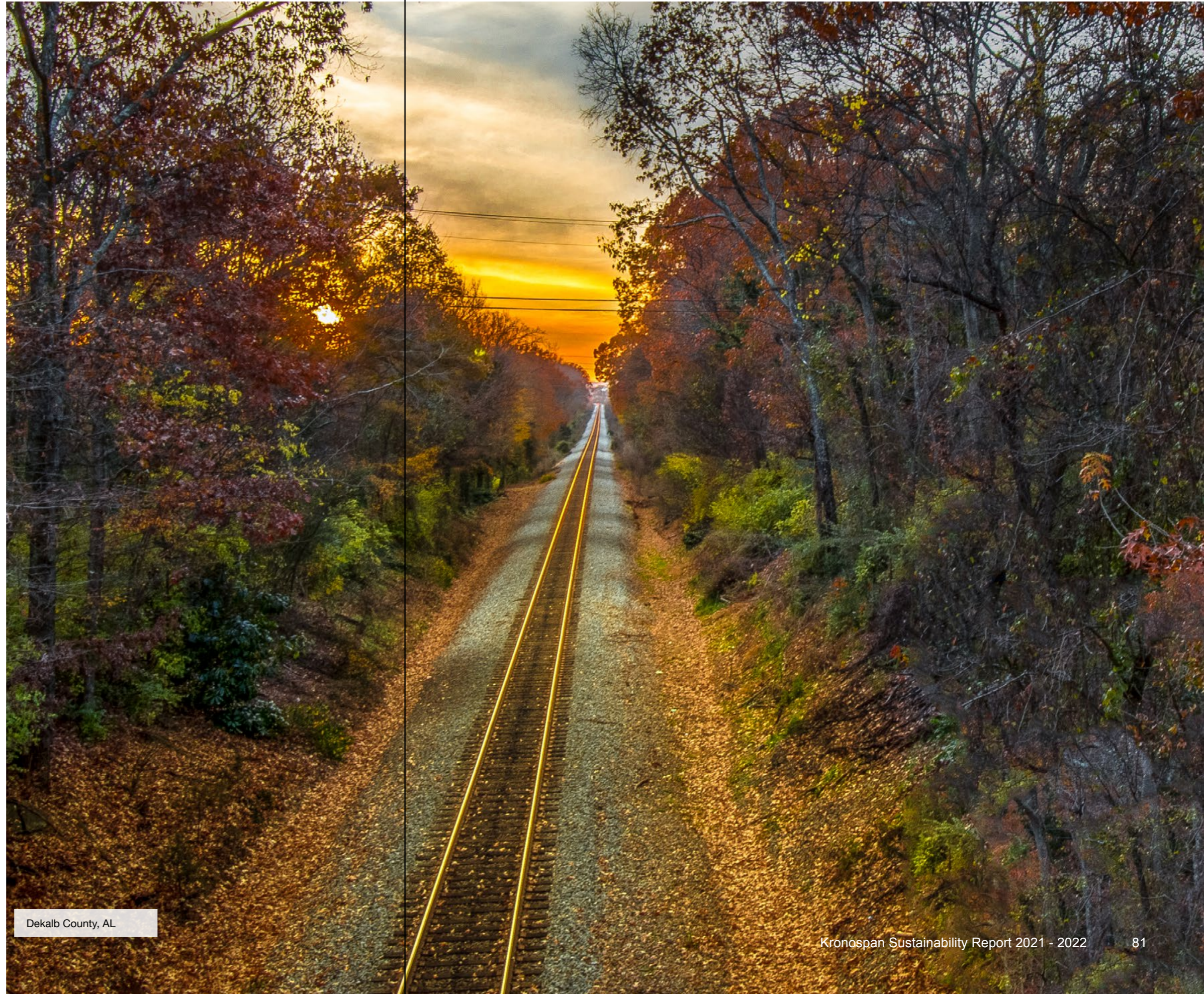
### Raw Material Management

Today, the ways we produce and consume are changing radically. In line with our responsible resource use and position in the circular economy, we maintain a sustainable approach to raw material procurement and use in our manufacturing facilities.

We reintroduce raw material waste, residuals, and by-products back into the manufacturing cycle in order to prolong their usable lifespan while minimizing waste generation. We maintain the trust of our stakeholders, built over our 125 year history, by selecting and processing environmentally sustainable raw materials.

Traceability is key to insuring we use sustainable sources of wood for our finished products. A clear view of all the links in the fiber supply chain paramount to our corporate sustainability commitment. Accurate identification of fiber sources, compliance with regulations and social standards in harvesting and processing of fiber, and sourcing from sustainably managed forests are all part of our pledge to our stakeholders. While traceability is not always straightforward in the forest products industry, our close relationships with our suppliers gives us confidence in our continued ability to responsibly source our most important raw material.

Operating in two states with two very different sourcing channels allows us opportunities to creatively manage our raw material procurement processes.



Dekalb County, AL





In **Pennsylvania**, the primary source of fiber is sawmill residuals which constitute 70% of our raw materials; the remaining 30% comes from pulpwood sized timber from field chipping operations. Pennsylvania operates in alignment with the state laws and regulations; **Pennsylvania Clean Streams Law, PA DEP 25 Pa. Code Chapter 93, 102, 105 and PA DEP Chapter 102 and 105**. Those regulations require the protection of **State and Federally** threatened and endangered (T&E) species on harvesting sites; we accomplish this, in part, through the use of the **Pennsylvania Natural Diversity Inventory (PNDI)** environmental review tool.

**West Virginia Division of Forestry – Logging Sediment Control Act, Water Quality Standards, Endangered Species Act, Trucking Regulation, OSHA Regulation, Ohio Division of Forestry – BMPs of Timber Harvesting** are additional regulations with which we abide to sustainably manage fiber procurement in Pennsylvania.

Raw materials used in our production site are received from **PA DCNR, PA Game Commission**, and private landowners. We work with suppliers who are dedicated to responsible forest management in line with Pennsylvania state and federal rules and regulations. Furthermore, Clarion Boards LLC has completed and fulfilled the requirements of **Eco-Certified Composite (ECC) Sustainability Standard CPA 4-19** for Medium Density Fiberboard (MDF) and Thin MDF.

To comply with the CPA-ECC Program, our MDF product should align with three or more of the following criteria; carbon footprint, locally sourced fiber, recycled, recovered or post-consumer fiber content, sustainable use of wood fiber and responsible sourcing.

While there are no state regulations in **Alabama** regarding forest management, we strictly abide by federal laws protecting water quality and endangered species and the illegal transport of protected plants or animals.

We procure timber and wood fiber in compliance with the **FSC Chain of Custody** and **FSC Controlled Wood certification**. 45% of our raw material comes from small and low-quality trees from the woods in the form of what is called **pulpwood** and 55% of our raw material comes from **sawmills** and other wood products manufacturers, in the form of residuals such as shavings, sawdust and ground up material.

Kronospan's timber supply comes primarily from private landowners and investors. We also receive timber from federally owned land, USFS (United States Forest Services). **Alabama's forests currently grow about 1.7 times more than is harvested**<sup>1</sup>.

In addition to controlled wood certifications, we fulfill the requirements of **Eco-Certified Composite (ECC) Sustainability Standard CPA 4-19** for the PB and MDF process. To comply with ECC standards, especially MDF and Thin MDF are required to be carbon footprint, locally sourced fiber, recycled, recovered or post-consumer fiber content, sustainable use of wood fiber, and responsible wood sourcing. MDF produced in Alabama meets all criteria except recovered or post-consumer fiber content.

Kronospan randomly conducts **BMP (Best Management Practices in Storm Water Compliance)** inspections of the harvesting sites. BMP is an action in order to insure there is no impact to water quality. This is required by **The Regional Water Quality Control Board**.

Occasionally, Kronospan uses uncertified wood material; to control these materials from the assessed area so that they may be mixed with FSC-certified materials and used in our products that carry the FSC Mix label we utilize the FSC U.S.A. **National Risk Assessment (NRA)**. As a FSC certificate holder with Controlled Wood within the scope of our **FSC Chain of Custody** we incorporate the U.S.A. NRA into our due diligence system. In order to be compliant with the U.S.A. NRA we implement one or more of a limited set of mitigation options within each specified risk area from which we source materials. One way we comply with the U.S.A. NRA is to share educational materials with our suppliers and request that the supplier provide evidence that the materials have been used in a way that will likely achieve the intent statement.

To maintain a responsible fiber supply chain, Kronospan conducts **periodic audits** with our suppliers to determine if these mitigation efforts are being performed. Kronospan also partners with other entities to assist in providing material for educational purposes. Our suppliers must agree to disclose the exact location of the origination of any wood being delivered to Kronospan. Also, our suppliers must share the information about delivering chips so that the location of the forest where the logs originated can be disclosed at Kronospan Inc.'s request.

Responsible raw material management is not only related to supplying good quality wood but also to the wood supplier's responsibility for its employees in terms of health and safety. For that reason, we expect all our suppliers to comply with the related health and safety regulations. Also, we expect our suppliers to obtain all necessary permits and/or licenses and share all required notifications before delivering the materials to Kronospan Inc.

<sup>1</sup> <https://www.fia.fs.usda.gov/tools-data/index.php>





## Product Quality

As a leading manufacturer of wood-based panels, we are committed to tirelessly improving our processes to insure high-quality products and to fulfill our pledge to create a safe and healthy environment for generations to come.

“Product quality” is one of the things that sets us apart in our industry; we fully understand that our products must be sustainable in addition to being of high quality, economical, safe and readily available when our customers need them. Sustainability is engrained in our culture and a key factor to our processes is a rigorous quality management system. A strong quality process allows us to improve efficiency, reduce waste, and improve our “people processes”. Quality controls are integrated throughout our manufacturing processes and we have found that engaging our employees in the development of these controls makes us more successful and sustainable.

We continuously monitor changing consumer preferences and product standards within the markets we serve. Our quality labs work hand in hand with our 24/7 production departments to ensure we maintain the high level of product quality synonymous with the Kronospan name.

To support continuous product improvement and to meet customer requests we produce various reports in our laboratories for MDF, PB, impregnated paper, and laminate products. Product quality documentation includes emission limits of the product as well as various technical tests, such as strength, water absorption, impact, swell tests and equipment calibration tests all produced by our trained team of lab personnel. We also collaborate with universities and third party testing facilities to provide special tests. We also utilize third party labs to conduct independent product quality tests.

The following information highlights the various test and quality standards for our product lines.

For MDF panel quality and emission standards, Kronospan conforms to **ANSI A208.2-2022 Medium Density Fiberboard (MDF) Standard** for Interior Applications which includes the addition of the **U.S.A. EPA TSCA Title VI** regulation as a requirement.

This certification ensures formaldehyde levels are within the EPA’s standard specifications and assures our customers that our MDF products are safe for use in interiors including mobile homes.

Relative to Formaldehyde emissions, we fully meet the requirements as dictated by **EPA TSCA Title VI Non-added** formaldehyde for MDF and thin MDF production at our Pennsylvania facility.

For flooring, it utilizes the NALFA testing protocols. NALFA testing certifies that our product has passed ten rigorous performance tests, including everything from how well it resists water, light, and stains to impact and wear testing.<sup>2</sup>

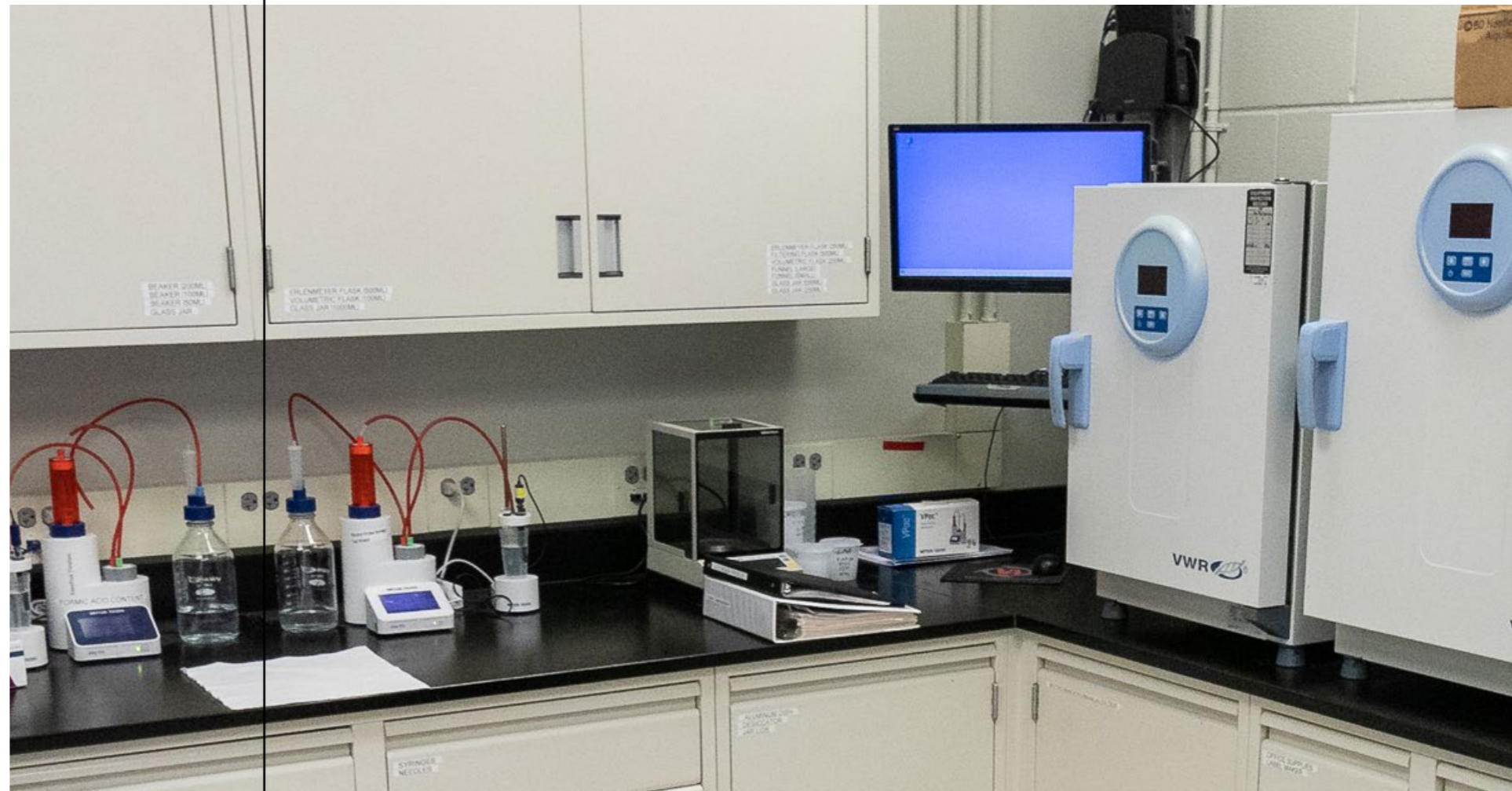
We are also compliant with **TSCA Title VI** and **ECC certification for PB** and the **Green Guard Gold Certification for Flooring**.



The laminate flooring plant in Pennsylvania has an **ISO 9000 certification**, which is gained only by the production facility itself.

<sup>2</sup> <https://nalfa.com/consumer/shopping-laminate/nalfa-seal/>





### R&D Activities

Thanks to our **Research and Development activities**, we are able to provide uncompromising product quality and service to our customers. We are committed to our principles of minimum cost, minimum waste and maximum recycling.

We would like to share the details of how we carry out R&D, the driving force of sustainable and universal compliance for all our products.

In the light of our materiality issue, “**Responsible Product and Services**”, all of our products are produced in harmony with the environment and human health. We conduct **small chamber** tests for formaldehyde emissions daily to ensure our conformity to regulation standards. We perform the GP-DMC test, replicating the ASTM D6007-14 test for formaldehyde emissions.

The small chamber test is performed daily for conformance to EPA TSCA Title VI regulations that cover the formaldehyde emissions of composite panels.

According to EPA regulations, formaldehyde emissions in MDF products must be maximum of 0.11 ppm, and formaldehyde emissions in PB products must be a maximum of 0.09 ppm.<sup>3</sup>

Within our healthy and safe working environment approach, we use **pMDI (Polymeric Methylene Diisocyanate)** at the Pennsylvania MDF manufacturing site. pMDI is known as non-added formaldehyde resin. In Clarion, Kronospan is exempt from the Formaldehyde emission tests due to the type and the amount of resin used. At this stage, we only share the samples of our products with **CPA (Composite Panel Association)** to validate the outputs.

<sup>3</sup> [https://www.epa.gov/sites/default/files/2018-04/documents/small\\_entity\\_compliance\\_for\\_formaldehyde\\_standards-general\\_audience\\_4.20.2018.pdf](https://www.epa.gov/sites/default/files/2018-04/documents/small_entity_compliance_for_formaldehyde_standards-general_audience_4.20.2018.pdf)



## Emission Management

We believe that Kronospan is uniquely positioned to contribute to efforts to reduce greenhouse gas emissions. As the world's leading wood panel products producer, we feel a responsibility to lead the way in greenhouse gas emission reduction and achieve our long-term goal of sustainable development. We lead by example—we have set ambitious goals for 2023 and all of our projects are strongly affected by our environmental commitments. As part of our enduring commitment to environmental stewardship, basic human rights and a culture of integrity, transparency, and compliance, we have been working for years to reduce our greenhouse gas emissions. Meeting our targets requires considerable investment in new and upgraded technologies. To meet the challenges of the future, Kronospan continues to invest in the latest equipment and research and development.

Kronospan U.S.A. continues to make advances in reducing our carbon footprint as a part of our commitment to protecting natural resources and combating climate change. “Circular Economy and Responsible Resource Management” and “Emission Management” are among the material issues for our sustainable production cycle and are part of our corporate identity; the actions we take are an important part of our journey.

