



SUS TAIN ABILITY REPORT

SCHOELLERSHAMMER

2023

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FOREWORD

from the Management Board

Dear reader,

As we publish this report, Schoellershammer is finalising its concept to make its production activities climate-neutral by 2045. While we plan to disclose the details of this plan in the course of 2025, we wish to share a key message with you: we have a plan and intend to follow the climate pathway we have defined, step by step.

We had more employees in 2023 than in the previous year. Our training ratio increased, as did the proportion of women in our workforce, while employee turnover fell. All employees who took parental leave have since returned to our company. These facts all attest that Schoellershammer is a thoroughly attractive employer.

The financial year was dominated by construction of a residue processing plant, which will reduce our natural gas consumption by at least 25%. We began using waste materials for steam generation in early 2024. Since 2020, Schoellershammer has reduced its Scope 1 and 2 emissions by over 40%. Overall emissions continued to fall in 2023, while specific emissions remained stable. In this report, we disclose our Scope 3 emissions for the first time, which have also fallen in comparison with the previous year.

Schoellershammer is well prepared to meet the requirements set out in the EU Corporate Sustainability Reporting Directive (CSRD), which will apply to our activities from the 2025 financial year. We have been implementing corresponding management systems and training our employees with regard to the CSRD since 2023, and have also created an additional, dedicated role. We conducted a materiality analysis in accordance with the CSRD in 2023 and will conduct further analysis in 2025 in relation to financial risks and opportunities. We have produced this Sustainability Report in accordance with the GRI Standards.



We strive to live up to our social responsibility in everything we do. Schoellershammer signed up to the United Nations Global Compact (UNGC) in 2020. We are expressly committed to implementing and promoting the spread of the Ten Principles of the United Nations Global Compact on human rights, labour conditions, the environment and anti-corruption.

Yet, it is not only in environmental and social respects that Schoellershammer serves as a role model. Instead, with our recycled and recyclable containerboard products, we also play a significant role in the German circular economy. We are well positioned for the future and look forward to the challenges that lie ahead. Join us as we chart a course for the future!

Kind regards,

Armin Vetter

Bernd Scholbrock

Alexander Stern

SCHOELLERSHAMMER

AT A GLANCE

Based in Düren, SCHOELLERSHAMMER GmbH is a tradition-steeped company active in the paper industry. Our roots stretch all the way back to the 18th century. Schoellershammer remains in family ownership to this day. We identified the potential of the circular economy as early as 1950, when we commissioned our first production machine for recycled paper. Schoellershammer has produced containerboard products ever since. We aspire and strive to be one of the most sustainable manufacturers and partners on the European packaging market.

We generate around 50% of our turnover in German-speaking countries. Other important markets for the company include the United Kingdom, Benelux, Poland, France, Spain, Italy and Scandinavia. Our customers range from medium-sized enterprises to international corporations, and from specialist packaging manufacturers to integrated corporate groups that supplement their own paper production activities with our products.

As a non-integrated manufacturer, we are not in competition with our customers or our suppliers – an aspect they highly value.

Exclusive use of secondary fibres

Our two paper machines produce over 500,000 tonnes of fluting and liners per year from paper for recycling collected in the region. We work with two paper machines: PM 5 and PM 6. The latter was commissioned in 2016 and ranks among the most energy efficient in Europe. Since then, we have succeeded in aligning the specific energy consumption levels of PM 5 more closely with those of PM6.

As a fundamental rule, we do not use any kind of primary fibres and instead produce containerboard from exclusively secondary fibres. In addition to standard products, which account for around three quarters of our manufacturing activities, we also produce high-performance versions. These include our Hammerliner, Hammerflute and Twinhammer brands. While Hammerliner and Hammerflute are high-performance containerboard products, Twinhammer is suitable for use as a liner and as fluting, which simplifies material procurement and storage for our customers and opens the door to lighter, more sustainable packaging. All our products are FSC®-certified (FSC® C109985).

Facts and figures





Our roll warehouse –
the linchpin of our state-
of-the-art logistics processes

Business development and strategy

In 2023, we employed 277 people at our site in Düren (previous year: 270). Almost all of them live locally. Schoellershammer enjoys high workforce loyalty: we were pleased that the employee turnover rate fell once again in 2023 to 4.7% (previous year: 5.2%). At the same time, we demonstrate outstanding commitment to supporting up-and-coming talent, as trainees accounted for 6.13% of our workforce in 2023 (previous year: 5.6%).

We generated turnover of €225 million in the reporting year (previous year: €350 million). The exceptionally high turnover in the previous year was an extraordinary effect of significantly higher sale prices throughout the industry. This was due to increased energy costs caused by the energy crisis and the war in Ukraine. In this respect, the contraction in turnover is a return to normality. Unit sales remained stable compared to the previous year's levels.

Schoellershammer believes it has a responsibility to drive and shape the formation of a paper industry focused on environmental, social and environmental issues. We strive to play an active role in shaping the energy transition in the packaging sector, growing organically while reducing our carbon footprint. We firmly believe that our forward-looking engagement will secure the future viability of our company. Against this backdrop, we offer a sound economic foundation for our employees and their families.

MANAGEMENT STRUCTURE AND GOVERNANCE

Schoellershammer has three internal bodies: the General Assembly, the Advisory Board and the Management Board. The company's sustainable development is part of the strategic process defined by the Advisory Board and the Management Board, with second-tier management also involved in this process.

The Advisory Board is the superior governing body. Its members are elected every three years by the General Assembly, which is composed of members of the families that hold shares in Schoellershammer. The Advisory Board examines Schoellershammer's business activities on behalf of the company's shareholders. Its responsibilities include issuing the company's internal regulations and producing the annual financial statement.

Schoellershammer's articles of association state that, to avoid conflicts of interest, company shareholders may not serve as either Chair or Deputy Chair of the Advisory Board. The members of the Advisory Board must possess the requisite expertise and business experience for the scope and significance of their position. No remuneration policy exists for members of the Advisory Board. Any conflicts of interests that arise must be disclosed to the General Assembly. The Chair of the Advisory Board may not simultaneously serve on the Management Board.

The Advisory Board

Members of the Advisory Board in the 2023 financial year

WOLFGANG K. MEUSBURGER

Teufen, Switzerland. Business consultant. Chair and Member of the Advisory Board since 2000

DR STEFAN KARRER

Baden-Baden, Germany. CTO of Koehler Holding SE & Co. KG. Member and Deputy Chair of the Advisory Board since 2023

MARTIN ERFURT

Wuppertal, Germany. General Partner in Erfurt & Sohn KG. Member of the Advisory Board since 1998

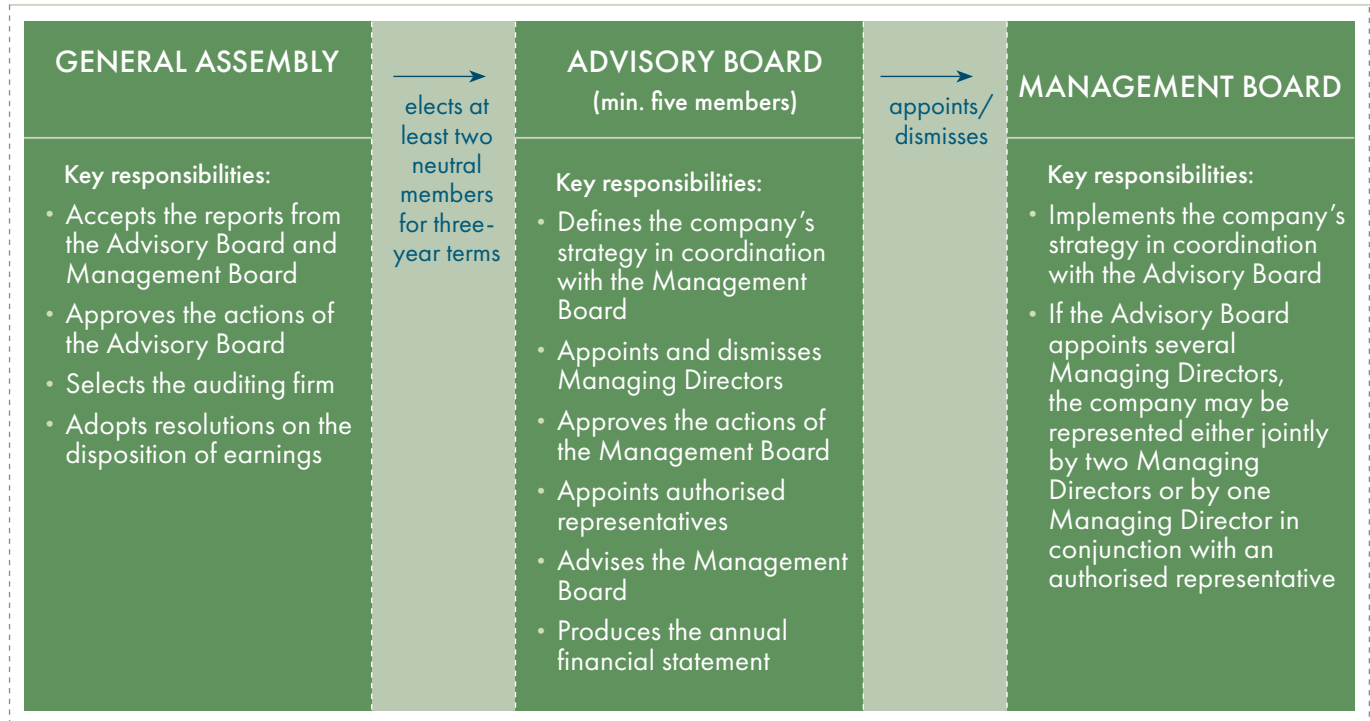
CHRISTIAN STAMBACH

St. Gallen, Switzerland. Lawyer and partner in Bratschi AG. Member of the Advisory Board since 2016

DR WIEBKE RHODIUS

Munich, Germany. Lawyer. Member of the Advisory Board since 2022

Governance structure



In accordance with the company's articles of association, the Advisory Board delegates management of the company to the Management Board. The Advisory Board appoints, monitors, advises and discharges the Managing Board. The Management Board controls the company's operational activities and develops them in coordination with the Advisory Board. This also includes managing the company's impact on social issues.

