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KÜCHEN

# NOLTE by nature






Sustainability Report 2023

03 | Edition

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**Managing directors**  
Rüdiger Schliekmann  
Manfred Wippermann  
Heiko Maibach

” At Nolte Küchen, we combine our passion for high-quality kitchens with a deep sense of responsibility for our environment and future generations.

“

## Dear Readers,

In a time when sustainable and responsible entrepreneurship is more important than ever, we at Nolte continue to set strong examples. The past few years have presented us with numerous challenges, but they have also shown us how crucial it is to consistently pursue our sustainability activities and efforts. Sustainable business practices are not only necessary but also key to long-term success.

Compared to previous years, we have made significant progress. We have precisely analyzed our greenhouse gas emissions and implemented ambitious reduction actions. As a result, we were able to further reduce our emissions last year. Utilizing our wood waste to generate our own heat energy and sourcing green electricity are just a few examples that highlight our commitment to sustainable production processes and our willingness to find innovative solutions.

Despite the unique economic circumstances, we have remained committed to our sustainability targets. However, we are aware that the lower production volume in 2023 compared to previous years has affected some of our relative metrics. For example, a higher relative heat consumption is explained by the fact that our heating needs remained constant even with reduced production. These changes merely reflect the special conditions under which we had to operate.

Looking ahead, we have set ambitious milestones. By 2026, we aim to fully account for our greenhouse gas emissions, including Scope 3, and establish a concrete reduction roadmap with measurable targets. Additionally, we are continuously working to improve resource efficiency and promote the circular economy to ensure the longevity of our products and minimize environmental pollution.

Our commitment to our workforce is paramount. We are creating safe, desirable, and inspiring working conditions and fostering a corporate culture that emphasizes participation, continuous learning, and well-being. The cultural shift towards a sustainably operating and compassionate company is well underway, and we are proud of the progress we have already made together.

With this report, we invite you to take a look at our past achievements and our ambitious plans for the future. We thank you for your trust and support on our journey towards a more sustainable future.



Heiko Maibach



Rüdiger Schliekmann



Manfred Wippermann

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We are committed to fulfilling our future reporting obligations in accordance with the CSRD. The present report for the 2023 reporting year is already aligned with the requirements of the European Sustainability Reporting Standards (ESRS) and is supplemented with Nolte-specific information.

At Nolte Küchen, we have embraced diversity, equality, and equal opportunities since the company was founded. However, for the sake of readability, we have chosen not to use gender-specific language forms (male, female, and diverse). All gender references in this report apply equally to all genders.



Nolte Küchen's operating base in Löhne, North Rhine Westphalia



Nolte Küchen's operating base in Melle, Lower Saxony

**1958**

Konrad Nolte establishes Nolte Küchen in Löhne. The company starts up on a production site of 5,000 m<sup>2</sup> with approximately 60 employees

**1974**

A second site in Melle increases the production facilities.

**1997**

Construction of the new Information and Training Centre in Löhne.

**2008**

Matrix 150 is introduced to mark the company's 50th anniversary. It is the first measurement grid in the industry that can be applied to height, width and depth.

**2010**

Nolte Küchen is the first German kitchen manufacturer to hold not only the FSC® but also the PEFC™ quality label.

**2013**

In MatrixArt, Nolte Küchen presents a handleless kitchen that is perfectly designed down to the very last detail.

## General information

### Company name

Nolte Küchen GmbH & Co. KG

### Website

www.nolte-kuechen.com

### Staff numbers

1,492 members of staff  
(As at December 2023)

### Reporting Year

2023

### Set of indicators used

This report is based on the requirements of the of the European Sustainability Reporting Standards (ESRS).

### Third-party verification

This report requires no formal verification by any third party.

### Reporting obligation

Nolte Küchen GmbH & Co. KG is currently not subject to mandatory CSRD and EU Taxonomy reporting requirements. The reporting obligation according to the ESRS requirements will be mandatory for Nolte Küchen GmbH & Co. KG starting from the 2026 fiscal year, covering the 2025 reporting year.

### National action plan

#### Business and human rights

No

2014

Launch of the nolteneo product line with the three themed worlds of **neo**Chalet, **neo**Loft and **neo**Salon.