Our manufacturing facilities operate with the most advanced emission control systems available at the time of installation. We constantly look for ways to upgrade our systems to include the latest technology.

**ESP (Electrostatic Precipitator)**, an air pollution control system, is used to remove ash from burner exhaust streams in our facilities. They are highly effective at reducing particle pollution for industrial processes.

**Regenerative Thermal Oxidizers (RTOs)** are also used at our facilities. A Regenerative Thermal Oxidizers (RTOs) destroy Volatile Organic Compounds (VOCs), Hazardous Air Pollutants (HAPs) and Particulate Matter (PM). An RTO forces process exhaust fumes in one direction over a passive heat exchanger, sending a stream of clean (cooled) air through the exhaust stack and into the atmosphere. The airflow that occurs in the ESP at all production lines (PB & MDF) directly goes to the RTO, where it is further treated. Both the PB and MDF have a wet scrubber that controls the emissions before the air flows to their respective RTOs. All the plants have baghouses to capture dust and particulates, allowing us to control the particulates released into the atmosphere at our facilities.

The PB production plant includes **Wet ESP**, which uses water and electricity to remove particles from the air stream.

Additionally, cogeneration gas engines are used at the facilities and they have a **Selective Catalytic Reduction Unit Device (SCR)** that reduce NO<sub>x</sub> and VOC emissions.

In the chemical plant facility, **two Catalytic Oxidizers** control emissions treating the emissions being emitted from the formaldehyde production unit, resin reactors and material storage tanks.



At our Alabama facility we utilize a **Continuous Emissions Monitoring System (CEMS)** to measure NO<sub>x</sub> from our biomass burners. We also operate a **Continuous Opacity Monitoring System (COMS)** to measure the particulate in the exhaust stream.

We are transparent about our corporate carbon footprint arising out of our environmentally responsible production approach. We monitor annual emission amounts with our Environmental team and our management group in order to find new ways to improve our manufacturing processes and reduce our carbon footprint.



### Corporate Footprint

Our corporate footprint informs our stakeholders and drives our plan of action. The results of our corporate footprint are used to support decisions concerning our main corporate priorities such as sustainability strategy, employee engagement, supply chain management, R&D/new product development, reporting and communication.

Scope 1 emissions are direct emissions by the company from controlled resources. In other words, Scope 1 emissions are those emitted to the atmosphere due to the company's internal operations. In this context, our Scope 1 emissions include emissions arising out of natural gas for heating and the like, diesel fuel for operational vehicles, gasoline for company cars, and LPG consumption for boilers and operational vehicles.

**Determining the Scope 3 emission boundary by the end of the 2023 - 2024 fiscal year**

Scope 2 emissions include those indirectly generated after the consumption of energy purchased by the electricity supplier. Kronospan's Scope 2 emissions arise from production facilities and office electricity consumption.

At Kronospan Inc., we use the **EPA (Environmental Protection Agency)** as a guide to calculate Scope 1 and Scope 2 emissions.

Our corporate footprint value for 2021 - 2022 is calculated as **185,832 tCO<sub>2</sub> eq.**, and the total amount is reported annually to the EPA.

Our emission intensity was reported to be **0.14 tCO<sub>2</sub> /m<sup>3</sup>.**

We are proud to share that we will determine the Scope 3 emission boundary and calculate it by the end of 2023 - 2024 to measure our consolidated emission scopes accurately and clearly.

**Increasing the number of electric car stations by the end of 2022 - 2023, in PA**

Kronospan took many essential steps to reduce its carbon footprint. We aspire to continue to be the industry's leading company by making better choices in our sustainability journey to reduce our impact on nature. To that end, we are happy to share with all stakeholders that we will continue to maintain energy saving projects and look to expand our renewable energy resources into the future. The relevant details have been shared in the section **"We Produce by Adding Positive Value to the Environment"**.

Among our forward-looking objectives to increase energy saving through our facilities, we aim to increase the number of **electric car stations in Pennsylvania** and start our **new investment to install electric car stations in Alabama.**

**Installing electric car stations in 2022 - 2023, in AL**

Emission Class	2021 - 2022 Emission (tCO <sub>2</sub> eq.)
Scope 1	143,676
Scope 2	42,156
<b>Scope 1 + Scope 2</b>	<b>185,832</b>

**Installing CO<sub>2</sub> emission recording system in PA by the end of 2023 - 2024 fiscal year**

Carbon-negative production is becoming increasingly important in the forestry and building products industry. As it has been stated through all literature research, wood-based products' carbon absorbing ability is excellent. Kronospan takes important steps to improve the carbon absorption capacity through its product range and become successful in maintaining a negative footprint as a result of our respect for the environment.

Emission intensity:  
**0.14 tCO<sub>2</sub>/m<sup>3</sup>**



**Life Cycle Assessment (LCA)**

One of Kronospan's most important objectives is maintaining its carbon-negative production. This ensures Kronospan adds positive environmental value while growing our business. In this context, we are proud to share our life cycle analysis and the potential climate impact factors of our products transparently with our stakeholders.

We examined the environmental impact for our product range in Alabama Facilities for MDF and PB and in the Pennsylvania Facilities for MDF products, within the limits of the cradle to gate system taking an **ISO 14040/44 LCA** approach. Cradle-to-gate refers to the carbon impact of our products from the moment they are produced to the moment they enter the retail store, ready for the end user.

We assessed the supply of raw materials such as wood, methanol, melamine and urea, the transportation of these raw materials to the facility, and the production process. The production phase assessment calculated the electrical energy used in production and biomass use for heat. With Life Cycle Assessment (LCA), we aim to share the environmental impact of our products during **cradle-to-gate** transparently.

The LCA study is guided by **ISO 14040/44** standard. We used the **SimaPro EN 15804+A2 LCA** method, which complies with the construction materials

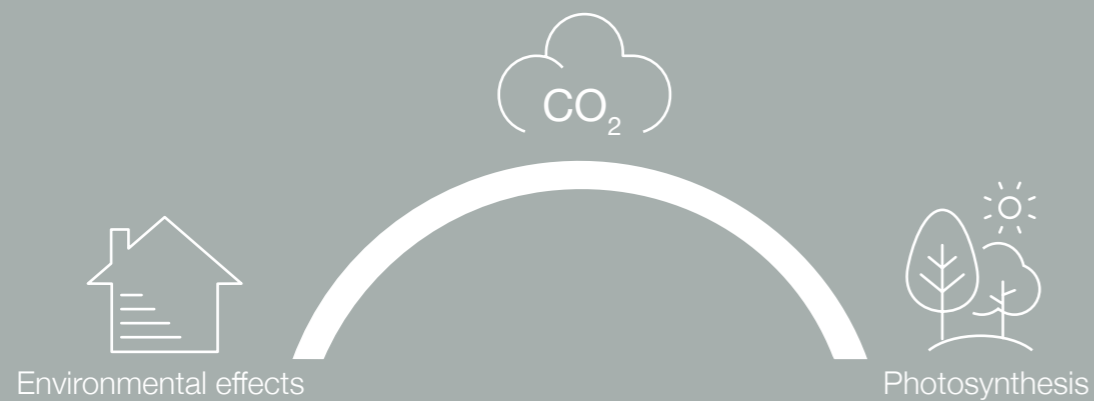
standard as the calculation method. The IPCC guidelines guide this method, and the global warming potential is presented as three fractions: biogenic, fossil, and land use.

The results of the studies suggest that our products have a negative impact in terms of global warming potential (GWP). Wood, the primary material for our production, is an integral part of long and efficient recycling, upcycling end products, and green energy. It is a popular construction material because it is carbon-negative and environment-friendly. We transform wood into recyclable products that extend the life cycle accordingly.

Research in the industry suggests that due to their nature and life cycle, trees absorb CO<sub>2</sub> to produce oxygen. Therefore, the carbon footprint or the GWP of wood-based materials produced using timber is accepted to be negative.

PB production is carried out with 60% of the raw materials from wood chips and 40% from sawdust and shavings, which indicates our focus on responsible resource management. With this process, we minimize the raw material need and confidently take steps toward reducing our corporate carbon footprint.

Details of the Life Cycle Assessment (LCA) results are available **in the Appendix 3**.



The graphic below illustrates the LCA results for two products in our product range. A1 represents raw materials, A2 represents the transportation of raw materials, and A3 represents production. The product life cycle assessment study determined that Kronospan U.S.A. is a carbon negative operation.

As suggested by LCA studies, our product range is determined to be CO<sub>2</sub>-neutral. We assessed the high wood content of our products in terms of life cycle and their contribution to fighting climate change. **One pallet of our wood-based product range absorbs approximately 1000 kg CO<sub>2</sub> / m<sup>3</sup>**. Considering their share in total production in 2021 - 2022, MDF and PB products have a total carbon footprint of **-1,344,265 tons CO<sub>2</sub> eq.**

*The given GWP values refer to the global warming potential effect of emissions that are released during the production stages of each product.*

**Alabama Results :**

**Pennsylvania Results :**

1 m<sup>3</sup> PB's GWP

1 m<sup>3</sup> MDF's GWP

1 m<sup>3</sup> MDF's GWP

**-1047 kg CO<sub>2</sub> eq**

**-910.9 kg CO<sub>2</sub> eq**

**-1135 kg CO<sub>2</sub> eq**

*The given values refer to the amount of biogenic climate change effect which indicates the amount of carbon absorbed by the materials in each product throughout its life cycle.*

**The benefits to our atmosphere:**



1 m<sup>3</sup> PB capture 1360.19 kg CO<sub>2</sub>



1 m<sup>3</sup> MDF capture 1572.24 kg CO<sub>2</sub>



1 m<sup>3</sup> Laminate capture 1947.50 kg CO<sub>2</sub>



We carry out our operations to travel around the world by plane emissions equal to **168,461 times** or circling the globe in a car **181,131 times**.

With our transparency and ever-strengthening operations, we will complete the LCA study for all our products by 2025.



Traveling around the world by plane  
**168,461**  
times



Circling the globe in a car  
**181,131**  
times

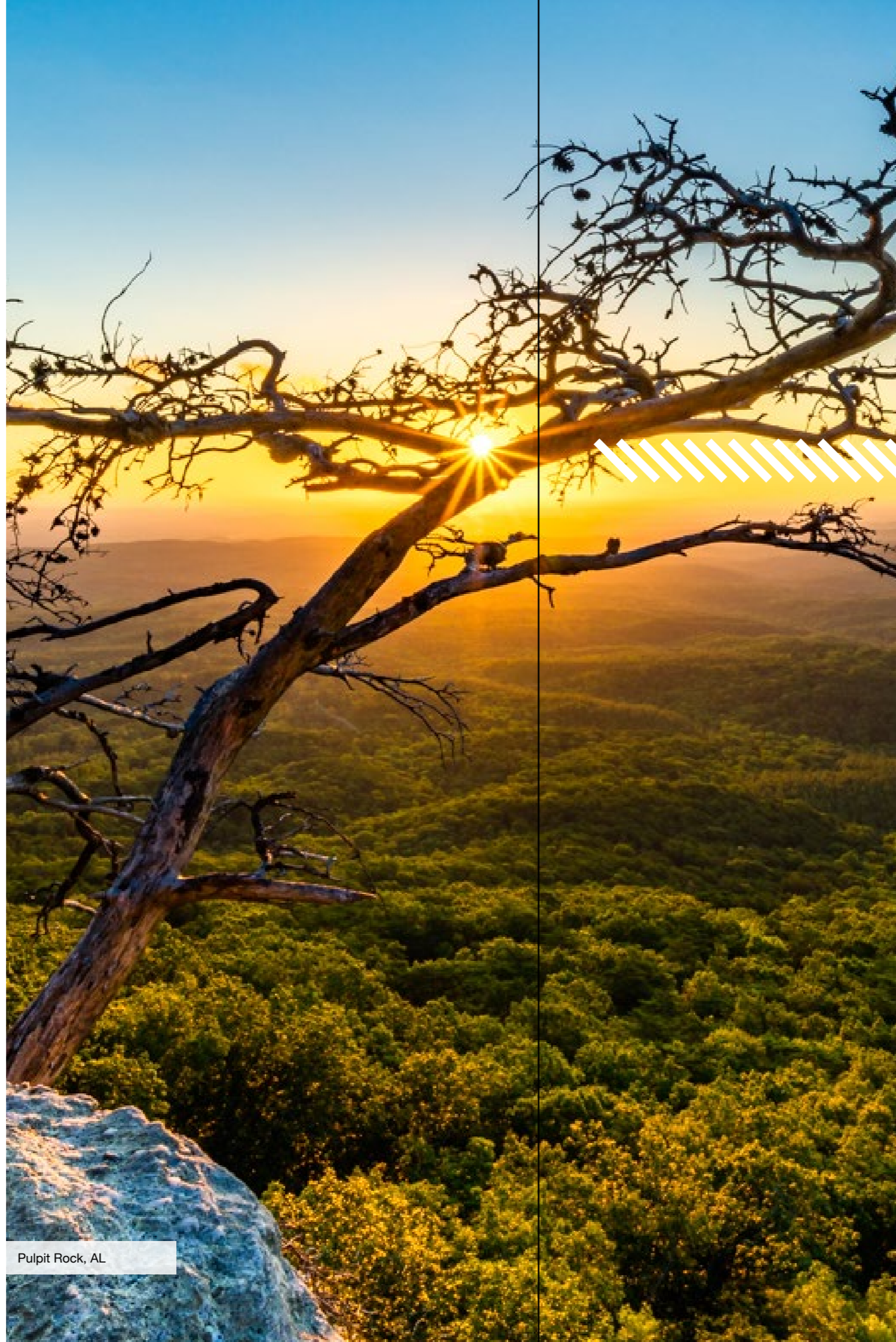


Carbon footprint linked to Global Warming Potential impact (GWP)  
**-1,344,265**  
ton CO<sub>2</sub>eq.



Complete LCA analysis by the end of 2025 for all products





Pulpit Rock, AL

*We Make  
Progress By  
Contributing  
To Our  
Stakeholders*



# We Make Progress By Contributing To Our Stakeholders



## We Care About Our People

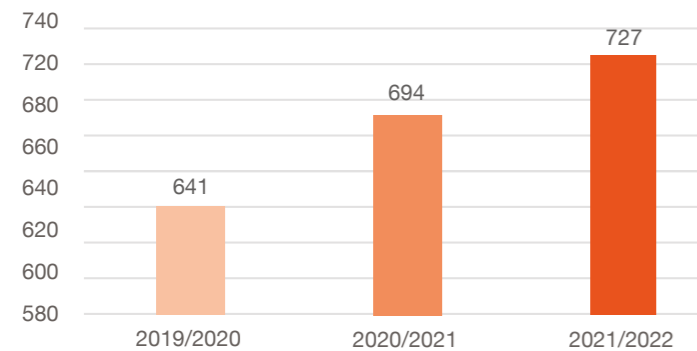
Throughout Kronospan's history, we have been a place of employment where ingenuity, creativity, teamwork and personal accountability are celebrated and rewarded. With a culture built on a common purpose, clear and consistent feedback and respect for all people, we create fair and equal opportunities for our associates' personal and career development and an atmosphere that encourages everyone to achieve their best.

We are proud of our social sustainability performance, including our stance on human rights, fair working practices, living conditions, health, safety, well-being, diversity, equality, community participation, philanthropy, and volunteerism. Our positive social impact is felt not only by our associates but also by our suppliers, customers and our surrounding communities.

We are proud of the gains we've made in 2022 and are excited by the opportunities to be even better in the coming years.

Kronospan employs **727** dedicated people at our North American sites, people who are knowledgeable and engaged in our growth and our success.

Total Number of Employees Per Year



Details about related performance indicators are provided in the section titled **"Social Performance Indicators"**.

The satisfaction and happiness of our employees at work are vital to Kronospan. To maintain transparent communication, we plan to conduct a **"Satisfaction Survey"** among our employees.

At Kronospan, to achieve and develop our objectives in our sustainability journey with our growing number of employees, the mission of our **Human Resources Department** is to **develop, implement, and maintain processes and strategies** that are beneficial to the long-term success of our company and our most vital resource, our associates.

In line with our HR strategy, our HR team guides all of our associates in promoting a workplace culture characterized by fair and equal treatment, open and transparent communication, taking individual responsibility, and respect and trust. We believe that the most important way to ensure the continued prosperity of our company, customers, and partners is to empower our associates to be their **"Best Selves"** by providing training, career development, and continuous feedback.

Kronospan's Human Resource strategic priority, now and in the future, is to foster a corporate culture that enhances the work experience and encourages the engagement of our associates while creating people initiatives in alignment with our overall business strategy. We aim to continue this journey by setting new goals with our sustainable values and strategy.



## Sustainability Material Issues





## Employee Training and Development

We provide a guide-light training program for our employees, who are the building blocks of our success. Investment in the development of our associates begins on the first day with our comprehensive onboarding process and continues throughout the life of each individual's career with Kronospan.

Kronospan maintains an integrated training center, **Krono Academy U.S.A.**, to provide our employees with opportunities to develop themselves and their careers. Training includes topics as diverse as mathematics tutoring for apprentices to training on hydraulics, pneumatics, and electronics.

Under the title of Krono Academy, we provide more than 100 different trainings which were designed by Kronovision, the internal training institution.



The training content aims to create a structure for our stakeholders' development in **leadership, social, ethical,** and **technical skills** and is in line with Kronospan's **"Your Career, Your Way"** approach. This motto exemplifies the many career paths available to each associate, regardless of when or where that path begins.