The Management Board is responsible for all processes that are not of paramount financial or strategic importance. This includes sustainability management, compliance management and other due diligence processes as well as analysis of their efficacy. During the reporting year, neither the Advisory Board nor the Management Board received any reports of negative or potentially negative impacts caused by the company. Details of our processes and complaint mechanisms are outlined in another chapter: "Ethical business principles and practices".

The Management Board

The Management Board comprises Bernd Scholbrock, Armin Vetter and Alexander Stern. Each Managing Director can represent the company in conjunction with either a second Managing Director or an authorised representative.



BERND SCHOLBROCK

Business economist (BA). Kreuzau, Germany. Member of the Management Board since 2008; responsible for markets and logistics



ARMIN VETTER

Engineer (Dipl.-Ing. (FH)). Kreuzau, Germany. Member of the Management Board since 2008; responsible for production and technology



ALEXANDER STERN

Economist (Dipl.-Ök.). Siegburg, Germany. Member of the Management Board since 2014; responsible for finance, HR and IT

The Management Board provides the Advisory Board with monthly reports on ongoing business activities. The Advisory Board meets at least twice per year. In 2023, the Advisory Board met on three occasions, which included an exchange between shareholders and the Management Board. The Works Council also convenes with the Advisory Board on an annual basis.

Women have been under-represented on the company's senior management bodies to date, although the Advisory Board now has a female member.



The PM 6 rewinder
helps to drive forward
our green vision

Anchoring sustainability

The sustainability requirements placed on companies – especially those in energy-intensive sectors – are increasing sharply. Their significance is also trending steadily upwards in comparison with other requirements. The sustainability issues pursued by Schoellershammer are therefore closely linked with the company's strategic development, which is defined and driven by the Advisory Board in coordination with the Management Board.

The Advisory Board members contribute their experience of managing sustainability issues in other companies; the Management Board contributes company-specific knowledge and extensive expertise in relation to the business environment, regulatory frameworks and the potential of Schoellershammer as an enterprise.

The Management Board also engages with the sustainability issues identified in the materiality analysis, monitors the issues' implementation and explores them further through internal training and dialogue with internal bodies.

The Management Systems, Sustainability and Digitalisation Officer is responsible for all sustainability issues, along with the development of corresponding management systems and reporting. She reports directly to the Management Board and coordinates sustainability-related activities in partnership with the relevant colleagues. The Management Board is responsible for determining, reviewing and approving the information published in the Sustainability Report.

ETHICAL BUSINESS PRINCIPLES AND PRACTICES

The central pillar of our corporate culture is ethical conduct in conformity with applicable rules. Our employees and external stakeholders are aware of this because we actively discuss these values.

At Schoellershammer, our internal guidelines are based on international frameworks and international conventions. We are guided by the sustainability requirements set out in the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), even though it does not apply directly to companies of our size. We increasingly orientate ourselves by the requirements of the EU CSRD, to which we will be subject from the 2025 financial year. We welcome policymakers' efforts to create framework conditions that place ethical aspects at the heart of economic activity more strongly than has been the case to date.

Our codes of conduct for employees, suppliers and other business partners explicitly refer to the fundamental international principles to which Schoellershammer has committed itself, specifically: the Universal Declaration of Human Rights (UDHR), the Core Labour Standards of the International Labour Organisation (ILO), the UN Guiding Principles on Business and Human Rights (UNGP) and the Principles of the United Nations Global Compact (UNGC), which we joined in 2020.

Our employees commit to abide by our code of conduct when they join our company. We explain the code's details and importance in an online training session. We also require our suppliers and other business partners to abide by this code.



The Birkenvilla – the house
in which Heinrich August
Schoeller was born – is a true
piece of history

Compliance management

The Management Board is responsible for the topic of compliance. The Compliance Manager oversees operational aspects and reports directly to the Management Board.

In the 2023 financial year, we introduced compliance guidelines to help improve our employees' awareness of statutory compliance requirements, meet these requirements and identify risks of fraud and corruption at an early stage. In August 2023, we held in-person compliance training. All Managing Directors took part, as did other managers working in procurement, sales and technical departments. In addition, we developed work instructions and processes to counteract potential compliance risks. We have expanded our compliance management activities further in 2024.

We place a strong emphasis on collaborating with partners that share our understanding of sustainable business. This is why we require our suppliers and other business partners to agree to our code of conduct. We have developed a suitable procedure for assessing human rights-related and environmental risks throughout our supply chain. In addition, we introduced sustainable procurement guidelines in 2023. Supplier auditing and engaging with the working conditions of our logistics partners' lorry drivers are also important issues for us. Further details are set out in another chapter: "Our supply chain".

Our whistleblower system:
www.schoellershammer.de/en/whistleblower/



We operate a whistleblower system and have included a link to it on our homepage since 2022. It offers employees and all other interested parties the opportunity to report infringements of laws, regulations and internal guidelines, including anonymously. These reports are kept confidential in accordance with statutory provisions. Whistleblowers can submit reports either via our dedicated whistleblower page or by telephone. It is also possible for the caller to distort their voice in order to submit a report anonymously by telephone.

Employees can also turn to the Works Council, the Compliance Manager or the Management Board directly. We highlight these options in our code of conduct.

As in the two previous years, no fines or other sanctions due to significant infringements of laws or regulations were issued against Schoellershammer in the reporting year.

Guidelines and work instructions

All internal guidelines and work instructions are initiated and approved by the Management Board. They are available in the intranet, to which around three quarters of our workforce have access. Relevant updates in this regard include the introduction of mobile telephone push notifications in 2024, in addition to the existing practice of displaying information on noticeboards. We offer online training covering the most important topics. When new employees join our company, they receive a tailored package containing all relevant internal guidelines and work instructions.

The framework that guides our ethical corporate culture

International frameworks	Key internal guidelines	Aspects of implementation
United Nations Universal Declaration of Human Rights Core Labour Standards of the International Labour Organisation (ILO) UN Guiding Principles on Business and Human Rights (UNGPR) Principles of the UN Global Compact (UNGC)	Code of conduct for employees	<ul style="list-style-type: none"> • Employee obligations and development
	Code of conduct for business partners and suppliers	<ul style="list-style-type: none"> • Supplier obligations • Inclusion in forms and contracts • Inclusion in annual supplier negotiations
	Sustainable procurement guidelines	<ul style="list-style-type: none"> • Risk assessments for suppliers • On-site supplier inspections • Supplier audits • Compliance training for employees in procurement
	Guidelines on non-discriminatory recruitment procedures	<ul style="list-style-type: none"> • Job advertisements • Reviews of application documents • Job interviews • Correspondence with applicants
	Corruption prevention guidelines	<ul style="list-style-type: none"> • Included in regular compliance training
	Anti-monopoly guidelines	<ul style="list-style-type: none"> • Included in regular compliance training
	Agent guidelines	<ul style="list-style-type: none"> • Review of all sales intermediaries by the Compliance Manager • Detailed written documentation of services provided by sales intermediaries

Association work and lobbying

We play important roles in the governing bodies of several associations and initiatives. Prominent examples include:

- DIE PAPIERINDUSTRIE e. V., Berlin
- PAPIER NRW – Verband der papiererzeugenden Industrie in Nordrhein-Westfalen e. V., Düsseldorf
- Arbeitgeberverband der Papier erzeugenden Industrie von Düren, Jülich, Euskirchen und Umgebung e. V.
- Industrie – Wasser – Umweltschutz e. V., Düren
- Wasserverband Eifel-Rur, Düren

Since 2016, Schoellershammer has been cooperating effectively with four industrial enterprises in the Energienetzwerk Düren-Rureifel, which is supported by the Aachen Chambers of Industry and Commerce (IHK Aachen). Its participants discuss energy efficiency and process optimisation measures and formulate reductions targets for three-year periods, with the companies then combining their figures. Between 2019 and 2022, the participating companies saved a combined total of roughly 75,000 tonnes of CO₂. The three-year target for the period starting from 2023 is 44,429 MWh per year, which would correspond to a CO₂ reduction of 16,326 tonnes of CO₂ per year.

We are a founding shareholder in Modellfabrik Papier gGmbH, which is also based in Düren. Modellfabrik researches new technologies that could reduce carbon emissions in paper production. The process engineering approaches it employs are highly promising.

