

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND EQUAL OPPORTUNITIES

The following statement according to ÅRL §99a and §99b is a part of directors' report in the Report and Financial statements 30. September 2022.

Statement according to ÅRL § 99a

Business model

The principal activities of the Company are the production of Particleboard according to customer specific specifications and the market demand in general.

The boards are primarily produced by wood, which is sourced from sustainable sources.

The customer segment covers the furniture, home/kitchen and building industry sectors primarily in Denmark, Scandinavian and western Europe. The Company has established a long-term cooperation with a few large buyers which drive a major part of the sales income.

Materiality assessment

Kronospan closely monitors its own impact on the surrounding world, just as we also have a strong focus on how changes in society around us can have an impact on our company.

These two focus points form the framework for our materiality assessment, which is our prioritization of the efforts that we have chosen to implement.

In our management system we have an environmental- and energy policy with goals for Environment, Energy and working environment. Besides that, we have procedures to secure that the policies are followed.

Based on a concrete assessment of the materiality, we as a company have chosen to focus on the following areas:

- Safety and working environment
- Environment and climate / sustainability
- Energy management
- Risk Management

Safety and working environment

Safety first is an important rule for Kronospan ApS. Number of days since last accident are monitored and there is high focus on getting the highest number of days possible. We are taking accidents very seriously and aim at a situation with no accidents at all. At 30/9 2022 we had 259 days without accidents, which is significant improvement compared to previous years.

The working environment including the psychological work environment is a high priority and is also a focus area in the years to come.

Development of the employees' professional competencies and interpersonal skills is given high priority and is realized through on-the-job training as well as attendance at internal and external courses. In addition, we need to encourage the development of young people and employ them as apprentices and trainees.

Environment and climate / sustainability

Whilst the wood- based panel industry captures 1 tonnes of CO₂ for every m³ wood consumed (<https://www.trae.dk/leksikon/lagring-af-co2-i-traeprodukter/>), reducing energy consumption is an important focus of the company's efforts to further reduce the impact on environment. This is an on-going process and involves active co-operation with The Danish Energy Agency ("DEA").

The Company is ISO 14001 certified for Environmental Management.

Recent projects

The Company has been working on optimizing water consumption and further energy optimization projects.

In 2020 there were established a surface water treatment plant to meet the environmental requirements for surface water.

Regarding emissions to atmosphere the Company has achieved excellent results through the use of a WESP- filter. A bag filter for the energy plant has been established in 2020 to enable the company to comply with future environmental threshold requirements.

In 2022 the company invested in a balance cooler to secure stable energy production in power plant 5.

Energy management

As already mentioned, the Company has been working on several projects during the year. Energy saving will remain strategic in any new projects undertaken by the Company in the forthcoming years. The company is ISO 50001 certified for Energy- Management.

Risk Management

It is Kronospan policy that all members of the group conduct structured registrations and follow up in order to achieve safe workplaces. This goal has been introduced at Kronospan Aps, and our target is to have an annual improvement, which may be measured in smaller number of accidents, break downs and fires. The means to achieve the annual improvement is placing responsibility for the plant with the employees, which as a side benefit gives the employees greater satisfaction at work.

The Ten principles of the UN Global Compact

The company comply to the ten principles of the UN Global Compact

Human Rights – principle 1 and 2

Kronospan supports and respects the protection of the internationally declared human rights, as set out in the UN Declaration of Human Rights and in ILO conventions and recommendations. Kronospan thus has an inherent focus on respect for human rights, and Kronospan's management therefore assesses that the adoption of formal policies will not affect efforts at this area.

Labour – Principle 3, 4, 5, and 6

Our personnel policy applies to all employees in the organization and the group management has the ultimate responsibility for the overall personnel policy. The individual sub-areas in the personnel policy is reviewed annually, and activities are followed up in the management system and reported systematic. Our policy to counteract harassment, for IT security and similar strategic measures is included as part of the guidelines in our personnel policy (COC), and is compulsory course material for all employees upon employment and ongoing in our internal training program.

In addition, the group and its business partners respect and follow internationally declared human rights. Kronospan follows national legislation for all employees. This also includes the individual's freedom to be a member of associations as well as participate in collective bargaining.

The company supports the principle of equal opportunities for all individuals and accepts no form of discrimination, forced or child labor.

The employees are our most important resource - therefore a good working environment is the prerequisite for that we can develop and maintain a high level of service to our customers, suppliers and partners, characterized by efficiency and high quality.

We value initiative, flexibility and commitment with respect and recognition for developing and maintain an open, safe, and trusting collaboration throughout the organization. That is why we encourage co-influence, co-determination, and responsibility on both the strategic, tactical and operational level.

It is crucial for us that each employee gets the opportunity to develop his or her personal and professional skills. Through our internal training academy, Kronovision, we continuously update our employees with the latest knowledge and "best practice" in their respective fields. We do it because we believe that competence development contributes to creating a good and sustainable organization, which has the necessary know-how to create good results.

Environment – Principle 7, 8, and 9

Kronospan has developed an environmental policy that includes the environment, energy and work environment.

It describes the company's constant focus on the environment, as well as its willingness and ability to increase the share of recycling in raw materials and reduce CO2 emissions by substituting fossil fuels with fuels from renewable energy sources. Further that the company introduces technological improvements to minimize emissions and reduce energy waste, as well as optimize filters and systems to achieve the best possible purification methods for air and water.

With the circular approach to the manufacture of chipboard, Kronospan is leading the way in the production towards a future with low CO2 emissions and finished goods as CO2 storage. The company's environmental policy is described in more detail in note 23, page 30, in the annual accounts.

Anti-Corruption – Principle 10

The company do not accept any form of corruption and bribery. The company evaluate the risk of being involved in such cases to be very low.

The group has a corruption guideline and are strictly opposed to any kind of active and passive bribery.

The Kronospan Management Rules outline clear prohibitions as well as instructions regarding the handling of any presents or invitations.

Every Kronospan employee must know and comply with all relevant cartel law stipulations. An in-house Cartel Law Guideline (Kronospan antitrust policy) and regular training help ensure proper conduct pursuant to cartel legislation.

Statement according to ÅRL § 99b

Goals and policies regarding gender quotation on the Management Board

Kronospan's Board of Directors consists of three male members appointed by the shareholders. The company's general policy for the composition of the board of directors defines the goal of a gender distribution 1/3 - one female and two male representatives - based on a goal of being able to nominate any female candidate for the board of directors with the right qualifications and willingness to take on the responsibility that the job demands.

The company expects to achieve the target figure set by the Board of Directors by the end of the financial year 2024/25. The target figure for gender equality is per. September 30, 2022, not achieved, as the company's shareholders, have assessed that the current board of directors are the ones who best secure the company.

The company's management team consists of 7 members, divided into an equal number of women and men, as well as the company's director, who oversees the management of the group. The composition of the Board of Directors and the management team is thus in line with the company's general policy for personnel - "The Group always strives to recruit the most suitable employees regardless of gender, race or religion."