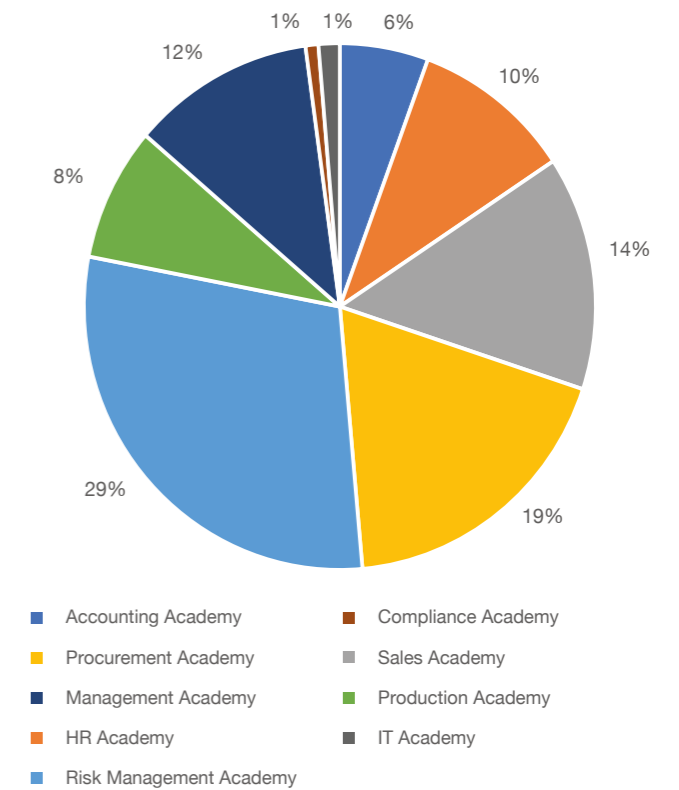
### Employee Training Journey

We care about our associates' development and create opportunities for our employees to help them develop personally and in their careers. To that end, we believe that the training provided should be prepared with strategic content in line with our employees' career objectives and expertise.



There are 10 academy programs offered in Krono Academy, delivered online and offline: HR, Sales, IT, Production, Procurement, Accounting, Risk Management, Internal Audit, Management, and Compliance.

2021 - 2022 Krono Academy Content Distribution



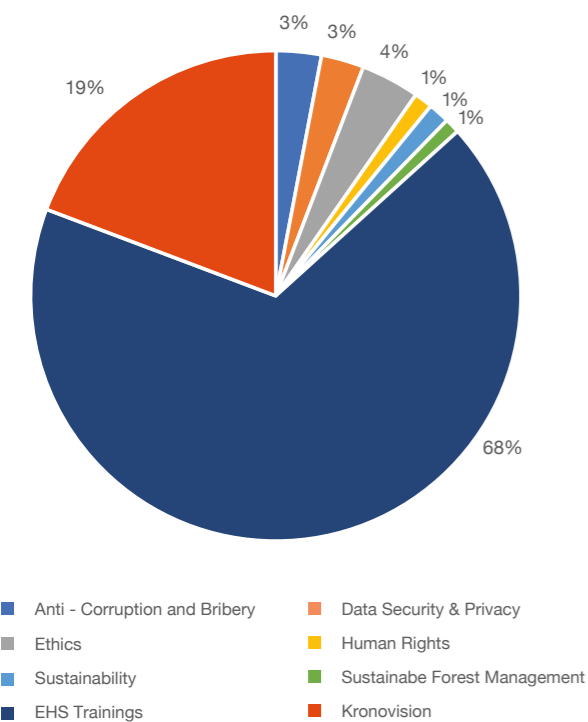
We use only sustainable resources to meet our people's needs and develop their capabilities by making the training content diverse and comprehensive, and we update the content each month.



In addition to training to help our employees in their development journeys, we are working with them on information security and privacy, a key issue of our time. To that end, we provide the “**Anti-Corruption and Bribery**” and “**Data Security & Privacy**” training to assist them in being vigilant against fraud always and everywhere.

Within the scope of our employee development program, we are proud to report that we provided **10,863** hours of training, including sustainable forest management, sustainability, ethics, data security and privacy, anti-corruption and bribery and EHS training in 2021 - 2022. We are committed to increasing our annual training hours per employee, currently at an average of **14.94** hours annually.

2021 - 2022 Training Hours Breakdown

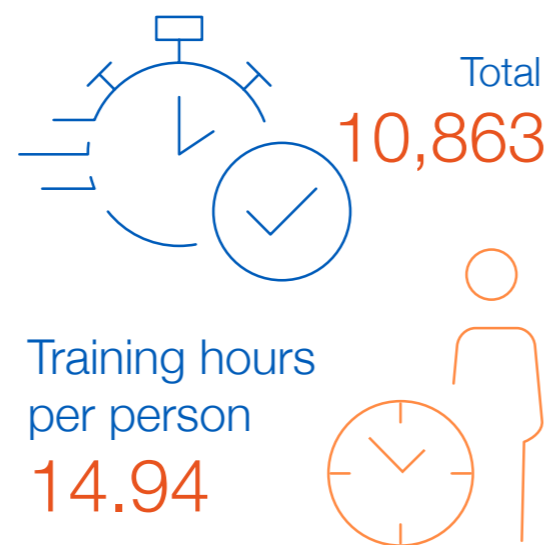


Details about related performance indicators are provided in the section titled “**Social Performance Indicators**”.

Another step in our sustainability journey is to seek out young talent, support their development, and strengthen their knowledge and ability through inclusion in our Leadership Training Program designed to develop the corporate leaders of the future. The program equips recent graduates with the skills necessary to make decisions and take strategic action based on hands-on and theoretical training. The program also enables participants to challenge the conventional definition of leadership through building upon their individual competencies and developing an effective style while being true to their particular character and sensibilities.

With separate paths for Operations and Commercial disciplines, the Kronospan **Leadership Training Program** offers participants valuable skills they will use throughout their careers. The Kronospan leadership team has developed dynamic, interactive curriculums for both Operations Leadership Trainees and Commercial Leadership trainees.

Our priority is to provide the tools, real-world experiences, and metrics needed to navigate the business world.



**Our Leadership Training Program delivers :**

- Dynamic and rigorous training content
- Experienced Managers / Mentors to lead and guide participants through the program
- Advanced projects
- Interaction with the highest levels of site leadership
- Personalized attention to the participant’s experience
- Our emphasis on hands-on interaction intensifies the learning experience, promotes the informal exchange of ideas, and fosters rewarding relationships that can last a lifetime.

We focus on career development for the new employee in our company from the first day. Each new associate starts with an intensive, week-long onboarding process to better prepare them for their new career journey. To guide them on their journey, they have a “**Passport**” that must be “**stamped**” in each area of training in which they participate, and the stamp is received at the end of their training.

Each year, as part of the annual budget process, funds are allocated for internal and external training based on a percentage of projected turnover.





Also, a handbook for the new associates, which contains organizational knowledge and information about the company is available. In addition, we also have training on safety, quality, environment, wood supply, metric system, and the expectation of Kronospan U.S.A. employees.

During the onboarding process, Kronospan provides training on various sustainability-related issues ranging from equal employment opportunities to Sustainable Forestry Standards. At the conclusion of each of the 10 learning sessions, new associates get to show their understanding of the topics by completing our **Knowledge Check**. Gaps in learning are addressed immediately through focused discussions.

Beginning in Fiscal Year 2023, we will begin using an online training platform, MAPS (Mobilizing Alabama Pathways), for short courses to prepare new associates for industry-specific careers. The curriculum is designed to be self-paced and virtually delivered, integrating industry-specific training with foundational work competencies. Upon the completion of the course, a student will earn a **MAP Certification**.

### Employee Development and Career Journey

We focus on creating qualified, happy employees who progress and grow with resolute steps. We aim to reach this profile by providing development and creating change opportunities for our associates. With this approach, we focus on creating an employee who embraces team spirit, is highly motivated, is focused on the client, and is open to change and development. We are carrying out several projects to accompany our employees in their career journeys and carry them to the next steps.

In some instances, the best person for a job is already here at Kronospan and, because of this, we encourage promotions from within. As a result, Kronospan maintains a robust job post and bid system with the goal of ensuring all associates are aware of and have the opportunity to express interest in vacant positions as well as to provide managers with qualified internal candidates. Our goal is to fill a minimum of 80% of job openings with internal candidates. Any eligible associate who meets the minimum qualifications listed on the job posting may submit an interest form.

In reviewing internal candidates, strong consideration will be given to work experience, job training, past performance, attendance, demonstrated ability and skills, and length of service. In certain instances, recruitment to fill a vacancy may occur internally and externally at the same time. Positions will not be filled until the internal job posting process is completed.

### Performance Evaluation

At Kronospan, we are aware of our responsibilities to our clients, external stakeholders, and employees. To that end, the most important step we take is to support the development of our people and provide the work environment necessary for them to realize their potential.

At Kronospan, we work tirelessly to ensure that our employees are successful in their careers. We have experienced that an introductory period can be beneficial in achieving this.

For every new Kronospan associate, the first **90 days of regular full-time employment** is an introductory period during which both they and the company can evaluate each other.





During this time, associates can demonstrate their performance and learn about their job, the company, the working environment, and the Kronospan team. We use this period to evaluate a new associate’s capabilities, work habits, and overall performance. Associates **receive performance reviews at or around 25 and 80 day anniversaries as well as annually.**

In addition, associates receive actionable feedback in the form of annual evaluations. These evaluations are designed to inform associates how their performance compares to company goals and standards. They are an important tool for helping them improve in areas where they might be deficient. It is an excellent tool for communicating good performance as well.

**Annual Performance Evaluations** are conducted, in person, at a specified time at the end of each year. Business unit managers work closely with **HR** to ensure evaluations are conducted in a fair and consistent manner. The process is closely monitored by our managers and the **Board of Directors.**

The rules, policies, and procedures of Kronospan have been developed so that each associate will be treated fairly, equally, and consistently. Associates must perform their work and abide by the policies, procedures, and established expectations.

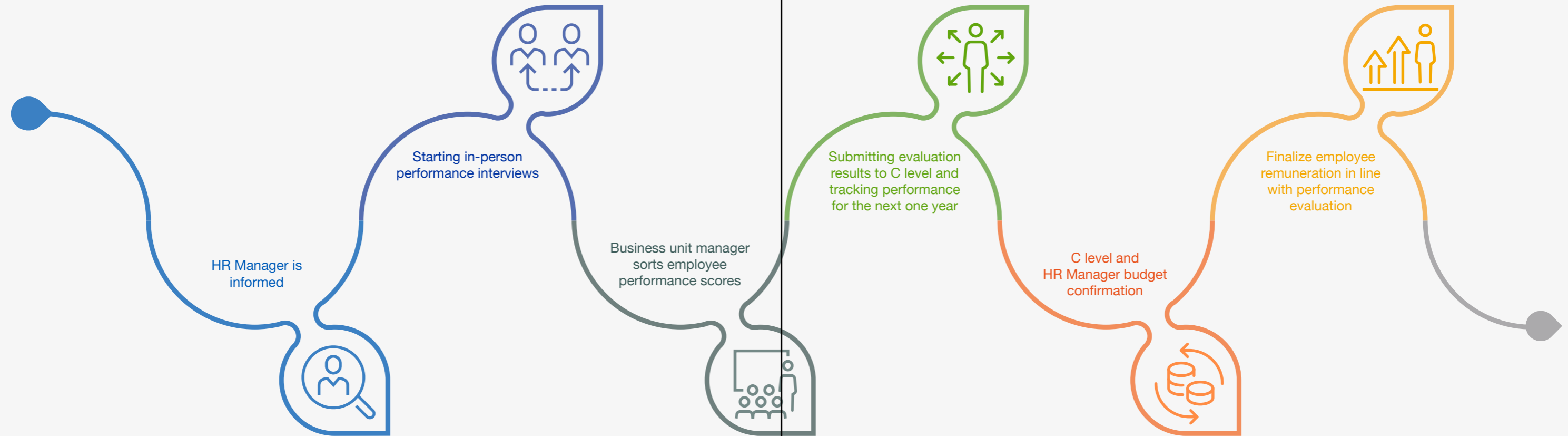
On-the-job conduct and performance are major factors affecting the morale, efficiency, and productivity of Kronospan. Corrective action becomes necessary when conduct is inconsistent with the company policies, expectations, operating instructions or other established work rules. Our policy is to administer corrective **action in a fair, firm, impartial, and non-discriminatory manner.**

Kronospan is introducing an **Incentive Program** to be implemented throughout our U.S.A. companies to recognize work related to the financial performance of our U.S.A. operations. Targets are based on the combined financial performance of the companies operating in the U.S.A..

The consolidated financial performance was chosen to encourage collaboration and cooperation between our U.S.A. operations.

In addition, there are certain safety and attendance **“circuit breakers”** that, if tripped, will prevent the awarding of an incentive payout for the offending company. The circuit breakers were selected to heighten awareness of the importance of caring for our teammates and the importance of supporting our teammates by being present.

### Performance Evaluation Steps







### HighPotential

Kronospan maintains a robust **High Potential (HiPo)** program. Associates are selected for the HiPo program because they have the potential to be among our organization's greatest assets but making the best of this opportunity requires new knowledge and skills. The HiPo program provides associates with both, building their leadership strengths and preparing them for greater challenges. In this highly personalized program, HiPo's work closely with Kronospan leadership and other high potentials from various sites in a dynamic, interactive environment.

Through external training as well as internal training provided by local leaders and expert internal instructors from around the world, the HiPo program will prepare participants to make an immediate impact on our business.

### For talented recruitment programs ;

**Project 1:** In 2022, Kronospan introduced its **Forklift Certification Program** for area high school students. A one-of-a-kind program in the state of Alabama, the Forklift Certification program offered local students an opportunity to learn how to operate a forklift but, more importantly, gave them insight into careers in manufacturing.

In addition to the training, an in-depth tour of our site was provided. 42 students participated in the program.

Our **"Next-Gen Manufacturing Certification"** program will be open to students from local city and county school systems.



To be introduced in 2023, this program will be expanded to include theoretical and hands-on training and training on workplace behavior and teamwork.

**Project 2: The Federation for Advanced Manufacturing Education, or FAME,** is a national apprenticeship program. Locally, FAME is a partnership between Gadsden State Community College and the manufacturers in Northeast Alabama. The program leads to an Associate of

Science degree in Industrial Automation Technology after five semesters of instruction. Students also learn highly sought-after business principles and best practices in the manufacturing industry. Kronospan is the most active industry partner in the local FAME program, with twelve (12) students participating in our program.



Our target for the 2023 program is to add an additional 8 students with a minimum of 4 minority or female participants.



## Equality of Opportunity and Diversity

Kronospan is an Equal Opportunity Employer.

Employment decisions are based on merit, qualifications, and abilities to provide equal employment and advancement opportunities to all individuals. Kronospan and its management team require employment actions that ensure no discrimination against any associate or applicant for employment based on race, color, religion, creed, sex, national origin, age, ancestry, disability, military status, or any other characteristic protected by law. Every member of management is expected to promote the company's non-discrimination policy and equal employment opportunity within their assigned areas of responsibility.

We seek to add diversity, in its many forms, to our company through our hiring practices. Over **20 different nationalities** are represented at our U.S.A. sites. Bringing together people from such a wide variety of cultures strengthens us due to different experiences, perspectives, and ideas.

Any associate who believes they have been subjected to discrimination is encouraged to contact their Supervisor or the Human Resource Department immediately. If due to extenuating circumstances, it is not possible to contact the Supervisor or Human Resources Representative, the associate may report the matter to any other Supervisor or Manager. The associates in these positions are aware of the potential seriousness of these situations and will maintain the highest levels of confidence.



We are aware of our leading position in the forestry and building products industry. However, we believe that focusing on continuous development and evaluating our decisions and policies using diverse perspectives are the basis for equality of opportunity. We are aware of the importance of recruiting women, and our human resources directorate closely monitors the recruitment. We recognize that the forestry and building products industry can improve its employment of women and Kronospan wants to be a leader in promoting this effort.

At our sites in the U.S.A., we have a number of women in key leadership positions, and the total ratio of women to men in our **Sales, Accounting, HR, Purchasing, Customer Service, Marketing, and Production Planning departments is 1.75 to 1.**

While we can't ignore that women, in general, are underrepresented in the manufacturing world, we believe in the ability of the individual, regardless of gender, to perform to their capability and we base our job awards on this.

We intentionally recruit women for careers in manufacturing and are proud of our commitment to the "trailblazers" who are open to the opportunities available in manufacturing.


In addition, due to our high capacity of operational activities the total number of blue-collar employees is higher than the total number of white-collar employees.