We engage with various committees and working groups at DIE PAPIERINDUSTRIE e. V. – in particular its Packaging and Containerboard committee and working groups addressing the topics of energy, environmental affairs, technology, logistics and sustainability. Together with the association, we champion the interests of paper packaging manufacturers, including in the context of the new EU Packaging and Packaging Waste Regulation.

EU Packaging and Packaging Waste Regulation

During the development of the new Packaging and Packaging Waste Regulation, which the EU adopted in 2023, the paper industry lobbied for paper packaging to be exempted from re-use obligations, in contrast to plastic packaging. Schoellershammer contributed to a series of statements and the drafting of position papers. We are pleased that our efforts succeeded.

The need to reduce single-use packaging is indisputable. However, plastic-based packaging is particularly harmful to the environment: it is not biodegradable and can only be recycled in energy-intensive processes. By contrast, cardboard packaging is a recyclable product made from a regenerative material and can be recycled multiple times before its fibres decompose or are sent for thermal treatment as organic waste. Paper packaging is, therefore, the better choice in every respect.

Stakeholder engagement

We identified our most important stakeholders during a materiality workshop in 2022. The Management Board was responsible for final prioritisation of these stakeholders. We engage with most of our stakeholders on a regular basis in the course of our business activities. This regular personal contact helps to build mutual appreciation and plays an important role in the development of joint strategies for the future.

Employees

Our employee engagement is an expression of our appreciation. Established engagement formats include annual performance reviews, works assemblies, an exchange of views between employer and employee representatives, and the complaints procedure, which is open to all employees. We operate a company suggestion system, which is used in particular by employees in commercial roles to contribute their ideas. Details are outlined in another chapter: “Supporting our employees and their development”.

The Head of HR and the Works Council were part of the team that determined material sustainability issues for the company. In 2023, we established an internal committee comprising employer and employee representatives to implement the Federal Wage Framework Agreement (Bundesentgelttarifvertrag – BETV) within the company. It was finally implemented at Schoellershammer in April 2024.

Owners

The owners, who are represented by the Advisory Board, play a pivotal role in Schoellershammer, primarily through their financial policy and their willingness to tackle future-focused topics. While the Management Board and Advisory Board coordinate particularly closely, the Management Board also engages with the owners. Formal engagement takes place through the Advisory Board, reporting processes and regular meetings. Details are outlined in another chapter: “Management structure and governance”.

It is particularly important to us that we decide collectively on investments and innovations that allow us to reduce the company’s CO₂ emissions

In September 2023, the Management Board reported to the Advisory Board on the progress made on sustainability and the results of the materiality analysis, which we will examine in further detail later in this chapter. The Advisory Board approved specific sustainability projects and budgets in November 2023.

Customers

We maintain close contact with our customers. Our relationships with most of our customers extend back over many years. The Managing Directors and Sales department are particularly responsible for these activities. Structured annual meetings, which are held at least once per year and documented in summary minutes, are the formal core of our engagement with our customers. We always ask about our customers’ satisfaction at these meetings.

Our customers are deeply interested in our expertise in terms of sustainability and climate neutrality, and provide positive feedback on this. Our engagement has proven itself to be a valuable instrument in promoting customer loyalty. It is often regarded as a unique selling point that sets Schoellershammer apart from the competition.

Suppliers

We maintain long-term partnerships with our direct suppliers and know many of them personally. Engaging with raw materials suppliers is the responsibility in particular of our Procurement team, while our Logistics team stays in touch with our transport service providers. When it comes to the sustainability requirements imposed on us by our customers, we endeavour not only to pass these on to our suppliers through formal arrangements but also to raise and enhance their awareness of these issues. Details can be found in another chapter: “Our supply chain”.



Our company
premises combines
tradition and innovation

Regulatory authorities, public institutions and associations

We engage with the Cologne District Administration, which conducts environmental inspections of our company at regular intervals. In addition, we maintain contact in particular with the City of Düren, the fire brigade, paper industry associations and the Eifel-Rur Water Association (Wasserverband Eifel-Rur – WVER). We engage with these partners on topics including the environmental issues facing our company as well as economic and political framework conditions.

Financial services companies, insurance providers

The company's management convenes with representatives of the company's house banks in an annual banking meeting. Sustainability increasingly plays a role in these talks. In the context of climate-related legislation and the Corporate Sustainability Reporting Directive (CSRD), banks and state funding bodies are calling on companies

to disclose sustainability aspects of their activities to support investment-related decision-making. We are proud that Kreissparkasse Köln, of which we are a customer, referred to Schoellershammer's pioneering sustainability strategy in its 2022 Annual Report.

Agents

Our Sales team discusses sales activities with all our agents in a monthly *jour fixe*. We also hold an in-person agents meeting at least once per year. We maintain close links with our agents to exclude the risk of compliance breaches. All agents must sign up to our code of conduct.

Local residents

Schoellershammer engages with local residents when necessitated by specific events. The Management Board is responsible for this engagement. There were no topics or events suitable for reporting in 2023.

Sustainability strategy

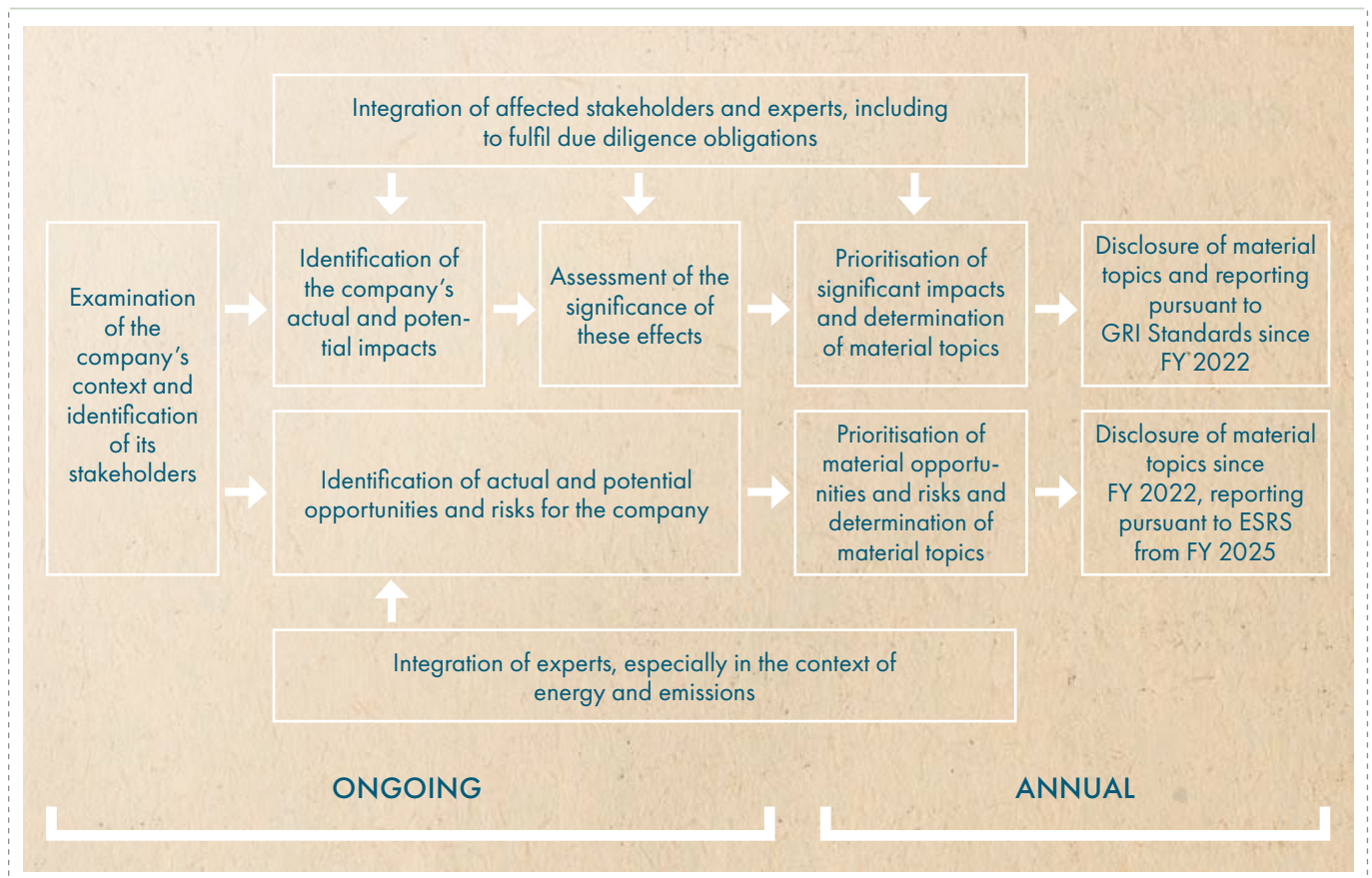
Schoellershammer's foremost aim is to reconcile economic activity with environmental, social and ethical objectives, and to contribute to consistently sustainable development.

We have undertaken sustainability-related activities for many years. In early 2023, we conducted a materiality analysis in an effort to focus these activities, integrating company management, other managers, the Works Council and our sustainability officer.

In a multi-stage process comprising workshops, rounds of discussions and technical discussions, we analysed our company's political and social context. We analysed our supply chains, defined our stakeholders, considered their interests and identified relevant sustainability issues.