2014

Nolte Küchen introduces Matrix 900, an ergonomic base unit height that provides an extra 20% of storage space.

2020

Nolte SPA is founded. Establishing this company, Nolte broadens its portfolio and now also excites consumers with an attractive range of bathroom furniture and mirrors.

2021

The information and training centre is now called NOLTE FORUM and is expanded to cover an area of 7,000 m<sup>2</sup>.

2022

The nolteneo product line is relaunched. From a wide range of planning options to exclusive fronts and design elements, it opens up entirely new dimensions in individualisation.

Today

Employing over 1,492 members of staff, Nolte Küchen produces over 800 kitchens a day on over 113,000 m<sup>2</sup> at Löhne and Melle.

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# General disclosures

General principles of the sustainability statement

Governance

Business model

Material topics

Strategies and management of impacts, risks and opportunities



# General disclosures

## Chapter highlights

Future reporting obligation under CSRD: the reporting already aligns with the requirements of the ESRS and is supplemented with Nolte-specific information.

General principles of sustainability reporting

- Annual sustainability reporting since 2021
- Commitment to the EU Green Deal and EU Taxonomy
- Risk analyses and double materiality analysis as the basis

Governance

- Sustainability is integrated into the company's strategy
- Management, executive, and supervisory bodies are responsible for sustainability and are involved in decision-making processes
- A sustainability committee and officers are implemented
- Risk management across the value chain
- Continuous and open stakeholder dialogue
- Validation by external experts and certifications

Business model

- Nolte Küchen develops, produces, and distributes high-quality kitchen furniture
- 1,492 employees at two locations in Germany
- Innovation, sustainability, and foresight are central guiding principles of the entire company and its value chain

Strategies and management of impacts, risks and opportunities

- Materiality analysis conducted in 2022 as a basis
- Update of double materiality and the management process in 2024
- Key topics: Climate change, resource use and circular economy, own workforce, workers in the value chain, consumers and end-users, business conduct
- Proactive management of impacts, risks, and opportunities

## General principles of the sustainability statement

At Nolte Küchen GmbH & Co. KG (hereinafter referred to as Nolte Küchen), we are aware of our responsibility both within and outside the company. We are committed to our environment and our community through a lived Corporate Responsibility.

This sustainability statement illustrates how we at Nolte Küchen integrate our responsibility for sustainability into our daily actions and represents an important step towards fulfilling our future reporting obligations in accordance with the Corporate Sustainability Reporting Directive (CSRD).

Accordingly, this sustainability statement is structured in line with the requirements of the European Sustainability Reporting Standards (ESRS). Additionally, we provide Nolte Küchen-specific information and key figures on topics that are important to us beyond the ESRS requirements. We have already implemented numerous measures and achieved targets that make a significant contribution to our sustainable development, and we are particularly proud of these accomplishments.

With this sustainability statement, we disclose our sustainability management and provide information about our key topics, along with the associated targets, timelines, and actions. It is important to us to transparently reveal the potential and actual impacts, opportunities, and risks of our business activities and to openly communicate our successes and challenges.

### ESRS 2 BP-1 | General principles for the preparation of the sustainability statement

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Disclosure of the general principles for the preparation of the sustainability statement

Since 2021, we have been reporting on the nature and scope of our internal and external sustainability efforts in our annually published sustainability statement.

As our company falls within the scope of the CSRD and under the relevance of the EU Green Deal and EU Taxonomy, the disclosure requirements outlined in the CSRD have direct implications for our corporate and sustainability strategy as well as our sustainability reporting. The EU Green Deal and the EU Taxonomy are important political measures and guidelines aimed at advancing sustainability, climate protection, and environmental targets within the European Union. We are committed to integrating these principles into both our business operations and our reporting.

This report is therefore aligned with the requirements of the ESRS, which will become mandatory for us from the fiscal year 2026 for the reporting year 2025.

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Basis for the preparation of our sustainability statement

This sustainability report was prepared on an individual basis for Nolte Küchen. Since this is our first report following the requirements of the ESRS standards, no adjustments were made to previous reports. We disclose information on all those aspects that are relevant to us and our sector. Aspects that are not applicable to us or for which we cannot report have not been disclosed.