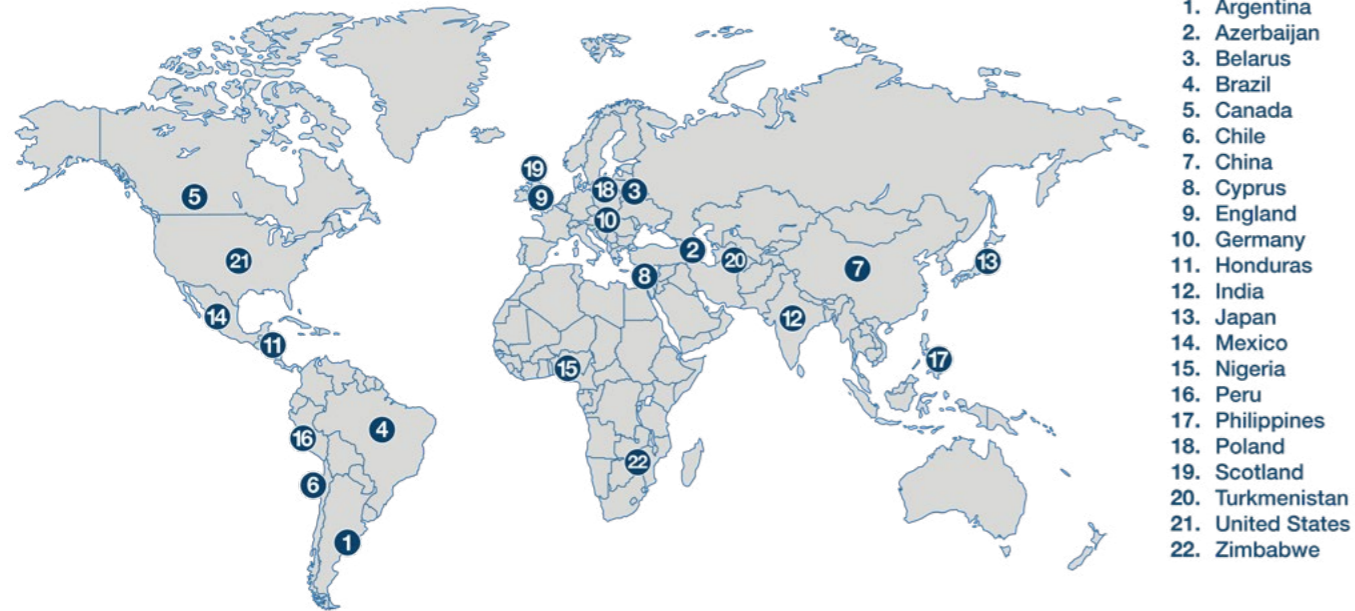


**Increasing the rate of women employees at all locations from 13.5% to 15.0% in the 2022 - 2023 fiscal year**

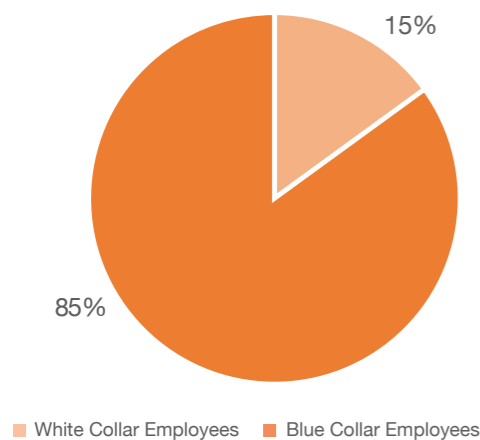


## Kronospan USA Associate Countries of Origin

 **20**  
Different Nationalities



White and Blue Collar Employees 2021 - 2022



At Kronospan, we know that while the forestry and building products industry has made advancements in employing women, it is still behind other industries in terms of development on this issue, and we are taking steps to improve this situation.



**Developing pre-job technical training for women employees to take part in the production lines**

## Equal Pay for Equal Work

Kronospan is the most preferred workplace in the industry because its remuneration strategy is sensitive to the market and aims to improve the living standards of the employees.

Our salary approach is based on a fair foundation: **“Equal pay for equal work”**.

We understand that in order to promote fairness, associates must be compensated equitably based solely on their performance.

In addition, Kronospan supports the principle of equality of opportunity for all its associates. We recognize the importance of and are committed to providing fair, objective, and transparent promotion and pay systems free from gender bias.

The employee remuneration, defined by our HR department, is structured to consider performance evaluations and up-to-date inflation rates in the U.S.A..

The remuneration decision process starts with individual managers and continues with the confirmation of the CFO. The HR Director reviews all salary proposals until the submission. Kronospan aims to provide a competitive wage consistent with the performance and competitive position of the company.

The ability of Kronospan to maintain this level of pay requires the full cooperation, effort, and quality workmanship of all its associates, as well as the company’s economic success.

In addition to base pay, our associates participate in a robust incentive program where they receive bonus payments when the company and individual targets are met.

Kronospan associates also enjoy a competitive benefits package, including medical, dental, and vision insurance; company-paid life and short and long-term disability insurance; supplemental life, accident, and critical illness insurance; 401(k) retirement plan with company match; paid holidays and vacation, and an employee assistance program.

At Kronospan, we understand that sometimes life intervenes in unexpected ways. That’s why we offer our associates job security when facing adversity through various types of leaves ranging from paid bereavement, military, personal emergency, and others.

The duration of the parental leave or placement of a child for adoption is 12 weeks. Additionally, for mothers and fathers, we have company-paid short-term disability insurance that covers maternity leave.



**Increasing the number of women employees in production areas**



## Social Contributions

At Kronospan, we are fully aware that we are not only a business but a member of society as a whole and we are serious about our duties as a corporate citizen. We support the development of both local communities and the global community.

With the **Kronospan Foundation**, established in 2011, Kronospan, operating in the forestry and building products industry around the world, develops cooperative efforts focused on incentivizing social and sustainable development. In this context, our company actively serves all our stakeholders by contributing to social, economic, and cultural development projects. We protect our planet and our environment, the building blocks of a healthy society, and we provide necessary training and development opportunities for future generations.

We are excited to share with our stakeholders the Kronospan Foundation projects that we perform globally at



<https://kronospanfoundation.org>

*We are proud to share our efforts with our stakeholders;*



1. Kronospan gives back to the community in the form of donations promoting healthy, outdoor living, reading initiatives, school athletics programs, women’s and children’s shelters, scholarship funds, homeless shelters, and children’s healthcare among others.

Kronospan also works with local city governments to provide needed equipment to first responders including police and fire departments.

In 2022, Kronospan resumed its charity golf tournament to benefit Children’s Hospital of Alabama’s Intervention & Prevention Services Center known as CHIPS.

Kronospan is planning to invest over **\$60,000** to benefit **Children’s Hospital Intervention & Prevention Services (CHIPS Center)** which promotes health and healing for those affected by suspected child abuse and neglect.



2. Kronospan places special emphasis on promoting children’s issues including health, education, athletics, and outdoor activities.

Sponsorships include **Northeast Alabama Biking Association, Children’s Hospital, The Learning Tree, local High School** athletics, and many more.

3. Kronospan encourages our associates to be involved in local organizations who give back to the community. Our associates are **coaches, tutors, mentors, animal shelter volunteers, volunteer firefighters, foster parents**, and members of local and national philanthropic organizations.



4. Kronospan is a long-time participant in East Alabama Works’ **“Worlds of Work”** expo.

Serving over **8,000** students from **7 different areas in East Alabama**, Kronospan associates volunteer to present career options with our company during the 3 day event. From interactive games to hands-on flooring installation simulations, students are exposed to the many career opportunities available at Kronospan.

Educators are also able to learn how classroom activities translate into real-world job duties in a manufacturing environment.



*We are proud to share our efforts with our stakeholders.;*



5. Through the **Kronospan Foundation**, we are involved in **Project Grow**, a global afforestation initiative with the goal of planting **1 million trees** worldwide. Working with local schools and environmental groups, we envision a balanced ecosystem that enriches our communities' quality of life while teaching young people the importance of caring for the environment.

On January 28, 2022, Kronospan kicked off its **Project Grow Program** with a tree planting event at Munford Elementary School in Munford, Alabama.

With over 165 4th Graders and High School Seniors plus 40 volunteers from Kronospan and the **Talladega National Forest**, **1,500 pine seedlings** were planted.

In 2022, Kronospan also partnered with the **Longleaf Alliance** to plant **25,000 longleaf pine** seedlings.

Kronospan encourages volunteerism in relation to our many community involvement projects. As such, hours spent on these projects are compensable for our associates.

6. Freedom of the press is a key tenet of a democratic society. Regardless of whether we always agree, Kronospan supports free and unbiased journalism in areas in which we operate. Kronospan supports local print media through the **"Newspapers in Education"** program which provides free newspapers to local high school libraries each week. For the 2022-23 school year, Kronospan's support of the newspaper program reached more than **400 students**.



7. Kronospan has a relationship with all **20 local public high schools** in areas in which we have operations. We understand that today's students are tomorrow's associates, so we spend a great deal of time visiting schools to promote our strong commitment to education and to provide information on our company to those interested in going to work immediately upon graduation.

From our Project Grow initiative to sponsorship of reading programs in local elementary schools, we emphasize the importance of learning in all its forms. In 2022, through a combination of classroom meetings, career fairs, tours, and sponsored training, we reached over **2,000** junior and senior level high school students. Kronospan also works closely with our local community colleges and four year universities by both purchasing equipment to aid in technical classes and by participating in career fairs. In 2021 and 2022, Kronospan hosted externships for **4 local teachers** so that they can learn more about our industry and how to incorporate manufacturing concepts into their curriculum.

We plan to expand the externship to **6 teachers** in the summer of 2023. Kronospan also proudly hosts site tours for local educators; in 2022, over **200 educators** toured our Alabama and Pennsylvania sites.

8. In collaboration with our local Chamber of Commerce, Kronospan offers our associates a **20% discount on tuition at Jacksonville State University**.

**Kronospan Inc. Charitable Contributions:  
FY22 Actual: \$ 44,525 USD**

In 2023, Kronospan plans to offer scholarships to 2 deserving high school students in the areas in which we operate, who plan on attending one of our local community colleges to major in a technical field.

Within the framework of our social projects, we are proud to share with our stakeholders about our actual budget which is almost **45,000 US Dollar** and our next year budget will be in the same amount. In the light of **"Local Development and Creation of Value"** material issue, we are ready to plan and contribute further social projects and donations.





## Cooperations

In cooperation with all stakeholders (particularly local colleges and universities, local city governments and economic development counsels, and county Chambers of Commerce) we will continue to identify and contribute to the development of the communities in which we operate, we will proceed to create a social impact and awareness. Since the **Local Development and Creation of Value** is one of our material topics, we are ready to continue contributing to local development and creation of social trust within our community.

We understand that involvement with our local communities builds trust by sending a strong message that we take our corporate citizenship very seriously. We know that sustaining a healthy, viable community ensures long-term prosperity for all and that when we practice a policy of community involvement, we create better conditions for all stakeholders. We are proud of our partnerships within our local communities; these partnerships enrich the lives of our employees and reinforces our corporate values and we look forward to building upon those partnerships in the future.

In cooperation with **Penn West University**, also known as **Clarion University**:

- We provide training through an **internship program** for university students. The first internship program began with international students who are studying finance. Kronospan provides technical training and work experience in the finance department at our Pennsylvania location.
- At our Pennsylvania location, we will be kicking off our first pre-apprenticeship and apprenticeship program in the spring of 2023.
- Kronospan is planning to become a partner with 6 local high schools and select a maximum of 5 students to begin the pre-apprenticeship program in mechatronics. The students will have on the job training and will be eligible for an apprenticeship program beginning in the summer of 2023 where the on the job training will continue as well as classroom activities.

## Account Management

We are committed to providing sustainable value for our customers through the creation of long-term partnerships built on trust and integrity.

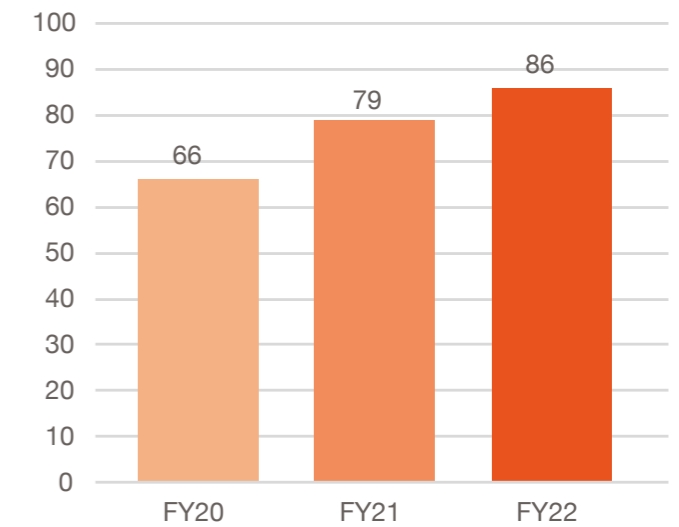
Our customers are at the forefront of everything we do from improvements in quality and efficiency to technological advances in equipment. Our dedicated team of **Sales Managers, Sales Representatives, and Customer Service Representatives** understand that customer care and satisfaction is critical to our success, and they prioritize providing timely feedback anytime a question or concern arises. To further enhance the partnerships with our customers, our Director of Sales for North America and our CEO routinely visit our key customers to get a better understanding of their needs and their strategic plans.

In total, over **700 customer contacts** were made in 2022 and our goal for 2023 is to increase that number by **15 percent**.

In addition to the one-on-one relationships our sales team has with our customers, we utilize an on-line service to further connect us to our customers by providing us with consumer reviews, questions, and comments to which we quickly respond, usually within 1 business day. Considering our industry dominance, we always feel the pride and responsibility of being the preferred company and brand of clients. We guarantee timely delivery and willingness to receive feedback, and we strive to remain the first choice of our clients.

We maintained our **“service in close contact”** approach towards more than **700 clients in 2021 - 2022**, and we made periodic visits, as we always have.

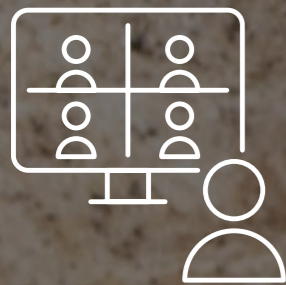
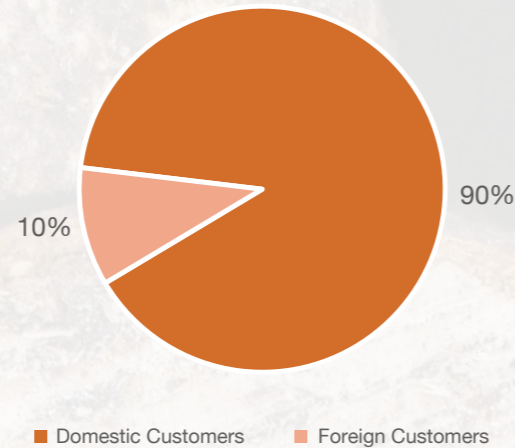
Number of Customers Distribution



**Increasing our customer number by 15% in 2023**



Local and Foreign Client Distribution 2021 - 2022



With “**service in close contact**” approach, we contacted **700 clients** and made periodic visits in 2021 - 2022.



Diversifying the range of our customers



Keeping the customer satisfaction always at the highest level

As “**Customer Satisfaction**” is our material issue, we are ready to take action as soon as we receive feedback from our customers. Their concerns can be communicated directly to our Sales Representatives via telephone or email.

We maintain continuous and effective communication with our **big box retail customers** through their **on-line portals**, enabling us to quickly address any matter that may arise.

We utilize **BazaarVoice**, an online provider that connects us with the end user whether it’s a flooring contractor or first-time installer of our product in their home. Via this online platform, our **CSR team** reaches out to the customers with detailed product instructions including pictures of the product, samples, or additional requests. In order to track customer concerns more efficiently, all information from each customer is entered into our integrated **ERP system, K-Soft+**. A claim number is also given to all customers that enable them to track the status of their request, and within **5 business days**, a solution is provided by the Kronospan team.

At Kronospan, our customers are able to connect directly to our **Customer Service team via CISCO**, which allows us to maximize service quality by quickly responding to customer inquiries.



Our dedicated email address, **clorders@kronospanusa.com**, allows interaction with customers at any time.

We value our customers’ feedback and it is that feedback and two way communication that allows us to develop the product innovations that make us the world’s leading panel manufacturer.



Launching a “**Customer Satisfaction Survey**” in 2022 - 2023 fiscal year

Providing an excellent **Customer Experience** is critical to our success; our well-trained staff of Customer Service professionals views this as a top priority whether the customer is a casual DIYer or a large scale account. To supplement our one-to-one service experience, we offer a number of apps and on-line opportunities that allow customers to experience the full range of Kronospan products.



The **KronoOriginal App** was developed exclusively to display our different flooring options to customers.



<https://www.krono-original.com/en-us>

Our melamine faced panels (or TFL) are displayed in the **Kronodesign app**, which is user friendly and allows our clients to explore different decor options that best meets their needs.



[https://kronospan.com/en\\_EN/decors/by\\_collection/kronodesign](https://kronospan.com/en_EN/decors/by_collection/kronodesign)

As a commitment to our customers, during Fiscal Year 2022, we introduced the **Kronospan Express** program. Kronospan Express consists of 160 in-stock TFL designs in a standard size of 5’ x 8’ and ¾ inch thickness, ready for next day shipment. By delivering the **best package, product, and service in the industry**, we assure our customers of an exceptional customer experience.





In the second quarter of FY 2023, **Krono-Shop** will be available in North America. Navigating this website, our customers will have direct access to all our product offerings as well as samples, technical information, and product imagery.

Additionally, we will utilize **BIM (Business Information Modeling)** resources for full color rendering in 3D. This will allow our Architect and Design consumers to obtain a very realistic image of our products in a room scene. The A&D community will also be an integral part of our strategic focus and expansion plans.

Our goal in the **next three years** is to engage A&D professionals through design centers spread across the nation. Publication of specifications in Masterspec format is also included to showcase Krono design decors in Krono-Shop.



**Accessibility** is key to providing best in class customer service.

### Supply Chain

Kronospan is the world's largest manufacturer of wood - based panel products. Being the world leader in the sector, we always strive to have a good governance structure that creates a sustainable supply chain system.



**Bill Deter**  
UGI Energy Services



Since its construction back in the mid-1990's, I have been involved in the energy procurement process of the of the now Kronospan (aka Clarion Boards) facility located in Clarion, Pennsylvania.

With its close proximity to two of Pennsylvania's pristine natural resources, Cook Forest State Park and the Clarion River, Kronospan has gone to great lengths to protect these resources and the environment by its investment in state-of-the-art, energy efficient recycling, emission abatement, and operational equipment. Not only has this investment protected the environment, in my opinion, it has resulted in significant energy consumption efficiencies at Clarion.

The Clarion facility is also utilizing combined heat and power (CHP) units to generate green electricity. Other than the important environmental benefits of green energy, the utilization of CHP units lessens the stress on existing electricity distribution infrastructure and helps reduce grid congestion in times of high demand.