In a series of working groups, we initially designated 15 sustainability issues as relevant and, following detailed joint discussions, selected five issues as priorities. These five issues either have particularly significant consequences or present particularly high risks to our business. Often, they feature a combination of both.

How we define material topics



FY = financial year

ESRS = European Sustainability Reporting Standards

Material topics

Topic	Parameters
Resource use and the circular economy	<ul style="list-style-type: none"> • Materials (GRI 301-1) • Recycled input materials used (GRI 301-2) • Products (own KPI) • Waste (GRI 306-3)
Energy consumption and emissions	<ul style="list-style-type: none"> • Total energy consumption (GRI 302-1) • Energy intensity – Scope 1+2 (GRI 302-3) • GHG emissions – Scope 1+2 (GRI 305-1, 305-2) • GHG intensity – Scope 1+2 (GRI 305-4) • GHG emissions – Scope 3 (GRI 305-3)
Water	<ul style="list-style-type: none"> • Water withdrawal (GRI 303-3) • Water discharge (GRI 303-4) • Water consumption (GRI 303-5)
Training and education	<ul style="list-style-type: none"> • Employee turnover (GRI 401-1) • Percentage of trainees in the workforce (own KPI) <p>From 2024 financial year onwards:</p> <ul style="list-style-type: none"> • Hours of training and education (GRI 404-1) • Regular performance reviews (GRI 404-3)
Working conditions in the supply chain	<ul style="list-style-type: none"> • Number of suppliers screened (GRI 414-1, GRI 308-1)

By conducting our materiality analysis, which extends beyond the GRI Standards, we have already fulfilled the requirements specified by the new EU Corporate Sustainability Reporting Directive (CSRD) regarding the process of identifying material topics. In early 2025, we will make a final determination regarding the risks and opportunities to our company and decide on disclosure thresholds. This was not yet mandatory under the GRI Standards.

We secured input from external specialists to further our understanding of the GRI Standards and the CSRD and then prioritised the issues raised. At the same time, we have begun to build knowledge within our company so that we can manage sustainability topics effectively. We disclose and examine material topics in a phased

process. We will produce another sustainability report in accordance with the GRI Standards for the 2024 financial year.

From the 2025 financial year, we will prepare sustainability reports in accordance with the new European Sustainability Reporting Standards (ESRS), which the CSRD will require at that point. Beyond this, we are currently working to establish management and reporting structures to meet ESRS requirements in the first year.

RESOURCE USE AND THE CIRCULAR ECONOMY

Schoellershammer's business model is based on recycling. This means that we are already part of the urgently needed economic transformation.



The circular economy in action:
Removing bales at our storage yard
for paper for recycling

The concept of the circular economy is a central component of the European Green Deal. The objective is to minimise raw material use in future production activities and to recycle products as fully and energy efficiently as possible after use.

This transition from a linear system to a circular economic model is forcing many companies to redesign their products from scratch. However, this is not the case for Schoellershammer. Instead, our key resource is a secondary raw material: paper for recycling. It accounts for 94% of our total raw material flow. We produce containerboard for use in packaging, which is also broadly recycled. Our core business activities therefore correspond to a high degree with the EU's requirements of sustainable business formulated in its Green Deal.

Two pieces of EU legislation in particular provide relevant guidance for Schoellershammer: the EU Circular Economy Action Plan and the EU Packaging and Packaging Waste Regulation. The Action Plan, which was adopted in 2020, provides a strategic framework, while the PPWR passed in 2023 sets out specific requirements for the packaging sector.

The merits of paper-based packaging

Packaging made from recycled paper represents a sensible alternative to oil-based packaging. Paper is based on organic materials, making it a more sustainable material. It can be manufactured and recycled in just a handful of process steps and is also easily biodegradable. In addition, the paper industry in Europe already has a functional system for the collection and recycling of fibres, along with an established market for secondary raw materials. For most plastics, such infrastructure is still a long way away.

We disclose the specific contributions that our core business activities make to the circular economy in this report with the aim of raising awareness in the political sphere and in wider society of the merits of paper-based packaging. We report on the raw materials we use, the products we manufacture and the waste we generate. The type and scope of these resource flows are key

indicators in illustrating – and acknowledging – our contribution to the circular economy.

Water and energy are also resource flows of material importance. We address these aspects in other chapters: “Energy consumption and emissions” and “Water management”.

Raw materials

As a secondary raw material, paper for recycling accounts for 94.3% of our raw materials input. We source paper for recycling primarily from the waste management industry and specialist suppliers of paper for recycling. We give preference to regional sources within a radius of 200 km. In addition, our customers send clippings and other waste materials from corrugated packaging production back to us, which we then recycle.

In 2023, we processed 570,589 tonnes of paper for recycling (previous year: 561,875 tonnes). We also processed 28,336 tonnes of wheat starch (previous year: 28,289 tonnes) and 6,369 tonnes of consumables (previous year: 5,186 tonnes). Paper for recycling and wheat starch are both regenerative materials and account for 98.95% of our input raw materials (previous year: 99.1%). The quality of paper for recycling declined further over the last year, which forced us to order more paper for recycling – despite a slight fall in demand – in order to maintain our high quality standards. Other consumables include dye, other additives and process chemicals. We source all raw materials and consumables from within Europe.

Quality management

Schoellershammer has an ISO 9001-certified quality management system. Our standards and rules for production, safety and the environment are the responsibility of management and are conveyed to all employees through regular training.



The consumables we use are registered in accordance with the REACH Regulation. The brown dye and other process chemicals are classified as hazardous to water, while two process chemicals we use are markedly hazardous to health. We use these substances responsibly and in accordance with statutory requirements.


Our products are regularly examined in accordance with the 36th Recommendation (Empfehlung XXXVI) of the German Federal Institute for Risk Assessment (BfR). We only use consumables and paper for recycling that correspond to this recommendation.

To date, we have conducted an analysis of human rights-related and environmental risks in our supply chain every two years, most recently in 2022, with the next analysis scheduled for 2024. Further details can be found in another chapter: “Our supply chain”.

Types of paper for recycling we use

- 1.02 Mixed papers and boards (sorted)
- 1.04 Supermarket corrugated paper and board
- 1.05 Old corrugated containers
- 4.01 New shavings of corrugated board
- 4.03 Used corrugated kraft 2

Our material cycle (in tonnes)

Input (in t)				Output (in t)					
Raw materials				Products			Waste		
	2022	2023			2022	2023		2022	2023
Paper for recycling	561,875	570,589		High-performance paper	77,130	92,390	Non-hazardous waste	63,411	66,972
Wheat starch	28,289	28,336	Standard paper	457,870	437,610	Hazardous waste	17.4	69	
Consumables	5,186	6,369							
	595,350	605,294		535,000	530,000		63,428	67,041	

Products

All of our paper is examined by ISEGA Forschungs- und Untersuchungsgesellschaft mbH and approved for food contact in accordance with the 36th Recommendation (Empfehlung XXXVI) of the German Federal Institute for Risk Assessment (BfR). This approval is reviewed every two years.

Schoellershammer holds FSC® Chain of Custody (CoC) certification and undergoes regular audits. This CoC certification confirms that we contribute to the sustainable use of forest resources through our products. Our containerboard products satisfy the requirements of the FSC® Recycled label.



We produced 530,000 tonnes of base paper during the 2023 financial year (previous year: 535,000 tonnes). High-performance paper, which meets particularly stringent strength and rigidity requirements, accounted for around 17% of our production output in 2023 (previous year: 15%). These products, which have a higher grammage and contain elevated quantities of starch and higher-grade paper for recycling, have properties that can otherwise only be achieved with virgin paper. Consequently, they replace virgin fibres, which reduces wood consumption overall.

Our two machines produce paper with a weight of 80 to 180 g/m². The strongest demand is for the medium weight class, which we therefore produce on both machines. We produce high-performance paper on PM 5 and use PM 6 to produce lightweight paper from 80 to 135 g/m² in brand quality.

Schoellershammer's raw materials and products are already very sustainable. There is extremely little scope to further reduce the material use per square metre of paper. This is because corrugated packaging is typically engineered to be just as sturdy as necessary while being as lightweight as possible to keep costs to a minimum.

In order to improve our products' carbon footprint, we have concentrated our efforts in recent years on process engineering aspects to reduce our energy consumption as well as on optimising our energy procurement practices. Details can be found in another chapter: "Energy consumption and emissions".

Waste

In the 2023 financial year, our paper manufacturing activities generated 67,041 tonnes of waste (previous year: 63,428 tonnes). Paper for recycling is delivered to us in bales that, in addition to paper, also contain plastic, metal, glass, textiles and wood. At 87% of the total volume, these contaminants, which we refer to as "rejects", account for the majority of the waste we produce. In early 2024, we commissioned a residue processing plant for thermal treatment of rejects. This enables us to perform thermal treatment of rejects on site, thereby replacing a significant amount of the natural gas. Details about the thermal treatment facility can be found in another chapter: "Energy consumption and emissions".

Hazardous waste accounted for 0.1% of the total waste we produced in the 2023 financial year (previous year: 0.03%). This rise was due, in particular, to demolition work on the company premises, which revealed mineral wool. That aside, the hazardous waste we produce is predominantly absorbent agents containing mineral oil as well as hydraulic and gear oils used in the maintenance and servicing of our technical equipment. We dispose of all hazardous waste in accordance with applicable regulations.