Consolidation at the group level will be conducted for the 2025 fiscal year and will be based on the metrics according to the EU Taxonomy. In this sustainability report, we do not publish metrics according to the EU Taxonomy.

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Disclosure of the extent to which the sustainability statement covers the upstream and downstream value chain

Our sustainability statement encompasses both our upstream and downstream value chains. Both our risk analyses and our double materiality analysis, conducted in 2022, cover all phases of our value creation process, in which we examine the impacts, risks, and opportunities of sustainability aspects that are particularly important to us.

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## ESRS 2 BP-2 | Disclosures regarding special circumstances

### Disclosures Regarding Special Circumstances

Disclosures on specific circumstances will be provided when available.

### Deviation From the Medium- or Long-Term Time Horizons Defined in ESRS 1

We have deviated from the time horizons defined in ESRS 1.

### Disclosure of Definitions of Medium- or Long-Term Time Horizons and the Reasons for Applying Different Definitions of Time Horizons

Our defined time horizons are as follows: short-term by the year 2024, medium-term from 2025 to 2026, and long-term by the year 2050. With the update of our double materiality analysis in the upcoming reporting year and the first mandatory sustainability statement according to CSRD, we will disclose our time horizons according to ESRS 1.

### The Metrics Include Data on the Value Chain Estimated Using Indirect Sources

Yes. The data on greenhouse gas emissions (GHG emissions) of our value chain (Corporate Carbon Footprint Scope 3) were partially estimated using indirect sources to the best of our knowledge.

### Disclosure of Metrics That Include Data on the Value Chain Estimated Using Indirect Sources

The metrics for our Corporate Carbon Footprint Scope 3 (categories 3.01, 3.02, 3.04, 3.11, and 3.12, see E1-6) were estimated using the methodology of the Greenhouse Gas (GHG) Protocol.

### Description of the Basis for the Preparation of Metrics That Include Data on the Value Chain Estimated Using Indirect Sources

The basis for estimating GHG emissions in our upstream and downstream value chain are the primary data we collect on our purchased goods and services, our capital expenditures, and our sold products.

### Description of the Resulting Accuracy Level of Metrics That Include Data on the Value Chain Estimated Using Indirect Sources

We assess the resulting accuracy level of our Corporate Carbon Footprint Scope 3 as good.

### Description of Planned Measures to Improve the Accuracy of Future Metrics That Include Data on the Value Chain Estimated Using Indirect Sources

For the relevant Scope 3 categories, first assessed in 2023, we will implement digital data structures and processes that enable us to account for GHG emissions as accurately as possible based on real data.

Disclosure of assumptions, estimates, and discretionary decisions made during the assessment

We address the assumptions, estimates, and discretionary decisions underlying our measurements at the relevant points in the sustainability statement.

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Explanation of changes in the preparation and presentation of sustainability information and the reasons for these changes

Starting from the upcoming reporting year and with the mandatory disclosure of our non-financial information, we will provide explanations in the event of any changes in the preparation and presentation of sustainability information and the reasons for these changes.

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Disclosure of the difference between the figures reported in the previous period and the revised comparative figures

We highlight the differences between the figures reported in the previous period and the revised comparative figures at the relevant points in the sustainability statement.

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Disclosure of other legal provisions or generally accepted standards and frameworks for sustainability reporting on which the information in the sustainability statement is based

We disclose information exclusively according to the requirements of the ESRS standards.

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List of ESRS disclosure requirements and the data points prescribed by these requirements

We disclose the ESRS disclosure requirements and the data points prescribed by these requirements in the chapters on strategy, environment, social, and governance.

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Application of the provisions for phased disclosure requirements in accordance with ESRS 1 annex c

The provisions for phased disclosure requirements according to ESRS 1 annex c are not applicable to Nolte Küchen, as we have more than 750 employees in the fiscal year 2023.