In summation, by its investment, approach, and forward vision, it is very apparent to me that Kronospan Clarion is committed to protecting the environment and doing its part to conserve energy.





Therefore, we always seek to manage:

1. Environmental practices and their impacts on living and non-living natural systems, including ecosystems, natural resources. In this framework, we expect all our suppliers to be in compliance with the applicable environmental laws, regulations and standards and maintain adequate environmental management standards.

2. Social practices as they affect employees, customers and communities, including labor practices, human rights, health, education, livelihood, and empowerment. Kronospan expects its suppliers to behave fairly and with integrity. All suppliers have to comply with competition laws, not to tolerate corruption and not to participate in money laundering activities. Moreover, we expect them to apply applicable labor rights to their employees.

Kronospan looks forward that no child labor, discrimination or forced labor is allowed. Contemplates its suppliers to comply with applicable laws in terms of working hours and remuneration of their employees. Employees' health and safety have more importance for us therefore we await from our suppliers to comply with applicable laws on health and safety at work and maintain an adequate health and safety management system.

3. Economic practices that impact the economic conditions of the company's stakeholders and the economic systems at local, national, and global levels. Ethical practices are being considered as they relate to applicable laws, regulations, and moral systems.

All those policies and management systems are required to have great resilience in our supply chain management and mitigate the certain risks that may arise. Kronospan Supplier Code of Conduct draws a framework and highlights what we expect from our suppliers. By drawing our red lines with our Code of Conduct, we contemplate having sustainable supply chain management practices to mitigate reputational risk, reduce cost, improve quality and continuity of the supply, increase our revenues and lastly innovate products and services.



<https://www.kronospan-worldwide.com/organisation/kronospans-principles/compliance/codeofconduct-suppliers/>



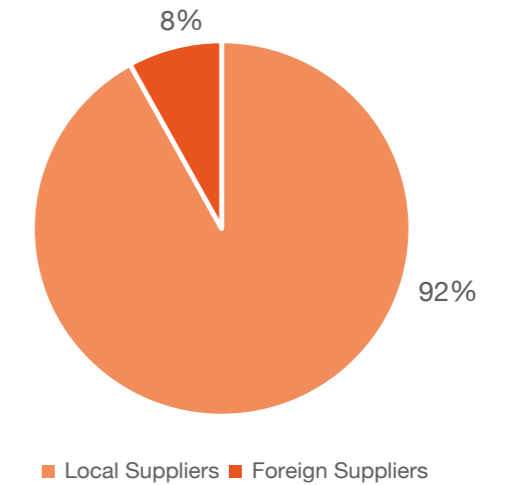
To extend our sustainability strategy through our supply chain, we not only plan all our activities, but also aim to support local suppliers and local development while managing business partnerships and procurement for the supply chain.

When it comes to deciding which suppliers we will work with, we have adopted certain criteria.

Suppliers are selected based on multiple characteristics and as a producer, we focus on a mix of quality, use of resources, relevance for purpose, timeliness, and convenience. We require our service providers to have workers that are trained for specific jobs: environmental training safety training.

As Kronospan, we have a rigorous supplier selection system, so we determine the number of our suppliers and make our choices accordingly. Kronospan has more than 1500 approved suppliers and 90% of them consist of local suppliers. We have added 257 new suppliers into our supplier list in the 2021-2022 financial period and hope to increase as long as our production capacity continues to grow.

Local and Foreign Supplier Distribution 2021- 2022



We also want to ensure that our suppliers meet the required standards therefore we implement audit and control systems. Our supplier audit check list is to confirm certifications and training of the supplier, whether the supplier received any regulatory violations or not, the supplier does not cause or create any threat to the environment and follows forest management activities. Regarding our audit and control systems, we invest in the right supplier, and we have never had to compromise on our quality.



## Occupational Health and Safety

Kronospan is aware that our most important responsibility is to help our people and adopt occupational health and safety measures. The health of our employees is the key component of our growth and productivity strategy. Therefore, a “Healthy and Safe Work Environment” comes as the first material topic of our stakeholder survey results.

Promoting safety at the workplace is a good and pivotal act of business. **No job is so critical, nor the need for a product so urgent, that we cannot work in a safe manner.** A sound safety program is as important to our business as production, quality and

cost control. Like all other aspects of our operations, safety is viewed as a strategic business element subject to continuous improvement.

In terms of setting our standards at the highest level, each production unit participates in Kronospan’s risk management procedures, which include safety, health, and environmental practices. Kronospan employs a team of **Environmental, Health and Safety professionals** who report to the Director of Human Resources.

Kronospan is committed to the safety and health of our associates and takes appropriate measures to assure our facilities follow the **Occupational Safety and Health Act of 1970**. Our philosophy is to prevent all accidents and personal injuries from happening.

The Company will continually dedicate resources to minimize hazards that could place our associates, contractors, visitors, vendors and operating resources at risk.

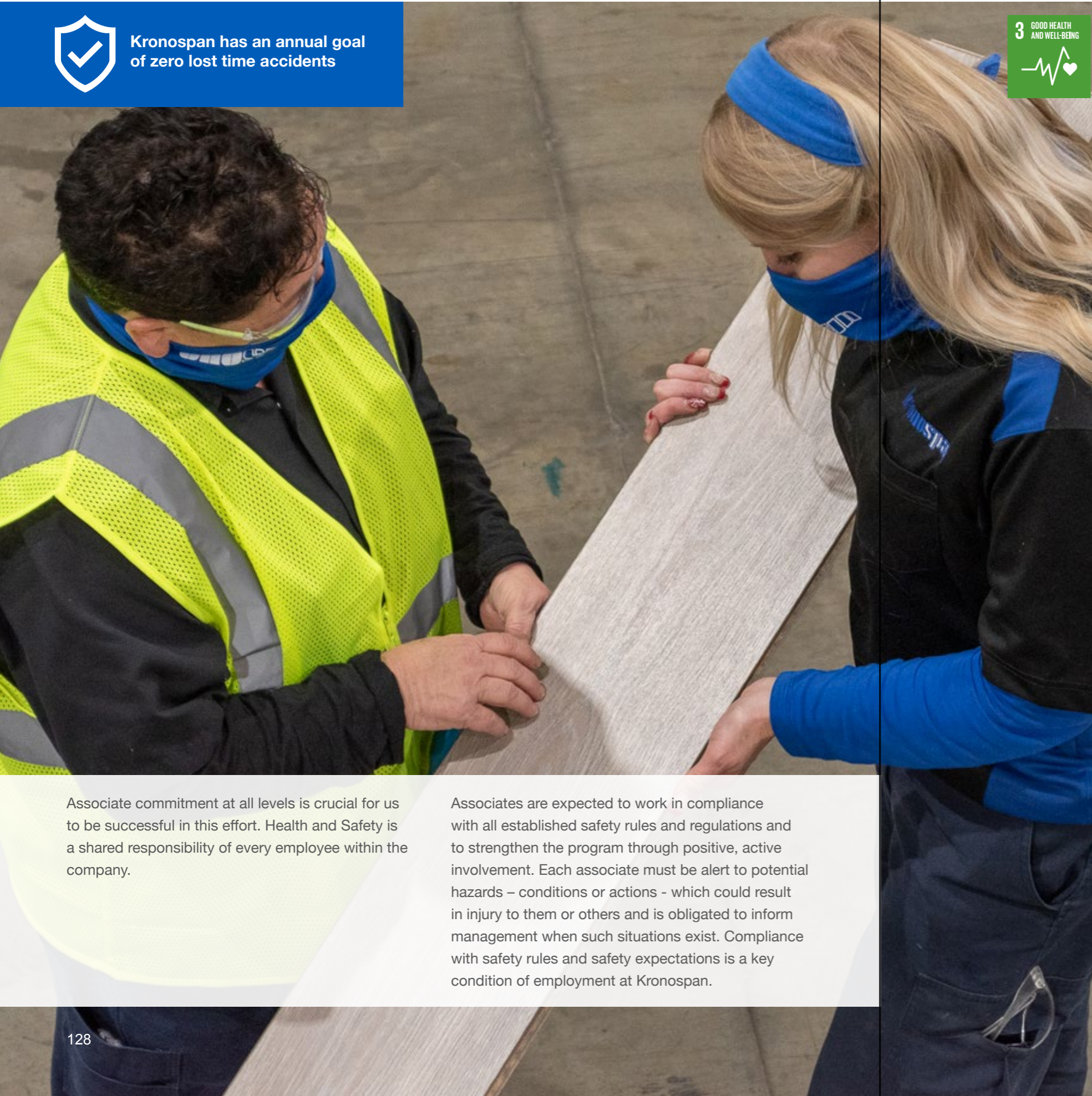
Kronospan has established safety and health programs to prevent injuries and illnesses due to potential hazards that exist in our workplace. Regarding our program and continuous commitment, there is no recorded occupational disease in 2021 - 2022 and the annual rate has just dropped significantly. Thus, we are delighted to share, since 2019 there have been no recorded work-related mortality cases within our all facilities.

For further details, please see the section “Social Performance Indicators” in **“Appendix 1.”**





Kronospan has an annual goal of zero lost time accidents

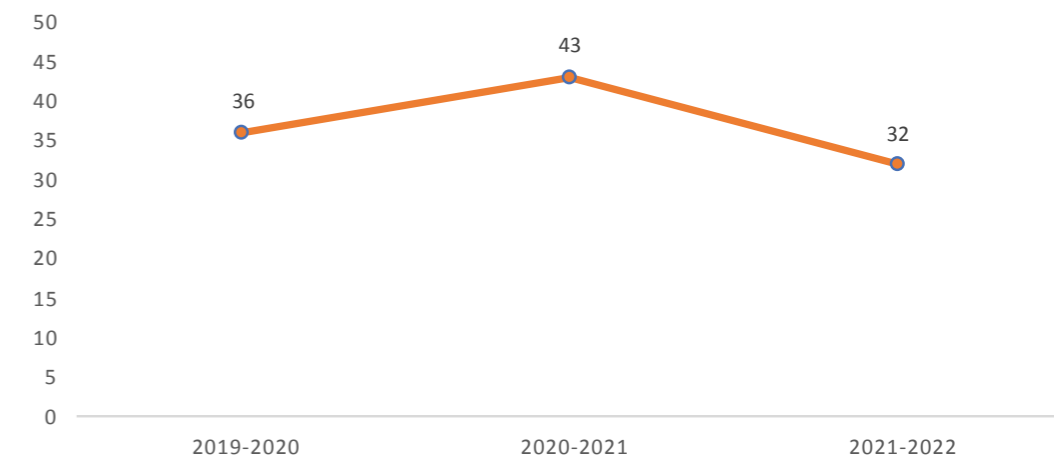


Associate commitment at all levels is crucial for us to be successful in this effort. Health and Safety is a shared responsibility of every employee within the company.

Associates are expected to work in compliance with all established safety rules and regulations and to strengthen the program through positive, active involvement. Each associate must be alert to potential hazards – conditions or actions - which could result in injury to them or others and is obligated to inform management when such situations exist. Compliance with safety rules and safety expectations is a key condition of employment at Kronospan.

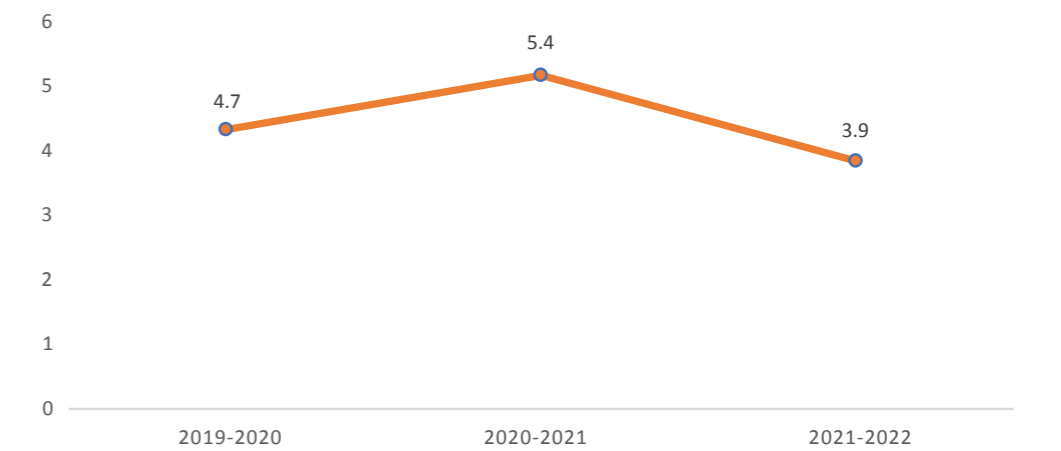
While this is a lofty target, we feel anything less than a full commitment to the safety of our employees is unacceptable. Number of accidents has declined since 2019, in 2021-2022 there were only 32 occupational accidents. At the same time, incident frequency rate has dropped in 2021 - 2022 to 3.9.

Number of Occupational Accidents



In order to reach the “zero lost time accident” target and keep our employees safe and alert for potential hazards, further EHS training is provided.

Incident Frequency Rate (IR)







In light of our top priority, a Healthy and Safe Work Environment, we provide safety training that enables our employees to work in a safe environment on an online platform called Velocities.

In 2021, we provided **7,327 hours** of EHS training to our employees, **10.08 hours** per employee

As part of our **Safety and Health program**, Kronospan requires that all employees must be trained in safe work practices.

#### Training Includes:

- OSHA 30-hour Construction and General Industry training,
- 24-hour HAZWOPER First Responder training,
- First Aid/CPR/AED Certifications, Process Safety Management Review Certifications,
- Train-the-Trainer Forklift Certifications,
- MEWP (Mobile Elevated Work Platform)

All training is conducted by our in-house safety experts and is held in the **Krono Academy U.S.A. training center**.

Our training content is closely aligned with the Company's Emergency Action Plan that provides instructions for employees to follow in the event of a site emergency.

At Kronospan, we pay attention to even the most rare emergency situations since their cause may be very unique. Accordingly, each plant has its own emergency response plan based on needs and capabilities.

In general, the plans include procedures to react to emergencies including fires, explosions, medical response, inclement weather, as well as plant-specific critical operations. Precise and timely response and reporting procedures are initiated during an emergency to ensure effective results. Associates are trained to immediately report an emergency to the appropriate personnel both inside the plant and outside the plant via the **County 911 system**. At the same time, all associates are trained on plant emergency response procedures.

Consequently, we are dedicated to effective occupational health and safety management. Within the scope of our EH&S management, Pennsylvania and Alabama have different certifications and are subject to different state regulation.

#### In Pennsylvania :

Under day to day production operations both Clarion Boards and Clarion Laminates fall under regulations set forth under **29 CFR Parts 1903 "Inspections, Citations, and Proposed Penalty"**, **1904 "Recording and Reporting Occupational Injuries and Illness"**, and **1910 - OSHA "Occupational Safety and Health Standards" General Industry Regulations and Standards**.

When we perform construction activities on our sites both Clarion Boards and Clarion Laminates fall under regulations set forth under **29 CFR 1926 - OSHA Construction Industry Regulations**.

Both Boards and Laminates have **PA State Title V Air Permits** and **NPDES Stormwater Permits** we must adhere to. We follow **PA State Workers Compensation Guidelines** for work related injuries. In addition, we have a **Post Injury Care Management System** in place. Through this management system we utilize Occupational Injury and Illness treatment facilities (Butler Health System Worker's Care and Brookville Workplace Health) and the Emergency Department when required.

#### In Alabama;

We fall under both **29 CFR OSHA 1910** General Industry Standards, as well as **OSHA 1926 Construction Industry Regulations** (when in active construction).

We also commit to **OSHA's 29 CFR 1910.119 specifically for Kronochem**. This is called Process Safety Management of Highly Hazardous Chemicals. We have to maintain this standard in order to produce Formaldehyde Gas through a Methanol Process.

Along with a healthy, safe work environment we provide our employees, the contractors we work with in our production facilities also complete mandatory Kronospan EHS training when they first enter a facility.