We pre-treat the wastewater from paper processing in our own wastewater treatment plant, which removes up to 90% of organic impurities from the water before it is sent to the wastewater facility operated by the water association. We send the organic substances removed during wastewater treatment for thermal treatment. Further details of our water and wastewater management activities can be found in another chapter: "Water management".

ENERGY CONSUMPTION AND EMISSIONS

Schoellershammer is ready for action.
We will continue to refine our transformation
plan for climate-neutral production in 2024.



Our new residue processing plant –
a key element of the transformation
pathway we have mapped out

Schoellershammer endorses the European Green Deal as an endeavour to make Europe a sustainable economic sphere. We are following the defined climate pathway for the Federal Republic of Germany, which targets a 65% reduction in CO₂ emissions compared to 1990 levels by 2030. We aim to become climate-neutral by 2045.

Our energy management system is ISO 50001-certified. In 2017, we defined specific targets to reduce Scope 1 and 2 emissions by 2030 and have worked systematically to reach these targets ever since. We have calculated our Corporate Carbon Footprint (CCF) since 2022 and had our figures verified by an independent, accredited body. In addition, as of 2023, we also disclose our Scope 3 emissions.

Transformation plan for climate-neutral production

We will adopt our climate neutrality concept in early 2025 and disclose details of this in our next sustainability report. We expect to be able to operate in a climate-neutral manner by 2045. The most significant lever we can pull lies in extensive electrification of our production processes, especially steam generation. The technology to achieve this already exists. For the time being, however, it remains to be seen whether the public purse will succeed in strengthening the (regional) power grid in time or provide a sufficient supply of green electricity.

If these framework conditions are created, Germany will remain an attractive location for us, enabling us to produce paper in a cost-efficient and climate-neutral manner.

Investments in technology

In 2021, we completed the phase-out of coal in our company by shutting down our lignite-fired power station and commissioning a highly efficient combined heat and power (CHP) unit fired with natural gas and biogas, which can also be converted to run on hydrogen if necessary. The move from lignite to gas marked the single largest step to date in our efforts to reduce our

ecological footprint. Since then, we have emitted roughly 60,000 tonnes of CO₂ less per year.

We have also curbed our natural gas use significantly by constructing a residue processing plant, which entered into normal operation in early 2024. Based on our 2023 consumption levels, this will reduce our natural gas consumption by around 30%. Our thermal treatment facility uses all residues arising from processing paper for recycling (i.e. rejects and short fibres), along with sewage sludge resulting from wastewater treatment, to generate steam. Thermal treatment reduces our waste disposal costs significantly and eliminates roughly 4,000 lorry journeys per year.

In the 2023 financial year, Schoellershammer implemented a range of further measures, especially in relation to heat recovery and insulation. We have invested in an exhaust vapour condenser, which will reduce our natural gas consumption by roughly 1,000 MWh per year. The heat recovered through this device will be used to pre-heat the feed water for our steam generator. By installing insulation around ventilation ducts and condensation pipes, we expect to reduce our natural gas consumption by a further 1,600 MWh per year. We have also cut our power consumption by overhauling our hydraulic systems and making process optimisations.

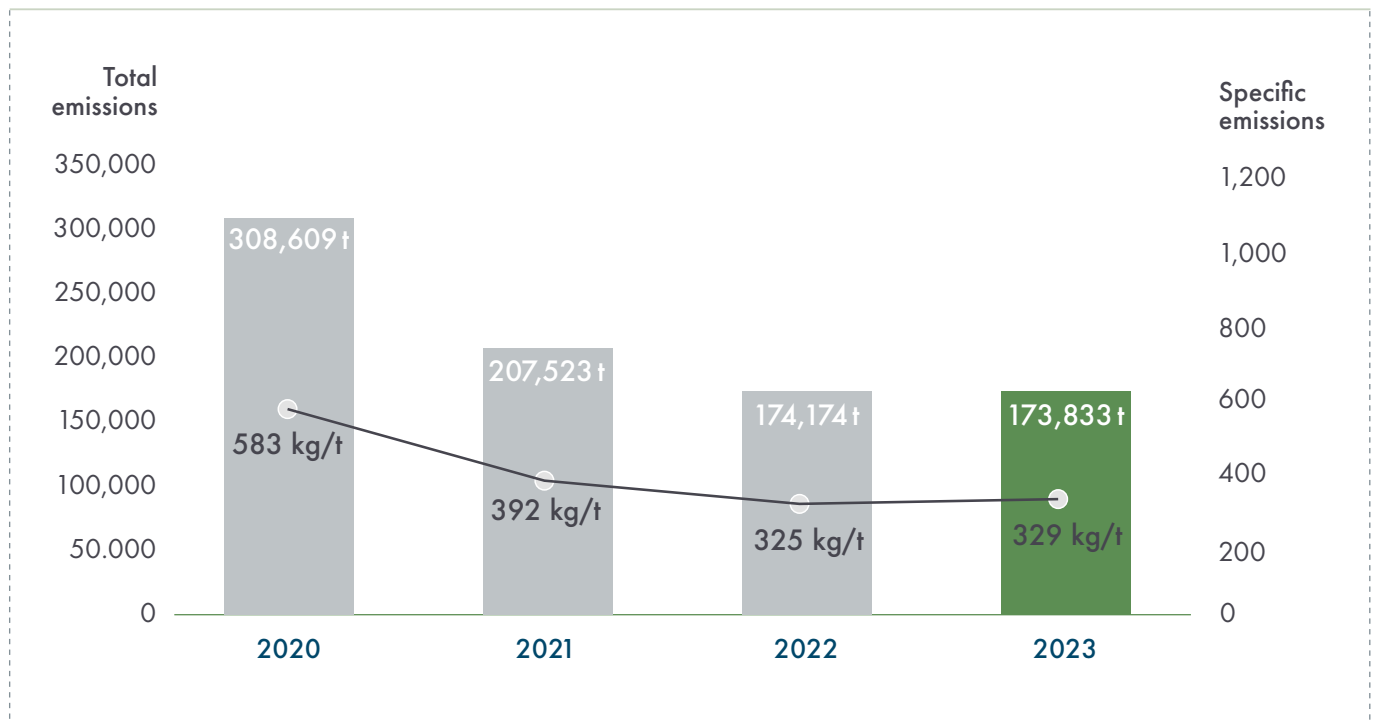
In 2024, we are concluding our largest energy-saving project to date: retrofitting our older paper machine, PM 5, with heat-recovery systems to provide additional heating for process water circuits. We expect this to reduce our annual natural gas consumption by at least 5,000 MWh. In addition, the photovoltaic system on the roof of the hall that houses PM 6 is set to be commissioned, generating roughly 885 MWh of electricity per year in the future.

Scope 1 and 2 emissions

Since 2020, we have reduced our total emissions by 43.3% and cut our specific emissions by 44.2%. Our total emissions in the 2023 financial year were 173,833 tonnes CO₂e (previous year: 174,174 tonnes CO₂e), while our specific emissions were 329 kg CO₂e per tonne of paper (previous year: 325 kg CO₂e). Both figures therefore remained stable.

As our production output was slightly lower than in the previous year, our energy consumption fell slightly in 2023. Despite this, in terms of our Scope 2 emissions, the significantly less favourable energy mix supplied by our energy provider had a negative impact on our carbon footprint. As in the previous year, the energy intensity of our production activities was 1,382 KWh per tonne of paper. Renewable energy accounted for 64.2% of our electricity mix (previous year: 65%).

Scope 1 and 2 CO₂ emissions (2020–2023)



Energy consumption in kilowatt-hours*

Energy consumption	2022	2023
Natural gas _{LHV}	418,828,210	406,138,084
Biogas _{LHV}	19,893,731	31,036,222
Purchased electricity	150,599,649	148,477,055
Green electricity	17,520,000	17,520,000
Steam from the pulverised lignite	130,334,143	124,395,261
Diesel for materials handling	2,692,263	2,661,020
Total	739,867,996	730,227,642

* Real values for the entire plant for production purposes.

Greenhouse gas emissions in tonnes of CO₂ equivalent (CO₂e)*

Scope 1	2022	2023
Heat consumption	85,112	82,101
Fuel consumption in the company	751	728
Gas leaks (refrigerant)	40	31
Total for Scope 1	85,903	82,860
Scope 2	2022	2023
Power consumption**	29,765	36,488
District heating/cooling	58,506	54,485
Total for Scope 2	88,271	90,973
Total for Scope 1 and 2	174,174	173,833

* Calculation based on real values. Emissions factors in accordance with DEFRA, GEMIS, Ecoinvent, UBA and others.

** Market-based figure. Deterioration in 2023 due to change in electricity mix from provider, while our electricity consumption fell.
Location-based figure: 59,623 t CO₂e (previous year: 66,752 t CO₂e).

Scope 3 emissions

In the 2023 financial year, we started reporting our Scope 3 emissions based on the GHG Protocol. We apply a cradle-to-shelf perspective, meaning that we examine all emissions from the raw material through to product distribution. This corresponds to Scope 3 Categories 1 to 8 of the GHG Protocol.

Over one-third of our Scope 3 emissions occur in Scope 3 Category 4, Upstream Transportation and Distribution. We have few levers to pull to reduce the emissions generated through delivery of materials and distribution of finished products via truck. Nevertheless, we strive to make improvements through targeted measures. For example, we give priority to suppliers of paper for recycling within a radius of up to 200 kilometres. A supplier's distance from our site is a factor we consider in our supplier assessments. In terms of the logistics companies we engage, we collect vehicle, route and transport information in order to calculate CO₂ emissions. We refer to these insights in meetings with our suppliers.

Raw materials and primary products are another important factor and fall under Scope 3 Category 1, Purchased Goods and Services. For companies in the manufacturing industry, raw materials and primary products usually account for the lion share of Scope 3 emissions. At Schoellershammer, however, they account for just 24% of emissions. This is because cardboard and paper for recycling are not encumbered by significant CO₂ baggage. In addition, we primarily source our wheat starch from a CO₂-optimised factory that is among the most advanced in Europe. At present, we are only able to take small steps forward in terms of Scope 3 Category 1 emissions. We implement such measures when economically viable. This includes making order processes digital, which will enable us to save significant volumes of copier paper and associated emissions over the medium term.

The third most significant source is waste resulting from paper recycling, which falls under Scope 3 Category 5, Waste Generated in Operations. As described in further detail in another chapter, "Resource use and the circular economy", the paper for recycling delivered to us contains plastics and other contaminants, which must be removed and sent for external disposal. In 2023, this accounted for almost 16% of our Scope 3 emissions. As of 2024, we use these materials in our residue processing plant, thereby replacing a significant quantity of natural gas. The emissions impacting the climate are reduced by the high biogenic content of these materials.

The remaining emissions recorded in Scope 3 categories account for smaller shares of these and are therefore of lesser importance.



**The new photovoltaic system
increases the share of electricity
from renewable sources**

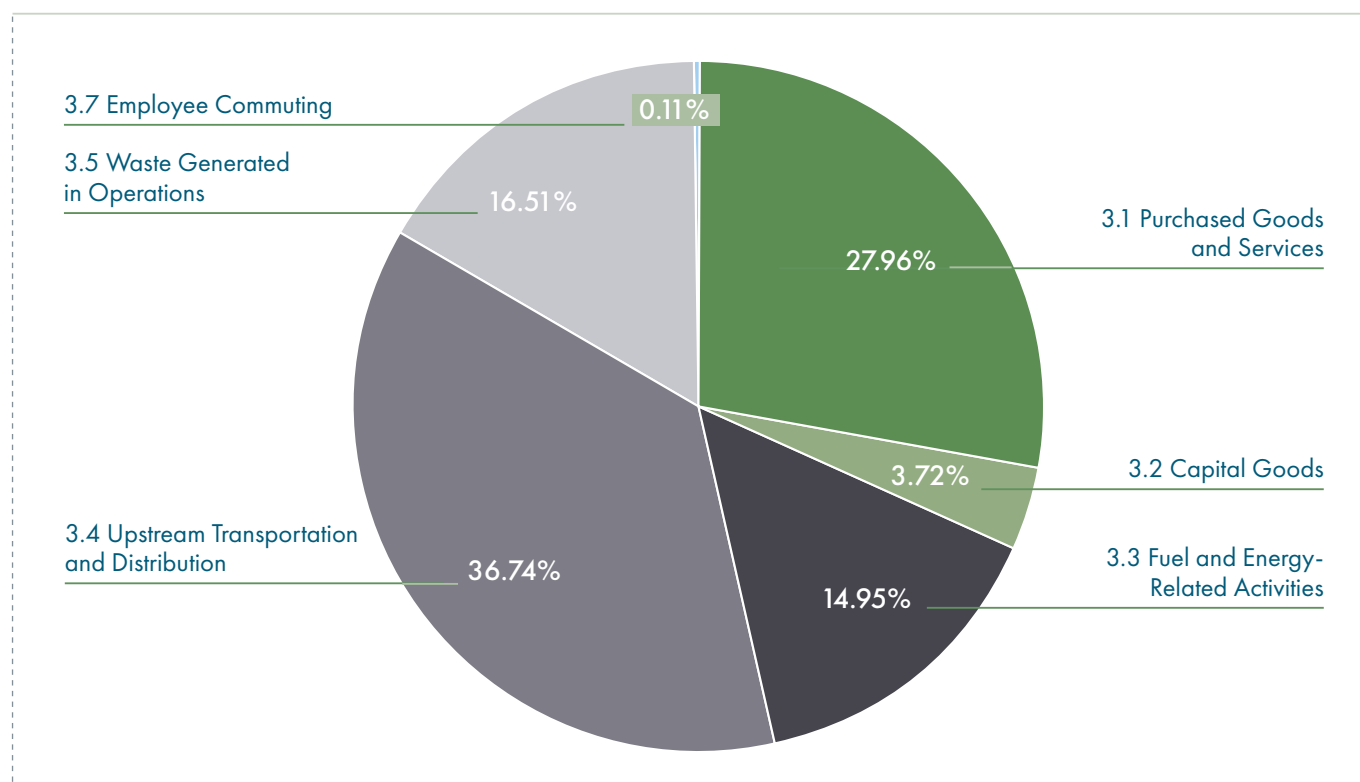
Scope 3 emissions in tonnes of CO₂ equivalent (CO₂e)*

Scope 3 (cradle-to-shelf perspective)	2022	2023
3.1 Purchased Goods and Services	54,945	54,771
3.2 Capital Goods	2,589	7,293
3.3 Fuel and Energy-Related Activities	30,601	29,291
3.4 Upstream Transportation and Distribution**	96,741	71,980
3.5 Waste Generated in Operations**	31,098	32,354
3.6 Business Travel	13	10
3.7 Employee Commuting	212	209
3.8 Upstream Leased Assets	0	0
Total for Scope 3	216,199	195,908

* Calculation based on real values. Emissions factors in accordance with DEFRA, GEMIS, Ecoinvent, UBA and others; figures for previous years have been adjusted.

** Figures for 2022 partially estimated; full recording only commenced in 2023.

Scope 3 emissions as percentages



WATER MANAGEMENT

We continued to reduce our water consumption in the 2023 financial year by introducing new technologies. Nevertheless, water remains our most important operating material after energy.

The nearby Rur has supplied
our company with water for paper
production since 1784

Schoellershammer, like the rest of the paper industry, is a water-intensive company. We rely on a stable supply of water to produce paper. We primarily withdraw the water for our production activities from the Rur river. We return around 78% of this water back to the river following appropriate cleaning and treatment.

We are fortunate to operate in a region that enjoys sufficient water supplies and will continue to do so over the medium term. Water levels in the Rur are regulated by a number of reservoirs in the river's upper reaches, which ensure a minimum flow rate of 5 m³/s. Consequently, the water levels are always sufficiently high for us to withdraw water without negatively impacting the aquatic ecology. The Eifel-Rur Water Association (WVER), of which we are a member, does not consider there to be a risk of low-water levels compromising our production activities over the medium term. Conversely, our water consumption does not pose any risk to the region.

Although we return over three-quarters of the water we use back into the Rur, our water consumption remains high at 518,269 m³ (previous year: 526,199 m³). Water is becoming an increasingly scarce resource in Germany, which has led the public and investors to take greater interest in the topic. In the years ahead, we expect political demand for action on this topic to rise. We have therefore identified our company's water consumption as a material topic and disclose our consumption figures and relevant KPIs.

We have already significantly reduced our water consumption in recent years. In the 2023 financial year, we reduced our total water consumption by 4.3% and cut our specific consumption (per tonne of paper) by 3.6%. This was achieved in particular by modernising our pumps and agitators. In 2024, we are continuing to increase our use of rainwater in order to further reduce the amount of water we withdraw from the river.

In order to ensure that the process water we discharge does not impair water quality, we adhere to strict German requirements, with compliance subject to strict monitoring. We test the water cleaned in our treatment plants before discharging it to the municipal sewage treatment plant. No further action is required at this time. However, the thermal treatment of residual waste generated through wastewater treatment is an important topic in the context of the circular economy. We address this topic in further detail in another chapter: "Energy consumption and emissions".

Water treatment:
Our plant ensures that water
is cleansed while also
producing biogas



New technology reduces water requirements

Our water consumption has declined consistently since 2017 due to ongoing measures to modernise our plant and machinery. We subject process water to repeated treatment and recirculate it numerous times. We lose water in particular during the drying process. However, we recover energy from the steam generated in the drying process. We also return condensed water back to the water cycle.

Since 2021, we have been systematically equipping our pumps and agitators with new mechanical seals, which reduced our use of water by some 13.3 million litres in 2022 and 26.6 million litres in 2023. Once this work is complete, the total savings will be up to 66.5 million litres per year.

We completed the expansion of our two-stage biological wastewater treatment plant in 2022. By optimising the anaerobic treatment steps, we more than doubled our biogas yield and, consequently, our generation of electricity and heat from biogenic sources.

Schoellershammer works with a water cycle that is almost completely closed. As things stand, it is not possible to achieve further significant reductions in water consumption at our site. The only alternative would be a completely closed water cycle, which would require considerable use of chemicals and cause unpleasant odours that would negatively impact nearby residents. We have decided against a completely closed cycle for these reasons.