## Fight Against COVID-19

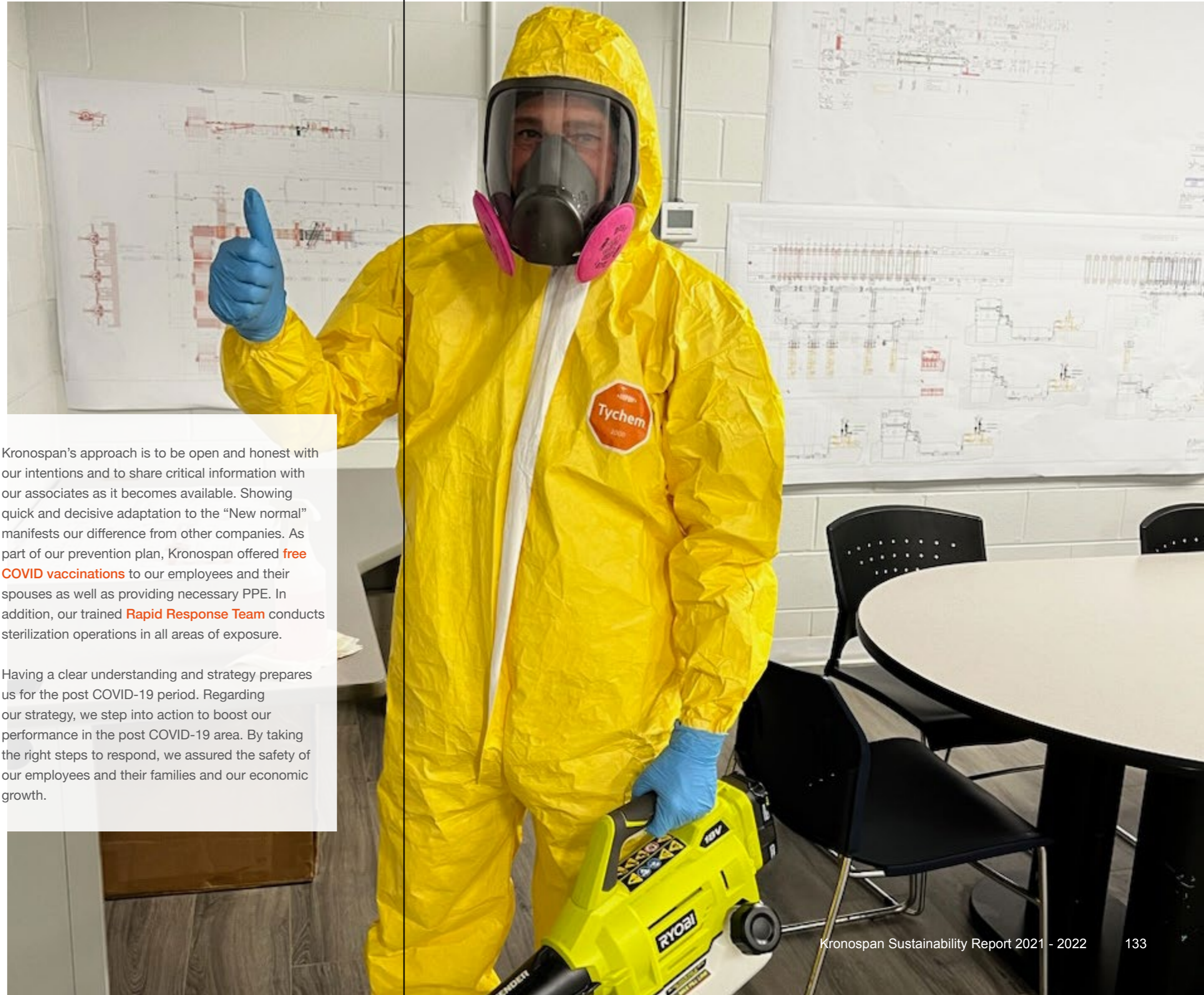
At Kronospan, our people are our most important asset, and their health is a priority for us. As a result of our stakeholder survey, “**Healthy and Safe Work Environment**” comes as our first material issue.

The **COVID-19 pandemic** and subsequent variants presented an unprecedented upheaval in the world and we, at Kronospan, were not immune to changes happening around us. COVID-19 not only created an impact on our habits but also created a huge impact on the economy. Financial markets have plunged, the economy has declined significantly, and unemployment has increased. The speed and shape of the COVID-19 effects were uncertain. Therefore, the impact and recovery timeframe and shape differed significantly between different sectors and global companies. While many sectors followed gradual recovery, we tried to do our best to make a unique response to the crisis. During the height of the pandemic, Kronospan diligently followed the **Centers for Disease Control's guidelines** on keeping employees and our work environment safe. We continue to fully comply with local, state, and federal government guidance and, with recommended precautions from the CDC, continue operations of the offices and plants.

While there is no “**How-To**” book on dealing with the crisis, we know that the stress associated with COVID-19 wears on everyone. While we are all concerned about our family, colleagues, and our community, we are also concerned about the long-term effects on our business and the economy.

Kronospan's approach is to be open and honest with our intentions and to share critical information with our associates as it becomes available. Showing quick and decisive adaptation to the “New normal” manifests our difference from other companies. As part of our prevention plan, Kronospan offered **free COVID vaccinations** to our employees and their spouses as well as providing necessary PPE. In addition, our trained **Rapid Response Team** conducts sterilization operations in all areas of exposure.

Having a clear understanding and strategy prepares us for the post COVID-19 period. Regarding our strategy, we step into action to boost our performance in the post COVID-19 area. By taking the right steps to respond, we assured the safety of our employees and their families and our economic growth.







Bald Cypress Swamp, AL

## *Appendices*



## Appendix 1

## Social Performance Indicators

## Kronospan LLC - Consolidated Data Set

## HR Management and Policies

	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
<b>Total Number of Employees</b>	#	79	562	89	605	98	629
White Collar	#	23	76	24	76	28	81
Blue Collar	#	56	486	65	529	70	548
Number of Employees Under Collective Bargaining Agreement	#	0	0	0	0	0	0
Total Number of Employees	#	641		694		727	
Total Female Employee Ratio	%	0.12		0.13		0.13	

Company Employees (GRI 401-1) (GRI 405-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Full-Time Employees	#	79	558	89	597	96	620
Number of Part-Time Employees	#	0	4	0	8	2	9
Total Number of Employees	#	79	562	89	605	98	629

Employees by Age and Gender (GRI 401-1)	Unit	2019-2020				2020-2021				2021-2022			
		Blue Collor		White Collor		Blue Collor		White Collor		Blue Collor		White Collor	
		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees - Age 50 and Over	#	14	93	6	26	16	103	6	34	23	114	8	34
Number of Employees - Between 30- 50	#	28	230	14	44	32	229	15	34	30	251	15	36
Number of Employees - Below 30 Years Old	#	14	163	3	6	17	197	3	8	17	183	5	11

## Social Performance Indicators

## Kronospan LLC - Consolidated Data Set

## HR Management and Policies

Senior Management (GRI 405-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Board of Directors	#	0	4	0	4	0	4
Directors	#	1	4	1	4	1	4
Managers	#	11	32	11	36	11	33

Employee Turn Over Rate (GRI 401-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Turn Over Rate	%	0.88	0.88	0.79	1.16	1	1.03

Newly Recruited (GRI 401-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees - Age 50 and over	#	3	35	5	55	9	50
Number of Employees - Between 30- 50	#	6	89	14	132	12	125
Number of Employees - Below 30 years old	#	4	95	11	158	14	198

Number of Employees Leaving Work	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
	#	21	205	19	245	25	214



## Social Performance Indicators

### Kronospan LLC - Consolidated Data Set

#### HR Management and Policies

Maternity Leave (GRI 401-3)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees Benefiting From Maternity Leave During The Year	#	0	0	0	0	1	0
Number of Employees Returning from Maternity Leave During The Year	#	0	0	0	0	1	0
Number Of Employees Whose Maternity Leave Expired In The Previous Year But Still Has The Right To Work During The Year	#	0	0	0	0	0	0

Number of Employees Whose Performance Evaluation / Feedback Was Given	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of People	#	39	313	50	371	45	318

#### Employee Training and Development

Employee Trainings (GRI 404-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	758	5,637	1,002	6,729	1,793	9,070
Total Training Hours Per Employee	Hour	9.59	10.03	11.26	11.12	18.30	14.42

## Social Performance Indicators

### Kronospan LLC - Consolidated Data Set

#### Employee Training and Development

Training on Anti-Corruption and Bribery	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	12	48	41	219	52	274
Total Training Hours Per Employee	Hour	0.15	0.09	0.46	0.36	0.53	0.44

Training on Data Security & Privacy	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	12	8	26	221	41	265
Total Training Hours Per Employee	Hour	0.15	0.01	0.29	0.37	0.42	0.42

Training on the Field of Ethics	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	6	2	74	313	95	325
Total Training Hours Per Employee	Hour	0.08	0.00	0.83	0.52	0.97	0.52

Training on Human Rights (GRI 412-2)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	0	0	11	42	31	101
Total Training Hours Per Employee	Hour	0	0	0.12	0.07	0.32	0.16



## Social Performance Indicators

### Kronospan LLC - Consolidated Data Set

#### HR Management and Policies

Training on Sustainability	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	8	21	26	107	35	117
Total Training Hours Per Employee	Hour	0.10	0.04	0.29	0.18	0.36	0.19

Training in Sustainable Forest Management	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	0	6	5	83	13	95
Total Training Hours Per Employee	Hour	0	0.01	0.06	0.14	0.13	0.15

#### EHS

Employee EHS Trainings	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	720	5,552	819	5,744	971	6,356
Total Training Hours Per Employee	Hour	9.11	9.88	9.20	9.49	9.91	10.10

## Social Performance Indicators

### Kronospan LLC - Consolidated Data Set

#### EHS

EHS-Company Employees (GRI 403-2)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Accidents	#	3	33	0	43	4	28
Number of Work-Related Mortality Cases	#	0	0	0	0	0	0
Number of Occupational Diseases	#	0	5	0	2	0	0
Accidental Absenteeism	#	50	283	0	269	1	319
Incident Frequency Rate (IR)*		3	5	0	6	4	4
Occupational Disease Rate (ODR)**		0	0.752	0	0.287	0	0
Lost Day Rate (LDR)***		0.07	0.055	0	0.05	0.001	0.058
Absenteeism Rate (AR)****		0	-	0	0	0	0

\* (Total number of accidents / Total human working hours) \* 200,000

\*\* (Number of occupational diseases / Total human working hours) \* 200,000

\*\*\* Number of Absenteeism / (Working Day \* Average Number of Employees)

\*\*\*\* Lost hours / Total working hours

General Information	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
The Daily Working Hours	Hour	9	9	9	9	9	9
The Total Number of Annual Working Days	Day	260	260	260	260	260	260
Number of Employees	#	79	562	89	605	98	629
Recorded Overtime Hours Per Year	Hour	11,663	100,107	12,276	94,769	14,385	104,850
Lost Work Hours	Hour	0	128	0	130	0	209
Total Working Hours	Hour	186,953	1,329,972	205,269	1,395,366	221,066	1,418,885



## Social Performance Indicators

### Kronospan LLC - Consolidated Data Set

#### Account Management

	Unit	2019-2020	2020-2021	2021-2022
Total Account Numbers	#	66	79	86
Number of Customers Actively Using Online Services/Electronic Sales Platforms	#	8	8	8
Domestic Customers	#	59	70	77
Foreign Customers	#	7	9	9

#### Supplier Management

	Unit	2019-2020	2020-2021	2021-2022
Total Number of Suppliers	#	1,432	1,514	1,622
Total Number of Local Suppliers	#	1,294	1,350	1,465
Total Number of Foreign Suppliers	#	138	164	157
Total Number of New Suppliers	#	282	363	257

## Social Performance Indicators

### Kronospan LLC - Manufacturer in Oxford, Alabama

#### HR Management and Policies



		2019-2020		2020-2021		2021-2022	
	Unit	Female	Male	Female	Male	Female	Male
<b>Total Number of Employees</b>	#	52	337	64	391	71	424
White Collar	#	18	48	19	47	22	52
Blue Collar	#	34	289	45	344	49	372
Number of Employees Under Collective Bargaining Agreement	#	0	0	0	0	0	0
Total Number of Employees	#	389		455		495	
Total Female Employee Ratio	%	0.13		0.14		0.14	

		2019-2020		2020-2021		2021-2022	
<b>Company Employees (GRI 401-1) (GRI 405-1)</b>	Unit	Female	Male	Female	Male	Female	Male
Number of Full-Time Employees	#	52	333	64	383	70	416
Number of Part-Time Employees	#	0	4	0	8	1	8
Total Number of Employees	#	52	337	64	391	71	424

		2019-2020				2020-2021				2021-2022			
		Blue Collor		White Collor		Blue Collor		White Collor		Blue Collor		White Collor	
<b>Employees by Age and Gender (GRI 401-1)</b>	Unit	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees - Age 50 and Over	#	6	35	4	15	7	41	5	21	14	52	7	21
Number of Employees - Between 30 - 50	#	20	136	11	28	27	143	12	20	23	168	11	22
Number of Employees - Below 30 Years Old	#	8	118	3	5	11	160	2	6	12	152	4	9



## Social Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



HR Management and Policies

Senior Management (GRI 405-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Board of Directors	#	0	3	0	3	0	3
Directors	#	1	3	1	3	1	3
Managers	#	8	19	9	20	9	17

Employee Turn Over Rate (GRI 401-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Turn Over Rate	%	0	0	0	0	0	0

Newly Recruited (GRI 401-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees - Age 50 and Over	#	3	29	4	46	6	42
Number of Employees - Between 30- 50	#	4	69	12	116	9	106
Number of Employees - Below 30 years Old	#	4	78	6	134	11	174

Number of Employees Leaving Work	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
	#	19	165	10	189	19	156

## Social Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



HR Management and Policies

Maternity Leave (GRI 401-3)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees Benefiting From Maternity Leave During The Year	#	0	0	0	0	0	0
Number of Employees Returning From Maternity Leave During the Year	#	0	0	0	0	0	0
Number of Employees Whose Maternity Leave Expired in The Previous Year But Still Has The Right To Work During The Year	#	0	0	0	0	0	0

Number of Employees Whose Performance Evaluation / Feedback Was Given	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of People	#	14	93	26	171	19	118

### Employee Training and Development

Employee Trainings (GRI 404-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	452	2,999	645	3,864	1,214	5,561
Total Training Hours Per Employee	Hour	8.69	8.90	10.08	9.88	17.10	13.12



## Social Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



Employee Training and Development

Training on Anti-Corruption and Bribery	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	5	37	26	161	33	211
Total Training Hours Per Employee	Hour	0.10	0.11	0.41	0.41	0.46	0.50

Training on Data Security & Privacy	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	7	5	18	154	29	194
Total Training Hours Per Employee	Hour	0.13	0.01	0.28	0.39	0.41	0.46

Training on the Field of Ethics	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	2	2	52	212	66	212
Total Training Hours Per Employee	Hour	0.04	0.01	0.81	0.54	0.93	0.50

Training on Human Rights (GRI 412-2)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	0	0	8	27	24	75
Total Training Hours Per Employee	Hour	0	0	0.13	0.07	0.34	0.18

## Social Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



Employee Training and Development

Training on Sustainability	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	6	16	19	76	25	83
Total Training Hours Per Employee	Hour	0.12	0.05	0.30	0.19	0.35	0.20

Training in Sustainable Forest Management	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	0	3	3	58	8	66
Total Training Hours Per Employee	Hour	0	0.01	0.05	0.15	0.11	0.16

## EHS

Employee EHS Trainings	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	432	2,936	519	3,176	647	3,896
Total Training Hours Per Employee	Hour	8.31	8.71	8.11	8.12	9.11	9.19



## Social Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



EHS

EHS-Company Employees (GRI 403-2)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Accidents	#	1	14	0	24	4	16
Number of Work-Related Mortality Cases	#	0	0	0	0	0	0
Number of Occupational Diseases	#	0	2	0	1	0	0
Accidental Absenteeism	#	0	128	0	130	1	209
Incident Frequency Rate (IR)		1.64	3.55	0	5.54	5.27	3.54
Occupational Disease Rate (ODR)		0	0.507	0	0.231	0	0
Lost Day Rate (LDR)		0	0.042	0	0.039	0	0.60
Absenteeism Rate (AR)		0	0	0	0	0	0

General Information	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
The Daily Working Hours	Hour	9	9	8.53	8.53	8.22	8.22
The Total Number of Annual Working Days	Day	260	260	260	260	260	260
Number of Employees	#	52	337	64	391	71	424
Recorded Overtime Hours Per Year	Hour	20,147	134,833	21,371	131,281	25,334	155,626
Lost Work Hours	Hour	0	128	0	130	0	209
Total Working Hours	Hour	121,680	788,580	141,939	867,160	151,741	906,173

## Social Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



Supplier Management

	Unit	2019-2020	2020-2021	2021-2022
Total Number of Suppliers	#	859	847	862
Total Number of Local Suppliers	#	758	739	754
Total Number of Foreign Suppliers	#	101	108	108
Total Number of New Suppliers	#	228	315	195
The Total Number of Branches	#	3	4	4



## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



HR Management and Policies

	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Number of Employees	#	27	225	25	214	27	205
White Collar	#	5	28	5	29	6	29
Blue Collar	#	22	197	20	185	21	176
Number of Employees Under Collective Bargaining Agreement	#	0	0	0	0	0	0
Total Number of Employees	#	252		239		232	
Total Female Employee Ratio	%	0.11		0.10		0.12	

Company Employees (GRI 401-1) (GRI 405-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Full-Time Employees	#	27	225	25	214	26	204
Number of Part-Time Employees	#	0	0	0	0	1	1
Total Number of Employees	#	27	225	25	214	27	205

Employees by Age and Gender (GRI 401-1)	Unit	2019-2020				2020-2021				2021-2022			
		Blue Collor		White Collor		Blue Collor		White Collor		Blue Collor		White Collor	
		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees - Age 50 and Over	#	8	58	2	11	9	62	1	13	9	62	1	13
Number of Employees - Between 30- 50	#	8	94	3	16	5	86	3	14	7	83	4	14
Number of Employees - Below 30 Years Old	#	6	45	0	1	6	37	1	2	5	31	1	2

## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



HR Management and Policies

Senior Management (GRI 405-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Board of Directors	#	0	1	0	1	0	1
Directors	#	0	1	0	1	0	1
Managers	#	3	13	2	16	2	16

Employee Turn Over Rate (GRI 401-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Turn Over Rate	%	0.08	0.17	0.37	0.26	0.24	0.28

Newly Recruited (GRI 401-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees - Age 50 and Over	#	0	6	1	9	3	8
Number of Employees - Between 30 - 50	#	2	20	2	16	3	19
Number of Employees - Below 30 Years Old	#	0	17	5	24	3	24

Number of Employees Leaving Work	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
	#	2	40	9	56	6	58



## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



HR Management and Policies

Maternity Leave (GRI 401-3)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees Benefiting From Maternity Leave During the Year	#	0	0	0	0	1	0
Number of Employees Returning From Maternity Leave During the Year	#	0	0	0	0	1	0
Number of Employees Whose Maternity Leave Expired In The Previous Year But Still Has The Right To Work During The Year	#	0	0	0	0	0	0

Performance Evaluation	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Employees	#	25	220	24	200	26	200