Water consumption definitions



WATER WITHDRAWAL

All water extracted from surface water, groundwater, sea water or from third parties during the reporting period



WATER DISCHARGE

The total amount of wastewater, including both used and unused water, discharged into surface water, groundwater, seawater or to third parties



WATER CONSUMPTION

All water that is integrated into products, vaporised, evaporated or so heavily contaminated that it cannot be discharged back into surface water, groundwater, sea water or to third parties

Figures on water use (in m³)

	2022	2023
Water withdrawal		
Surface water	2,334,338	2,223,405
Groundwater	0	0
Produced water	0	0
Water from municipal utility company	29,546	25,860
Total	2,363,884	2,249,265
Water discharge*		
Surface water	1,808,139	1,705,136
Groundwater	0	0
Produced water	0	0
Water from municipal utility company	29,546	25,860
Total	1,837,685	1,730,996
Water consumption		
Total	526,199	518,269
Water intensity per tonne of paper		
in terms of water withdrawal	4.42	4.26
in terms of water consumption	0.98	0.98

* No hazardous substances were discharged.

SUPPORTING OUR EMPLOYEES AND THEIR DEVELOPMENT

At Schoellershammer, our trainee and employee numbers are rising and our staff turnover rate is declining. We also give our employees the keys to their professional future: training and education.



Our employees – the driving force
behind our machinery and processes

The working world is in the midst of a fundamental transformation – and Schoellershammer is no exception. Recruiting suitable, highly motivated trainees and dedicated professionals is increasingly challenging on the current labour market. And, in the event that we find and hire such individuals, it is no longer a given that they will stay with us for the long term.

People are increasingly inclined to change direction in their careers. Consequently, companies regularly lose employees and the specialist knowledge they had developed through considerable effort. At the same time, all employees – from machine operators to members of management – are increasingly required to keep pace with shifting professional challenges. These range from the digitalisation of production activities to the climate crisis, which is forcing us to fundamentally reconsider many of our processes.

Our employees are changing, too. They are increasingly seeking to align their professional and private lives, appreciate part-time working models, value the flexibility of shift-based working and enjoy the opportunity to work remotely when necessary. Many trainees need considerably closer supervision than was once the case, while career entrants require tailored onboarding. Overall, our employees require and expect training and education services that interest them and enhance their qualifications.

None of these trends are specific to our company, as studies of labour markets and trends have clearly established. These trends have also played an important role in our efforts to determine our material topics. By far the most relevant topic for Schoellershammer, as identified in our materiality analysis in 2023, is training and education.

Supporting our trainees

Schoellershammer is exceptionally active and successful when it comes to developing trainees. We have set ourselves the target of ensuring that trainees always account for at least 5% of our workforce. In the 2023 financial year, trainees accounted for 6.13% of our workforce, an increase on the previous year's figure (5.3%).

On 1 August 2023, we welcomed eleven new trainees (previous year: five).

We provide our trainees with intensive, individual support. The training process is costlier today than was once the case because many trainees require support in graduating from vocational college. This pertains in particular to paper technicians, whose training and education is particularly demanding and includes a considerable amount of mathematics, chemistry and physics. We had planned to make an employee available to act as a mentor for our young paper technicians, starting from the 2023/2024 intake. Due to a staff shortage, this measure will instead be implemented from early 2025.

Supporting our paper technicians' development and financing their training as master craftsmen is a key priority for us. Our master craftsmen act as mentors to our master craftsmen in-training, supporting their development within the company. They pass on their knowledge and experience, thereby nurturing our master craftsmen in-training and ensuring that expertise is retained in the company. We are also searching for machinery and plant operators with development potential, who we can provide with in-house training to become paper technicians or offer in-service training. In order to find suitable trainees, we engage in school careers' fairs and regularly exhibit at vocational training fairs and traineeship speed-dating events.

In 2023, we enabled 23 young people (previous year: 15) to complete internships of one to three weeks at Schoellershammer to give them an insight into our training professions and help them to choose a career. Six of our interns from the previous year joined us as trainees in 2023.

Our training professions (m/f/x)

- Paper technician
- Machinery and plant operator
- Industrial mechanic
- Electronic technician for industrial engineering
- Industrial management assistant



Our trainees actively contribute to the success of Schoellershammer

In-service training

Given the increasingly short cycles of change in working environments and the enormous challenges posed by the drive for climate neutrality, lifelong learning is essential. This applies to a company and to every single person it employs.

In 2021, we introduced guidelines on employee development. These guidelines describe professional development as a management tool and urge managers to actively encourage their employees to engage in training and education. We know that this approach has the potential not only to increase overall qualification

levels in our workforce but also to enhance employee satisfaction and intensify their allegiance to Schoellershammer.

Our HR department organises training and education activities for our employees in coordination with specialist departments. In late 2023, we introduced a data aggregation process. Training and education activities are documented in our time recording system. As of the 2024 financial year, we disclose the average number of hours of training per employee, broken down by gender and employee category.

Employee training and education

The purpose of training and education, in accordance with ILO Convention 140, is to contribute to:

- a) the acquisition, improvement and adaptation of occupational and functional skills, and the promotion of employment and job security in conditions of scientific and technological development and economic and structural change;
- b) the competent and active participation of workers and their representatives in the life of the undertaking and of the community;
- c) the human, social and cultural advancement of workers, and
- d) the promotion of appropriate continuing education and training, helping workers to adjust to contemporary requirements.

Retaining our employees

We are convinced that acknowledging our employees' achievements and engaging them in decision-making and development processes is essential to workforce retention.

Since 2011, employees who are covered by collective bargaining agreements and have at least two years' service at Schoellershammer also benefit from a performance-based bonus, based on the company's profits.

Our employee suggestion scheme is one instrument that our employees make intensive use of and value highly. In particular, our teams working on our machinery submit pragmatic ideas based on practice and their experience to optimise processes.

In 2023, we implemented eleven of these suggestions and provided bonuses based on the resulting savings. At present, our internal review body is working with our Works Council to revise our bonus system, with changes set to be integrated in practice from 2025.

Cooperation has an important role to play in our growing company. This also includes giving our colleagues space for their private lives, especially in challenging phases, such as when raising small children or caring for relatives. In 2023, eight male employees and two female employees took parental leave. Half of these employees have shift-based working arrangements. They all returned to Schoellershammer after their parental leave and continue to work for us.

Employees on parental leave

Number of employees	2022		2023	
	m	f	m	f
Took parental leave	4	2	8	2
Return after parental leave	4	2	8	2*
Remain at the company	4	2	8	2
Return and retention rate	100%			

*2024

Our workforce enjoys extensive employee benefits



Fair working conditions

All employees are represented by the Works Council. The intensive cooperation between company management and the Works Council is in place. We regulate significant employer-employee topics through works agreements. The Works Council is involved in the continued development of our code of conduct and, in May 2023, was part of the team tasked with drawing up our sustainability strategy.

Our employees receive salaries at least in accordance with the corresponding wage agreement (IG BCE), while 96% of our workforce receive a salary above this level. The wage agreement stipulates salary bands for different positions and professional fields. Within these salary bands, there are minimum and maximum salaries depending on factors such as experience, qualifications and years of service.

The Management Board members negotiate their salaries with the Advisory Board. Other managers negotiate their salaries with the Management Board. The remuneration awarded to the Management Board and other managers is composed of a basic salary and various performance-based components, some of which are tied to the company's performance. Termination payments – and any potential instances of reclamation – are examined on a case-by-case basis. To date, the Management Board and other managers have not received any reward or remuneration based on sustainability management achievements.

We do not disclose the ratio between the total remuneration paid out to the highest-earning person and employee remuneration because we consider remuneration to be confidential.

Occupational safety

In Germany, there are stringent legal standards in place for occupational health and safety. In accordance with relevant provisions, Schoellershammer has established an Occupational Safety committee that meets regularly to discuss occupational safety risks and measures to prevent accidents. This committee includes representatives of the technical director, the heads of relevant departments (Production, Technology and Logistics), the Works Council, the company doctor, occupational safety officers, the occupational safety manager and other employees.

In 2023, ten reportable workplace injuries occurred. Five of these were the result of tripping accidents; three people suffered cuts and a further two employees were injured by machinery. In our industry, paper technicians are required to perform certain tasks that entail particular risks. They have to manually intervene in machinery with fast-moving parts, such as when paper in the machine tears. It is therefore not possible to secure all potential pinch points in the rollers with protective barriers.

Our employees
using state-of-the-art
technologies



Personnel structure

In the 2023 financial year, Schoellershammer employed an average of 277 people (previous year: 266), which represents a year-on-year increase of 4.1%. Salaried employees account for approximately one-third of our workforce, while two-thirds are hourly paid employees.

The proportion of women in our workforce increased to 17.6% in 2023 (previous year: 12%). Although the proportion of women remains low, this is typical for our industry, which features a high proportion of hourly paid employees who work in a multi-shift system and, in some cases, perform physically strenuous work. Women account for 47% of our employees in administrative roles, as was the case in the previous year.

We welcome applications from women and take care to ensure that women and men are treated equally when recruiting new employees and developing our junior employees. We apply our guidelines for discrimination-free recruitment processes when advertising vacancies and hiring new employees.

The recruitment rate rose from 6.3% in 2022 to 10.8% in 2023. These new recruits were focused in particular in Production roles. The employee turnover rate fell from 5.2% in the previous year to 4.7% in the 2023 financial year. Many of our employees have been at the company for over 25 years, some for over 40 years.

When analysing the turnover rate, we look at the departing employees' age, gender and area of work. If we identify any specific problems, we strive to engage and encourage dialogue. We regard the falling turnover rate as an indicator of a stable, happy workforce. Looking to the medium-term, we have set ourselves the target of reducing this rate to below 4% – which, given the increasing mobility of young professionals, will be decidedly challenging.

Schoellershammer only employs a handful of people on fixed-term contracts. During the reporting year, this included two temporary workers, who we engaged to cover staffing shortages in our fork-lift operations and production activities due to holiday and illness.



Our residue processing plant:
Efficient use of resources
in pursuit of a sustainable future

Workforce

		2022		2023	
		f	m	f	m
By contract type	Permanent	27	213	30	217
	Fixed-term	1	10	1	12
By employment type	Full-time	21	218	22	224
	Part-time	7	5	9	5
Workforce excl. trainees		28	223	31	229
		251		260	
Trainees		3	12	3	14
Total workforce		266		277	

* Including employees on maternity protection leave, parental leave, long-term sick leave or in partial retirement; not including interns.
We had one employee on marginal employment in the reporting period.

New employees by age

	2022				2023			
	< 30	30–50	> 50	Total	< 30	30–50	> 50	Total
Male	8	4	2	14	13	13	2	28
Female	1	2	0	3	2	0	0	2
Total	9	6	2	17	15	13	2	30

Employee fluctuation by age

	2022				2023			
	< 30	30–50	> 50	Total	< 30	30–50	> 50	Total
Male	5	2	5	12	3	2	5	10
Female	1	0	1	2	1	1	1	3
Total	6	2	6	14	4	3	6	13

OUR SUPPLY CHAIN

Schoellershammer is committed to upholding social and environmental standards in its sphere of influence.

Precision in motion:
Roll loading
at Schoellershammer



At Schoellershammer, three departments are primarily responsible for purchasing products and services.

Our Procurement department is responsible in particular for sourcing raw materials such as paper for recycling, wheat starch and dye. We exclusively procure our materials from within Europe. Paper for recycling is primarily sourced from Germany, with some procured from neighbouring European countries. Our key suppliers include the waste management industry and the paper for recycling industry. They also include intermediaries from whom we purchase volumes of products on spot markets. Suppliers of paper for recycling usually engage logistics service providers to deliver the goods to us.

Our Logistics department engages haulage companies that provide transport services, distributing our paper products to our customers via lorry. By far the overwhelming proportion of these haulage companies are based in Germany or the Netherlands. However, we also engage service providers in other countries for our customers elsewhere in Europe.

Our Technical Procurement department is responsible for sourcing technical components and services, which we exclusively source from within Europe and, preferably, from within Germany. Beyond this, other departments take care of their respective purchasing needs.

Our understanding of our due diligence obligations

We engage with our due diligence obligations in the supply chain and with the challenge of transparently documenting our efforts. It is for this reason that we have started to construct a sophisticated CSR risk management system in recent years. In order to ensure to uphold good social and environmental standards within our sphere of influence, this risk management system incorporates not only regulations and process documentation but also a regular, structured exchange with our suppliers.

Our understanding of due diligence is oriented towards the UN Guiding Principles on Business and Human Rights, the requirements of the German Supply Chain Due Diligence Act (LkSG) and the EU CSRD, which will apply to our activities from the 2025 financial year. We welcome policymakers' efforts to create framework conditions that place ethical aspects at the heart of economic activity more strongly than has been the case to date.

Reference documents for our definition of due diligence

- UN Guiding Principles on Business and Human Rights (UNGP)
- German Supply Chain Due Diligence Act (LkSG) *
- EU Corporate Sustainability Reporting Directive (CSRD)
- EU Corporate Sustainability Due Diligence Directive (CSDDD) *

*Not mandatory for Schoellershammer.

CSR risk management system

We monitor and manage risks in the supply chain in a multi-stage process.

All employees who purchase services for Schoellershammer are subject to our sustainable procurement guidelines. In 2023, we held training on this topic for our buyers.

We maintain stable, trust-based relationships with our suppliers and foster a regular exchange with them. We are personally acquainted with our raw materials suppliers and haulage providers and engage with them, sometimes on a weekly basis, but at least several times per year. We hold structured annual meetings with our suppliers, which have included discussion of sustainability aspects since 2017. At present, we are expanding the list of sustainability topics covered in these meetings and adding industry-specific detail. Environmental issues are already well covered in these meetings, so our efforts focus on labour standards and human rights.

Since 2018, we have obligated all of our suppliers and business partners to adhere to our code of conduct and required them to do the same for their suppliers. We provide our code of conduct, ask them to sign it and incorporate their feedback into our CSR risk assessments.

In 2022, we introduced a tool to record CSR risks in our supply chain, focusing in particular on country-specific risks and industry-specific risks. Our analysis tool now covers our entire supplier pool, regardless of the amount of business we do with them. We plan to add additional functions in the future. The materiality analysis we conducted in 2023 highlighted the area of logistics as presenting particular risks, which we describe in detail later in this report. The next supplier screening is scheduled for 2024.

In 2024, we have begun to develop supplier self-assessment forms and a questionnaire to audit companies subject to specific risks. Company management, our buyers and the Sustainability Manager are involved in this process. We conduct at least one pre-announced CSR audit of our largest suppliers each year. This generally concerns suppliers of paper for recycling. These audits have not identified any problems to date. As of 2024, we select our audit partners on the basis of the CSR risk analysis.

In late 2024, we will supplement our order form with a reference to our code of conduct. In addition, we are adding an explanation of our due diligence obligations to our general terms and conditions and implementing terms of purchase.

Elements of the CSR risk management system at Schoellershammer

Already implemented	In development
<ul style="list-style-type: none"> • Code of conduct for employees and suppliers • Sustainable procurement guidelines • Development of training to improve buyers' awareness of sustainable procurement • Face-to-face meetings with suppliers several times per year • Structured annual meetings with suppliers • Supplier screenings and CSR risk analyses • Supplier audits 	<ul style="list-style-type: none"> • Incorporation of due diligence obligations into our terms of purchase and our general terms and conditions • Integration of a reference to our code of conduct into our order forms • Expansion of annual meetings to raise labour standards with a focus on industry-specific topics • Catalogue of questions for supplier self-assessment, including an extended catalogue for defined industries subject to elevated risks • Catalogue of questions for supplier audits, including an extended catalogue for defined industries subject to elevated risks • Documented monitoring of risk-related topics

Specific challenges in relation to logistics

Lorry drivers working for haulage companies are subject to particularly high risks of exploitation. It is not uncommon for haulage companies to subcontract contracts across several levels. Around half of the haulage contracts on German roads are carried out by companies registered abroad. In addition, some haulage companies lease tractor units with drivers, or entire transport units with drivers, from Eastern Europe. This systematically externalises the risks involved. Regulatory checks in this area are weak and the penalties for breaching labour laws are minor. The drivers also face language barriers, lack knowledge of the law and are dependent on their employers in a one-sided relationship.

Reports on abuses in the logistics industry have cropped up in the media for years. The mechanisms of exploitation in the industry are now known in detail – not least since lorry drivers working for the Poland-based Mazur Group went on strike in 2023, culminating in a hunger strike at the Gräfenhausen service station and interventions from their employer and the German government.

At Schoellershammer, we have been engaging with this topic for some time. Several years ago, in an effort to avoid becoming complicit in this, we stopped selling contracts for our shipments online, which was once standard practice for cost reasons. We now use online platforms in exceptional cases, such as during staffing shortages, engaging haulage companies already known to us.

We still continue to work exclusively with selected contract partners with whom we have firm relationships. This concerns roughly 50 logistics companies, mostly medium-sized enterprises in our region, many of which have their own pool of drivers. We know the management of these companies and many of their drivers. Only around 10% of our logistics partners are large service providers. These companies tend to cover transports to other countries in Europe.

Schoellershammer has an onboarding process for new haulage companies. This begins with a face-to-face meeting and mandatory registration in FUMO® – a compliance management system for transport logistics that is widespread in Germany. It requires companies to commit to pay the statutory minimum wage and upload an EU licence. This EU licence confirms aspects including compliance with social legislation, working hours, safety standards and environmental requirements.

In 2024, we are conducting a more detailed examination of our logistics partners to ensure that lorry drivers' rights are upheld. As part of this work, we are developing a supplier self-assessment form that is tailored to the specific risks in the logistics industry. Audits may follow if necessary.

We hold annual meetings with our materials suppliers, who often engage haulage companies to deliver their materials to Schoellershammer. We raise the issue of labour standards at haulage companies in these meetings.

Efficiency through automation: Our fully automated roll warehouse



GRI INDEX

SCHOELLERSHAMMER GmbH has compiled this report in accordance with the GRI Standards for the period from 01/01/2023 to 31/12/2023.

The company has used GRI 1: Foundation 2021

Applicable GRI Sector Standards: None

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GENERAL INFORMATION

This Sustainability Report has been produced by SCHOELLERSHAMMER GmbH for the 2023 financial year in accordance with the GRI Standards 2021. It covers the company's activities and departments and will be published on an annual basis in the future. The emissions figures have been externally verified.

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