### Employee Training and Development

Employee Trainings (GRI 404-1)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	306	2,638	357	2,865	579	3,509
Total Training Hours Per Employee	Hour	11.33	11.72	14.28	13.39	21.44	17.12

## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



Employee Training and Development

Training on Anti-Corruption and Bribery	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	7	11	15	58	19	63
Total Training Hours Per Employee	Hour	0.26	0.05	0.60	0.27	0.70	0.31

Training on Data Security & Privacy	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	5	3	8	67	12	71
Total Training Hours Per Employee	Hour	0.19	0.01	0.32	0.31	0.44	0.35

Training on the Field of Ethics	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	4	0	22	101	29	113
Total Training Hours Per Employee	Hour	0.15	0	0.88	0.47	1.07	0.55

Training on Human Rights (GRI 412-2)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	0	0	3	15	7	26
Total Training Hours Per Employee	Hour	0	0	0.12	0.07	0.26	0.13



## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



Employee Training and Development

Training on Sustainability	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	2	5	7	31	10	34
Total Training Hours Per Employee	Hour	0.07	0.02	0.28	0.14	0.37	0.17

Training in Sustainable Forest Management	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	0	3	2	25	5	29
Total Training Hours Per Employee	Hour	0	0.01	0.08	0.12	0.19	0.14

EHS

Employee EHS Trainings	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Total Training Hours	Hour	288	2,616	300	2,568	324	2,460
Total Training Hours Per Employee	Hour	10.67	11.63	12	12	12	12

## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



EHS

EHS-Company Employees (GRI 403-2)	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
Number of Accidents	#	2	19	0	19	0	12
Number of Work-Related Mortality Cases	#	0	0	0	0	0	0
Number of Occupational Diseases	#	0	3	0	1	0	0
Accidental Absenteeism	#	50	155	0	139	0	110
Incident Frequency Rate (IR)		6	7	0	7	0	5
Occupational Disease Rate (ODR)		0	1	0	0	0	0
Lost Day Rate (LDR)		0.20	0.07	0	0.07	0	0.06
Absenteeism Rate (AR)		0	0	0	0	0	0

General Information	Unit	2019-2020		2020-2021		2021-2022	
		Female	Male	Female	Male	Female	Male
The Daily Working Hours	Hour	9.20	9.20	9.21	9.21	9.13	9.13
The Total Number of Annual Working Days	Day	260	260	260	260	260	260
Number of Employees	#	27	225	25	214	27	205
Recorded Overtime Hours Per Year	Hour	3,178	65,380	3,181	58,257	3,436	54,074
Total Working Hours	Hour	64,611	538,424	59,874	512,525	64,108	486,743



## Social Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



Supplier Management

	Unit	2019-2020	2020-2021	2021-2022
Total Number of Suppliers	#	573	667	760
Total Number of Local Suppliers	#	536	611	711
Total Number of Foreign Suppliers	#	37	56	49
Total Number of New Suppliers	#	54	48	62

## Appendix 2

### Environmental Performance Indicators

Kronospan LLC - Consolidated Data Set

Environmental Indicators

		2019-2020	2020-2021	2021-2022
<b>Energy Consumption</b>	<b>Unit</b>			
Natural Gas	m <sup>3</sup>	38,373,738	46,897,829	46,973,348
	GJ	1,504,852	1,839,131	1,842,092
LPG	liter	157,500	166,250	157,815
	Gallon	41,607	43,919	41,690
Company Cars - Gasoline	liter	14,360	13,906	16,735
	Gallon	3,794	3,673	4,421
Operational Vehicles (Manufacturing Plant Vehicles) - Diesel	liter	498,197	408,423	354,798
	Gallon	131,610	107,894	93,728
Operational Vehicles (Manufacturing Plant Vehicles) - LPG	liter	281,286	258,660	244,443
	Gallon	74,308	68,331	64,575

		2019-2020	2020-2021	2021-2022
	<b>Unit</b>			
Electricity	kWh	275,392,407	312,503,989	312,378,172
Energy Consumption from Renewable Energy	kWh	0	0	0
Electricity	GJ	991,413	1,125,266	1,126,361

		2019-2020	2020-2021	2021-2022
	<b>Unit</b>			
Total Energy Consumption	GJ	2,524,667	2,989,949	2,991,587

2021 - 2022 Electricity Consumption Breakdowns	Electricity Consumption (MWh)
MDF	171,988
PB	83,434
Formaldehyde	6.026
Glue	3.172
Flooring	42,048
Paper Impregnation	6.210
Production Total	312,878



## Environmental Performance Indicators

### Kronospan LLC - Consolidated Data Set

#### Environmental Indicators

		2019-2020	2020-2021	2021-2022
Emissions	Unit			
Scope 1	(ton CO <sub>2</sub> e)	108,332	123,687	143,676
Scope 2	(ton CO <sub>2</sub> e)	34,547	41,845	42,156

		2019-2020	2020-2021	2021-2022
Water Consumption	Unit			
Grid Water	m <sup>3</sup>	573,905	628,799	626,609
Rain Water	m <sup>3</sup>	200,259	185,571	204,334
Recovered / Reused Water	m <sup>3</sup>	0	0	0
Wastewater	m <sup>3</sup>	370,081	355,947	384,076

		2019-2020	2020-2021	2021-2022
	Unit			
Biomass Consumption	kg	175,829,932	192,578,177	163,482,366

		2019-2020	2020-2021	2021-2022
Waste Generation	Unit			
Non - Hazardous Waste Amount	kg	28,456,562	29,920,589	20,851,298
Recycled Non - Hazardous Waste Amount	kg	118,760	158,890	127,440
Hazardous Waste Amount	kg	3,008,514	8,158,426	1,474,556

		2019-2020	2020-2021	2021-2022
	Unit			
Wood Consumption	ton	533,983	693,718	707,028

## Environmental Performance Indicators

### Kronospan LLC - Manufacturer in Oxford, Alabama



#### Environmental Indicators

		2019-2020	2020-2021	2021-2022
Energy Consumption	Unit			
Natural Gas	m <sup>3</sup>	19,516,508	25,858,165	24,444,087
	GJ	765,353	1,014,046	2,121,299
LPG	liter	157,500	166,250	157,815
	Gallon	41,607	43,919	41,690
Company Cars - Gasoline	liter	8,506	7,644	9,598
	Gallon	2,247	2,090	2,536
Operational Vehicles (Manufacturing Plant Vehicles) - Diesel	liter	310,509	276,922	220,274
	Gallon	82,028	73,155	58,190
Operational Vehicles (Manufacturing Plant Vehicles) - LPG	liter	0	0	0
	Gallon	0	0	0

		2019-2020	2020-2021	2021-2022
	Unit			
Electricity	kWh	165,301,122	202,615,019	204,299,172
Energy Consumption from Renewable Energy	kWh	0	0	0
Electricity	GJ	595,084	729,414	735,477

		2019-2020	2020-2021	2021-2022
	Unit			
Total Energy Consumption	GJ	1,376,734	1,758,878	1,707,328

2021 - 2022 Electricity Consumption Breakdowns	Electricity Consumption (MWh)
MDF	88,599
PB	83,434
Formaldehyde	6,026
Glue	3,172
Flooring	21,868
Paper Impregnation	6,210
Production Total	204,299



## Environmental Performance Indicators

Kronospan LLC - Manufacturer in Oxford, Alabama



Environmental Indicators

		2019-2020	2020-2021	2021-2022
Emissions	Unit			
Scope 1	(ton CO <sub>2</sub> e)	44,042.59	57,919.42	54,646.96
Scope 2	(ton CO <sub>2</sub> e)	33,265.20	40,774.25	41,113.17

		2019-2020	2020-2021	2021-2022
Water Consumption	Unit			
Grid Water	m <sup>3</sup>	569,542	623,518	622,290
Rain Water	m <sup>3</sup>	0	0	0
Recovered / Reused Water	m <sup>3</sup>	0	0	0
Wastewater	m <sup>3</sup>	370,081	355,947	384,076

		2019-2020	2020-2021	2021-2022
	Unit			
Biomass Consumption	kg	74,220,412	94,020,627	100,581,716

		2019-2020	2020-2021	2021-2022
Waste Generation	Unit			
Non - Hazardous Waste Amount	kg	5,438,240	7,001,410	5,102,510
Recycled Non - Hazardous Waste Amount	kg	118,760	158,890	127,440
Hazardous Waste Amount	kg	890	7,750	56,390

		2019-2020	2020-2021	2021-2022
	Unit			
Wood Consumption	ton	259,434	428,844	436,869

## Environmental Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



Environmental Indicators

		2019-2020	2020-2021	2021-2022
Energy Consumption	Unit			
Natural Gas	m <sup>3</sup>	18,857,230	21,039,664	22,529,261
	GJ	739,499	825,085	883,500
LPG	liter	0	0	0
	Gallon	0	0	0
Company Cars - Gasoline	liter	5,854	6,262	7,137
	Gallon	1,546	1,654	1,885
Operational Vehicles (Manufacturing Plant Vehicles) - Diesel	liter	187,688	131,501	134,524
	Gallon	49,582	34,739	35,537
Operational Vehicles (Manufacturing Plant Vehicles) - LPG	liter	281,286	258,660	244,443
	Gallon	74,308	68,331	64,575

		2019-2020	2020-2021	2021-2022
	Unit			
Electricity	kWh	110,091,285	109,958,970	108,579,000
Energy Consumption from Renewable Energy	kWh	0	0	0
Electricity	GJ	396,329	395,852	390,884

		2019-2020	2020-2021	2021-2022
	Unit			
Total Energy Consumption	GJ	1,147,933	1,231,071	1,284,260

2021 - 2022 Electricity Consumption Breakdowns	Electricity Consumption (MWh)
MDF	88,399
Flooring	20,180
Production Total	108,579



## Environmental Performance Indicators

Kronospan LLC - Manufacturer in Pennsylvania



Environmental Indicators

		2019-2020	2020-2021	2021-2022
<b>Emissions</b>	<b>Unit</b>			
Scope 1	(ton CO <sub>2</sub> e)	64,279	65,768	89,029
Scope 2	(ton CO <sub>2</sub> e)	1,282	1,070	1,042

		2019-2020	2020-2021	2021-2022
<b>Water Consumption</b>	<b>Unit</b>			
Grid Water	m <sup>3</sup>	4,363	5,281	4,319
Rain Water	m <sup>3</sup>	200,259	185,571	204,334
Recovered / Reused Water	m <sup>3</sup>	0	0	0
Wastewater	m <sup>3</sup>	0	0	0

		2019-2020	2020-2021	2021-2022
	<b>Unit</b>			
Biomass Consumption	kg	101,609,520	98,557,550	62,900,650

		2019-2020	2020-2021	2021-2022
<b>Waste Generation</b>	<b>Unit</b>			
Non - Hazardous Waste Amount	kg	23,018,322	22,919,179	15,748,788
Recycled Non - Hazardous Waste Amount	kg	0	0	0
Hazardous Waste Amount	kg	3,007,624	8,150,676	1,418,166

		2019-2020	2020-2021	2021-2022
	<b>Unit</b>			
Wood Consumption	ton	274,549	264,874	270,159

## Appendix 3

### LCA Results – Particleboard (PB), Alabama

LCA Results for 1 m<sup>3</sup> of Kronospan Particleboard (PB) with EN 15804+A2 Method



Impact Category	Unit	Raw Material	Transport	Manufacturing	Total
<b>Climate Change - Total</b>	<b>kg CO<sub>2</sub> eq</b>	<b>-1177</b>	<b>17.53</b>	<b>113.1</b>	<b>-1047</b>
Climate Change - Fossil	kg CO <sub>2</sub> eq	181.9	17.49	133.6	333.1
Climate Change - Biogenic	kg CO <sub>2</sub> eq	-1360	0.03	-20.62	-1380
Climate Change – Land Use and Land Change	kg CO <sub>2</sub> eq	0.78	0.01	0.05	0.84
Ozone Depletion	kg CFC 11 eq	3.02E-05	4.46E-06	1.04E-05	4.51E-05
Acidification	mol H+ eq	1.11	0.08	0.36	1.55
Eutrophication - Aquatic Freshwater	kg P eq	0.03	1.27E-03	0.07	0.11
Eutrophication - Aquatic Marine	kg N eq	0.23	0.02	0.07	0.33
Eutrophication - Terrestrial	mol N eq	2.78	0.27	0.62	3.66
Photochemical Ozone Formation	kg NMVOC eq	0.64	0.07	0.17	0.87
Abiotic Resource Use – Min. and Metals	kg Sb eq	2.92E-03	3.85E-05	1.99E-04	3.15E-03
Abiotic Resource Use – Fossil Fuels	MJ	3685	295.03	2204	6185
Water Use	m <sup>3</sup> depriv.	269.3	0.98	17.90	288.2
Particulate Matter	disease inc.	8.76E-06	1.63E-06	1.71E-06	1.21E-05
Ionizing Radiation, Human Health	kBq U-235 eq	7.97	1.37	34.08	43.42
Ecotoxicity, Freshwater	CTUe	4560	237.3	1443	6240
Human Toxicity, Cancer Effects	CTUh	1.60E-06	5.97E-09	2.81E-08	1.64E-06
Human Toxicity, Noncancer Effects	CTUh	2.64E-06	2.25E-07	6.95E-07	3.56E-06
Land Use Related Impacts/Soil Quality	dimensionless	70900	297.8	1380	72560



## Consolidated LCA Results – Medium-Density Fiberboard (MDF)

LCA Results for 1 m<sup>3</sup> of Kronospan Medium-Density Fiberboard (MDF) with EN 15804+A2 Method

Impact Category	Unit	Raw Material	Transport	Manufacturing	Total
<b>Climate Change - Total</b>	<b>kg CO<sub>2</sub> eq</b>	<b>-1302.36</b>	<b>16.59</b>	<b>261.11</b>	<b>-1024.66</b>
Climate Change - Fossil	kg CO <sub>2</sub> eq	268.89	16.56	280.36	565.80
Climate Change - Biogenic	kg CO <sub>2</sub> eq	-1572.24	0.03	-19.35	-1591.56
Climate Change - Land Use and Land Change	kg CO <sub>2</sub> eq	0.99	0.00	0.10	1.09
Ozone Depletion	kg CFC 11 eq	1.07E-03	4.19E-06	2.29E-05	0.00
Acidification	mol H+ eq	1.61	0.10	0.71	2.42
Eutrophication - Freshwater, P	kg P eq	0.06	1.01E-03	0.14	0.20
Eutrophication - Marine	kg N eq	0.39	0.04	0.14	0.57
Eutrophication - Terrestrial	mol N eq	3.77	0.40	1.25	5.43
Photochemical Ozone Formation	kg NMVOC eq	0.96	0.10	0.34	1.40
Resource Use – Minerals and Metals	kg Sb eq	4.63E-03	2.86E-05	3.84E-04	0.01
Resource Use – Fossils	MJ	4999.48	274.76	4611.48	9885.72
Water Use	m <sup>3</sup> depriv.	266.42	0.76	34.96	302.15
Particulate Matter	disease inc.	1.29E-05	2.33E-06	3.33E-06	0.00
Ionizing Radiation	kBq U-235 eq	13.91	1.26	65.35	80.52
Ecotoxicity, Freshwater	CTUe	13096.27	204.46	2832.68	16133.42
Human Toxicity, Cancer Effects	CTUh	2.67E-06	5.44E-09	5.56E-08	0.00
Human Toxicity, Noncancer Effects	CTUh	1.65E-05	1.81E-07	1.37E-06	0.00
Land Use Related Impacts / Soil Quality	dimensionless	82111.24	215.59	1613.47	83940.30

## Alabama Production – Environmental Impact (MDF)

LCA Results for 1 m<sup>3</sup> of Kronospan MDF produced at Alabama with EN 15804 Method



Impact Category	Unit	Raw Material	Transport	Manufacturing	Total
Climate Change - Total	kg CO <sub>2</sub> eq	-1168	22.41	234.4	-910.9
Climate Change - Fossil	kg CO <sub>2</sub> eq	261.3	22.37	253.7	537.4
Climate Change - Biogenic	kg CO <sub>2</sub> eq	-1430	0.04	-19.38	-1450
Climate Change - Land Use and Land Change	kg CO <sub>2</sub> eq	0.85	0.01	0.09	0.95
Ozone Depletion	kg CFC 11 eq	4.30E-05	5.53E-06	1.98E-05	6.83E-05
Acidification	mol H+ eq	1.55	0.13	0.67	2.34
Eutrophication - Aquatic Freshwater	kg P eq	0.05	1.43E-03	0.13	0.18
Eutrophication - Aquatic Marine	kg N eq	0.30	0.04	0.13	0.48
Eutrophication - Terrestrial	mol N eq	3.78	0.48	1.15	5.41
Photochemical Ozone Formation	kg NMVOC eq	0.86	0.12	0.31	1.29
Abiotic Resource Use – Minerals and Metals	kg Sb eq	4.22E-03	4.19E-05	3.63E-04	4.62E-03
Abiotic Resource Use – Fossil Fuels	MJ	5590	363.7	4184	10140
Water Use	m <sup>3</sup> depriv.	415.7	1.10	33.67	450.5
Particulate Matter	disease inc.	1.21E-05	2.84E-06	3.18E-06	1.81E-05
Ionizing Radiation, Human Health	kBq U-235 eq	10.71	1.68	64.02	76.41
Ecotoxicity, Freshwater	CTUe	5843	279.7	2712	8835
Human Toxicity, Cancer Effects	CTUh	2.45E-06	7.38E-09	5.26E-08	2.51E-06
Human Toxicity, Noncancer Effects	CTUh	3.66E-06	2.58E-07	1.30E-06	5.22E-06
Land Use Related Impacts/Soil Quality	dimensionless	74765	319.8	1590	76700



## Pennsylvania Production – Environmental Impacts (MDF)

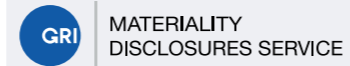
LCA Results for 1 m<sup>3</sup> of Kronospan MDF produced at Pennsylvania with EN 15804 Method



Impact Category	Unit	Raw Material	Transport	Manufacturing	Total
Climate Change - Total	kg CO <sub>2</sub> eq	-1433	10.95	286.9	-1135
Climate Change - Fossil	kg CO <sub>2</sub> eq	276.2	10.93	306.2	593.3
Climate Change - Biogenic	kg CO <sub>2</sub> eq	-1710	0.02	-19.32	-1730
Climate Change - Land Use and Land Change	kg CO <sub>2</sub> eq	1.13	2.68E-03	0.10	1.24
Ozone Depletion	kg CFC 11 eq	2.06E-03	2.90E-06	2.59E-05	2.09E-03
Acidification	mol H <sup>+</sup> eq	1.67	0.08	0.75	2.50
Eutrophication - Aquatic Freshwater	kg P eq	0.08	6.01E-04	0.14	0.21
Eutrophication - Aquatic Marine	kg N eq	0.48	0.03	0.15	0.66
Eutrophication - Terrestrial	mol N eq	3.77	0.32	1.35	5.44
Photochemical Ozone Formation	kg NMVOC eq	1.06	0.08	0.37	1.50
Abiotic Resource Use – Minerals and Metals	kg Sb eq	0.01	1.58E-05	4.05E-04	0.01
Abiotic Resource Use – Fossil Fuels	MJ	4426	188.6	5025	9640
Water Use	m <sup>3</sup> depriv.	121.8	0.44	36.22	158.4
Particulate Matter	disease inc.	1.38E-05	1.83E-06	3.47E-06	1.91E-05
Ionizing Radiation, Human Health	kBq U-235 eq	17.00	0.86	66.65	84.50
Ecotoxicity, Freshwater	CTUe	20120	131.5	2950	23200
Human Toxicity, Cancer Effects	CTUh	2.89E-06	3.56E-09	5.86E-08	2.96E-06
Human Toxicity, Noncancer Effects	CTUh	2.89E-05	1.07E-07	1.44E-06	3.04E-05
Land Use Related Impacts / Soil Quality	dimensionless	89200	114.6	1630	90975



## Appendix 4 Kronospan GRI Index



GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
GRI 101: Foundation 2016					
<b>Organizational Profile</b>					
	102-1	Introduction	About the Report	10-11	
	102-2	Introduction	About Kronospan	10-11	
	102-3	Introduction	About Kronospan	10-11	
	102-4	Introduction	About Kronospan	10-11	
	102-5	We Grow with Positive Governance	Our Organizational Structure	34-35	
	102-6	We Grow with Positive Governance	Kronospan Building Blocks	29	
	102-7	Introduction	Kronospan at a Glance	16-17	
	102-8	We Make Progress by Contributing to Our Stakeholders	We Care About Our People	98-99	
	102-9	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
	102-10	There has been no significant change in the size, structure or ownership of Kronospan organization during the reporting period.			
	102-11	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	
	102-12	We Grow with Positive Governance	Communication with Stakeholders	48-49	
	102-13	We Aim for Carbon Negative Production	Sustainable Forest Management	78	
<b>Strategy</b>					
	102-14	Introduction	Kronospan's Message	12-13	
	102-15	We Grow with Positive Governance	Industry Risks and Operations	36-37	
			Risk Management	36-37	
<b>Ethics and Integrity</b>					
	102-16	We Grow with Positive Governance	Kronospan Building Blocks	29	
		We Grow with Positive Governance	Our Organizational Structure	24-25	
		Introduction	Kronospan at a Glance	16-18	
		We Grow with Positive Governance	Business Ethics	26-27	
		We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	
	102-17	We Grow with Positive Governance	Business Ethics	26-27	
<b>GRI 102:</b> General Disclosure 2016					

## Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Governance</b>					
	102-18	We Grow with Positive Governance	Our Organizational Structure	24-25	
	102-19	We Grow with Positive Governance	Our Organizational Structure	24-25	
		We Grow with Positive Governance	Sustainability Management	38	
	102-20	We Grow with Positive Governance	Sustainability Management	38	
		We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	102-21	We Grow with Positive Governance	Our Organizational Structure	24-25	
		We Grow with Positive Governance	Sustainability Management	38	
		We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	102-22	We Grow with Positive Governance	Our Organizational Structure	24-25	
	102-23	We Grow with Positive Governance	Our Organizational Structure	24-25	
	102-24	We Grow with Positive Governance	Our Organizational Structure	24-25	
	102-25	We Grow with Positive Governance	Our Organizational Structure	24-25	
	102-26	We Grow with Positive Governance	Our Organizational Structure	24-25	
		We Grow with Positive Governance	Sustainability Management	38	
		We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	102-27	We Grow with Positive Governance	Our Organizational Structure	24-25	
		We Grow with Positive Governance	Our Sustainability Strategy	39-40	
		We Grow with Positive Governance	Sustainability Management	38	
	102-28	We Grow with Positive Governance	Our Organizational Structure	24-25	
	102-29	We Grow with Positive Governance	Sustainability Management	38	
	102-30	We Grow with Positive Governance	Risk Management	36-37	
	102-31	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	102-32	Introduction	Kronospan's Message	12-13	
		We Grow with Positive Governance	Sustainability Management	38	
		We Grow with Positive Governance	Our Sustainability Strategy	39-40	
<b>GRI 102:</b> General Disclosure 2016					



## Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided	
GRI 102: General Disclosure 2016	102-33	Introduction	Kronospan's Message	12-13		
		We Grow with Positive Governance	Sustainability Management	38		
	102-34	We Grow with Positive Governance	Sustainability Management	38		
		We Grow with Positive Governance	Our Sustainability Strategy	39-40		
		Introduction	Kronospan's Message	12-13		
	102-35	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	113		
		We Make Progress by Contributing to Our Stakeholders	Employee Development and Career Journey	105-108		
	102-36	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	113		
	102-38	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113		
	102-39	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113		
	<b>Stakeholder Engagement</b>					
	102-40	We Grow with Positive Governance	Communication with Stakeholders	48-49		
	102-42	We Grow with Positive Governance	Communication with Stakeholders	48-49		
	102-43	We Grow with Positive Governance	Communication with Stakeholders	48-49		
	102-44	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43		
	<b>Reporting Practice</b>					
	102-45	Introduction	Kronospan at Glance	16-17		
	102-46	Introduction	About the Report	10-11		
	102-47	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43		
	102-48	No re-arrangements were made during the reporting period.				
	102-49	Since it is the first sustainability report of the Company, no changes have been made regarding the report boundaries or material issues related to the previous reporting period.				
	102-50	Introduction	About the Report	10-11		

## Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
GRI 102: General Disclosure 2016	102-51	Since it is the first sustainability report of the company, there is no sustainability report for previous periods.			
	102-52	Introduction	About the Report	10-11	
	102-53	Introduction	About the Report	10-11	
	102-54	Introduction	About the Report	10	
	102-55	Appendices	GRI Index	166-181	
	102-56	The company does not receive external assurance within the scope of this report			
<b>GRI 200: Economic Standards 2016</b>					
<b>Economic Performance</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
GRI 200: Economic Standards 2016	201-1	Introduction	About Kronospan	10-11	
		Introduction	Kronospan at a glance	16-17	
	201-3	We Make Progress by Contributing to Our Stakeholders	Employee Development and Career Journey	104-109	
201-4	The Company does not have any direct or indirect financial support from the government.				
<b>Indirect Economic Impacts</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		



# Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>GRI 203:</b> Indirect Economic Impacts	203 -1	We Make Progress by Contributing to Our Stakeholders	Social Contributions	114-117	
		We Produce by Adding Positive Value to the Environment	Energy Management	56-62	
		We Aim for Carbon Negative Production	Corporate Footprint	90	
	203-2	We Make Progress by Contributing to Our Stakeholders	Social Contributions	114-117	
		We Aim for Carbon Negative Production	Environmentally Responsible Production Processes	72	
		We Aim for Carbon Negative Production	Product Quality	84-85	
		We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
<b>Procurement Practices</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
	204-1	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
<b>Anti - Corruption</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
	<b>GRI 205:</b> Anti - Corruption	205-1	We Grow with Positive Governance	Bussiness Ethics	26-27
205-2		We Make Progress by Contributing to Our Stakeholders	Employee Training Journey	100-104	
205-3		No reported corruption cases were detected during the reporting period.			

# Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Anti - Competitive Behavior</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
<b>GRI 206:</b> Anti - Competitive Behavior	206-1	During the reporting period, there were no lawsuits filed regarding anti-competitive behavior, trust or monopoly activities.			
<b>GRI 300: Environmental Standards 2016</b>					
<b>Materials</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
	<b>GRI 301:</b> Materials 2016	301-1	We Aim for Carbon Negative Production	Environmentally Responsible Production Processes	72-73
301-2		We Produce by Adding Positive Value to the Environment	Waste Management	63-67	
301-3		We Produce by Adding Positive Value to the Environment	Using Recycled Material as a Raw Material	66	
<b>Energy</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	



## Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
GRI 301: Energy 2016	302-1	We Produce by Adding Positive Value to the Environment	Energy Management	58-62	
	302-2	Scope 3 energy consumption data has not been calculated within the reporting period.			
	302-3	Appendices	Social Performance Indicators	136-156	
	302-4	We Produce by Adding Positive Value to the Environment	Energy Management	58-62	
	302-5	We Produce by Adding Positive Value to the Environment	Energy Management	58-62	
<b>Water and Effluents</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
GRI 303: Water and Effluents	303-1	We Produce by Adding Positive Value to the Environment	Water Management	68-69	
	303-2	We Produce by Adding Positive Value to the Environment	Water Management	68-69	
	303-3	We Produce by Adding Positive Value to the Environment	Water Management	68-69	
		We Produce by Adding Positive Value to the Environment	Environmental Performance Indicators	157-162	
	303-4	We Produce by Adding Positive Value to the Environment	Water Management	68-69	
		We Produce by Adding Positive Value to the Environment	Environmental Performance Indicators	157-162	
	303-5	We Produce by Adding Positive Value to the Environment	Water Management	68-69	
		We Produce by Adding Positive Value to the Environment	Environmental Performance Indicators	157-162	

## Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Biodiversity</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
GRI 304: Biodiversity 2016	304-1	We Aim for Carbon Negative Production	Sustainable Forest Management	77-79	
		We Grow with Positive Governance	Sustainability in Forestry and Building Products Industry	33	
	304-2	We Aim for Carbon Negative Production	Raw Material Management	80-83	
		We Grow with Positive Governance	Sustainability in Forestry and Building Products Industry	33	
304-3	We Make Progress by Contributing to Our Stakeholders	Social Contributions	114-177		
<b>Emissions</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
		We Grow with Positive Governance	Our Contributions to Sustainable Development and Our Targets	44-47	
GRI 305: Emissions 2016	305-1	We Aim for Carbon Negative Production	Corporate Footprint	90-91	
	305-2	We Aim for Carbon Negative Production	Corporate Footprint	90-91	
	305-3	Scope 3 emissions were not calculated within the reporting period.			
	305-4	We Aim for Carbon Negative Production	Corporate Footprint	90-91	
	305-5	We Aim for Carbon Negative Production	Corporate Footprint	90-91	
We Aim for Carbon Negative Production		Life Cycle Assessment (LCA)	92-93		



# Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Waste</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 306:</b> Waste 2016	306-1	We Produce by Adding Positive Value to the Environment	Waste Management	63-67	
	306-2	We Produce by Adding Positive Value to the Environment	Using Recycled Material as a Raw Material	66	
		We Produce by Adding Positive Value to the Environment	Waste Management	63-67	
	306-3	We Produce by Adding Positive Value to the Environment	Waste Management	63-67	
	306-4	We Produce by Adding Positive Value to the Environment	Waste Management	63-67	
306-5	We Produce by Adding Positive Value to the Environment	Waste Management	63-67		
<b>Environmental Compliance</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 307:</b> Environmental Compliance 2016	307-1	For the period of 2021-2022, we received an environmental penalty for exceeding the standard limits in wastewater discharge at our Pennsylvania facility.			

# Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Supplier Environmental Assessment</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 308:</b> Supplier Environmental Assessment 2016	308-1	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
	308-2	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
		We Grow with Positive Governance	Sustainability in Forestry and Building Products Industry	32-35	
<b>GRI 400: Social Standards 2016</b>					
<b>Employment</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 401:</b> Employment 2016	401-1	Appendices	Social Performance Indicators	136-156	
	401-2	We Make Progress by Contributing to Our Stakeholders	We Care About Our People	98-99	
	401-3	Appendices	Social Performance Indicators	136-156	
<b>Labor / Management Relations</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 401:</b> Labor / Management Relations 2016	402-1	We Make Progress by Contributing to Our Stakeholders	We Care About Our People	98-99	



## Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Occupational Health and Safety</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
GRI 403: Occupational Health and Safety 2016	403-1	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-2	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-3	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-4	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-5	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-6	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-7	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-8	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-9	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	
	403-10	We Make Progress by Contributing to Our Stakeholders	Occupational Health and Safety	126-132	

## Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Training and Education</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
GRI 404: Training and Education 2016	404-1	We Make Progress by Contributing to Our Stakeholders	Employee Training Journey	100-104	
	404-2	We Make Progress by Contributing to Our Stakeholders	Employee Development and Career Journey	104-109	
	404-3	We Make Progress by Contributing to Our Stakeholders	Employee Development and Career Journey	104-109	
<b>Diversity and Equal Opportunity</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Appendices	Social Performance Indicators	136-156	
<b>Non - Discrimination</b>					
GRI 103: Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
GRI 406: Non - Discrimination 2016	406-1	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	



## Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Freedom of Association and Collective Bargaining</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 407:</b> Freedom of Association and Collective Bargaining 2016	407-1	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
		We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	
<b>Child Labor</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 408:</b> Child Labor 2016	408-1	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
<b>Forced or Compulsory Labor</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 409:</b> Forced or Compulsory Labor	409-1	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	

## Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Security Practices</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 410:</b> Security Practices 2016	410-1	We receive security services from a company other than our own, and supplier practices on human rights are implemented in that company.			
<b>Rights of Indigenous Peoples</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 411:</b> Rights of Indigenous People 2016	411-1	There has been no case of violation of the rights of local people within the scope of our activities.			



## Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Human Rights Assessment</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 412:</b> Human Rights Assessment 2016	412-1	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
		We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	
	412-2	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	
	412-3	We Make Progress by Contributing to Our Stakeholders	Equality of Opportunity and Diversity	110-113	
<b>Local Communities</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 413:</b> Local Communities 2016	413-1	We Make Progress by Contributing to Our Stakeholders	Social Contributions	114-118	
	413-2	We Make Progress by Contributing to Our Stakeholders	Social Contributions	114-118	

## Kronospan GRI Index

GRI Standards	Indicators	Seperator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Supplier Social Assessment</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 414:</b> Supplier Social Assesment 2016	414-2	We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
<b>Public Policy</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 415:</b> Public Policy 2016	415-1	The Company does not have any direct or indirect financial or political support.			
<b>Customer Health and Safety</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 416:</b> Customer Health and Safety 2016	416-1	We Aim for Carbon Negative Production	Product Quality	84-85	
	416-2	Within the scope of products and services, no non-compliance with health and safety has been experienced.			



# Kronospan GRI Index

GRI Standards	Indicators	Separator Name	Direct References	Page Number(s)	Explanation of Information Not Provided
<b>Marketing and Labeling</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 417:</b> Marketing and Labeling 2016	417-1	We Aim for Carbon Negative Production	Raw Material Management	80-83	
		We Aim for Carbon Negative Production	Product Quality	84-85	
		We Make Progress by Contributing to Our Stakeholders	Supply Chain	123-125	
<b>Customer Privacy</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 418:</b> Customer Privacy 2016	418-1	We Make Progress by Contributing to Our Stakeholders	Account Management	119-122	
<b>Socioeconomic Compliance</b>					
<b>GRI 103:</b> Management Approach 2016	103-1	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
	103-2	We Grow with Positive Governance	Our Sustainability Strategy	39-40	
	103-3	We Grow with Positive Governance	Materiality and Stakeholder Analysis	41-43	
We Grow with Positive Governance		Our Contributions to Sustainable Development and Our Targets	44-47		
<b>GRI 419:</b> Socioeconomic and Compliance	419-1	No non-compliance with laws and/or regulations has been identified			





## Report Notes

### Forward-looking statement:

The report does not cover all information about our business. References in this report to information should not be construed as a characterization regarding the materiality of such information to our financial results or for purposes of the U.S.A. securities laws. The information covered by the report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our ESG goals, targets, commitments, and strategies and related business and stakeholder impacts. These statements involve risks and uncertainties, and actual results may differ materially from any future results expressed or implied by the forward-looking statements, including any failure to meet stated ESG goals and commitments, and execute our strategies in the time frame expected or at all, as a result of many factors, including changing government regulations or stakeholder expectations, and our expansion into new products, services, technologies, and geographic regions.

Forwardlooking statements can also be identified by words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “could,” “can,” “may,” “commits”, “aims” and similar terms. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company’s control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

Moreover, many of the assumptions, standards, metrics, and measurements used in preparing this report continue to evolve and are based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. Given the inherent uncertainty of the estimates, assumptions, and timelines contained in this report, we may not be able to anticipate whether or the degree to which we will be able to meet our plans, targets, or goals in advance.

The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. We assume no obligation to update any forward-looking statements or information for any reason, which speak as of their respective dates.





Kronospan 2021 - 2022 Sustainability Report has been prepared with the support of PwC Turkey in line with the statements and information provided by Kronospan Inc. PwC has no liability to third parties with respect to this report or the matters covered in it.





*Advancing a Sustainable Future*