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## Governance

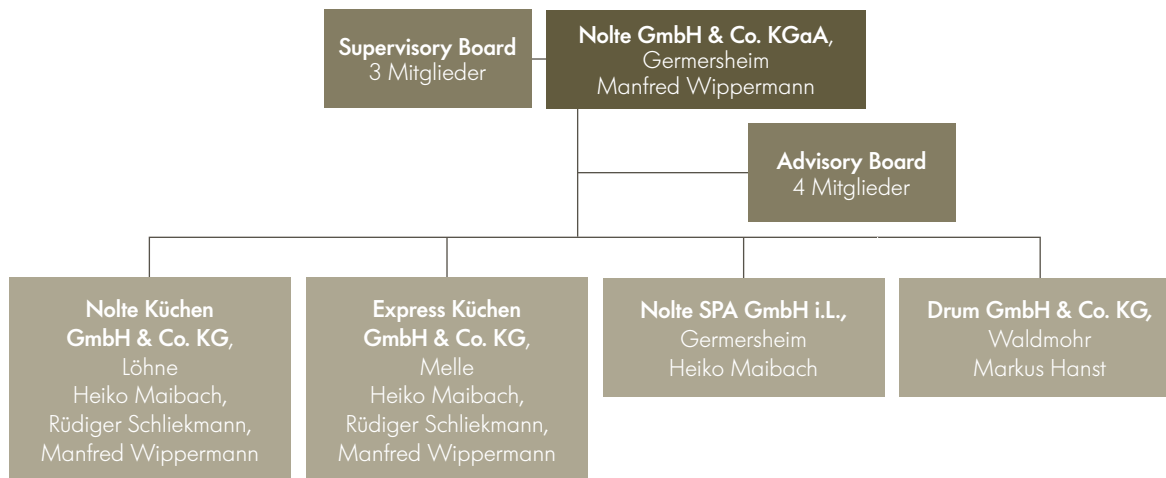
With the following information, we explain our processes, controls, and processes related to governance for monitoring, managing, and overseeing sustainability aspects.

### ESRS 2 GOV-1 | The Role of Administrative, Management, and Supervisory Bodies

Information on the composition and diversity of the members of administrative, management, and supervisory bodies

The composition of our administrative, management, and supervisory bodies is as follows:

**Figure 1:** Organizational chart of the Nolte Group (as of 31.12.2023)



Nolte Küchen GmbH & Co. KG, its management, and its supervisory bodies comply with German legislation. At Nolte Küchen, we refer to our advisory board as the management board.

Number of executive members

Nolte Küchen has a total of three executive members on the supervisory board.

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Number of non-executive members

Nolte Küchen has four non-executive members on the advisory board.

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Information on the representation of employees and other workers

At Nolte Küchen, each location has a works council consisting of 11 employees. Each council has a full-time works council chairperson and a full-time deputy works council chairperson.

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Information on the experience of members regarding the company's industries, products, and geographic locations

We are a traditionally managed family business deeply rooted in the region. Our members have decades of highly qualified expertise and experience in the kitchen industry. For example, our supervisory board consists of members of the founding family.

---

**Table 1:** Percentage of members in administrative, management, and supervisory bodies

Female	12,5
Male	87,5
Diverse	0,00
<b>Total</b>	<b>0,54<sup>a</sup> (n = 8)</b>

<sup>a</sup> Percentages in relation to the total number of members in the administrative, management, and supervisory bodies (n = 8).

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Gender diversity ratio in the management board

Our management board consists of 25% (n = 1) female and 75% (n = 3) male members.

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Percentage of independent members of the management board

The percentage of independent members of the management board relative to the total number of its members is 50% (n = 2 out of N = 4).

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Information on the responsibilities and duties of administrative, management, and supervisory bodies

The administrative, management, and supervisory bodies at Nolte Küchen are clearly defined, and their duties are focused on sustainable corporate governance. Through regular monitoring and reporting, along with active participation in governance processes, we ensure that sustainability and compliance are firmly embedded within the company. We are already fulfilling our due diligence obligations by maintaining a value-chain-wide risk management system for all business areas, engaging in continuous and open dialogue with our stakeholders, integrating our sustainability focus areas into our business development, and validating our efforts with external experts.

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Information on the identity of administrative, management, and supervisory bodies or the person(s) within the bodies responsible for monitoring impacts, risks, and opportunities

See the organizational chart on the previous page.

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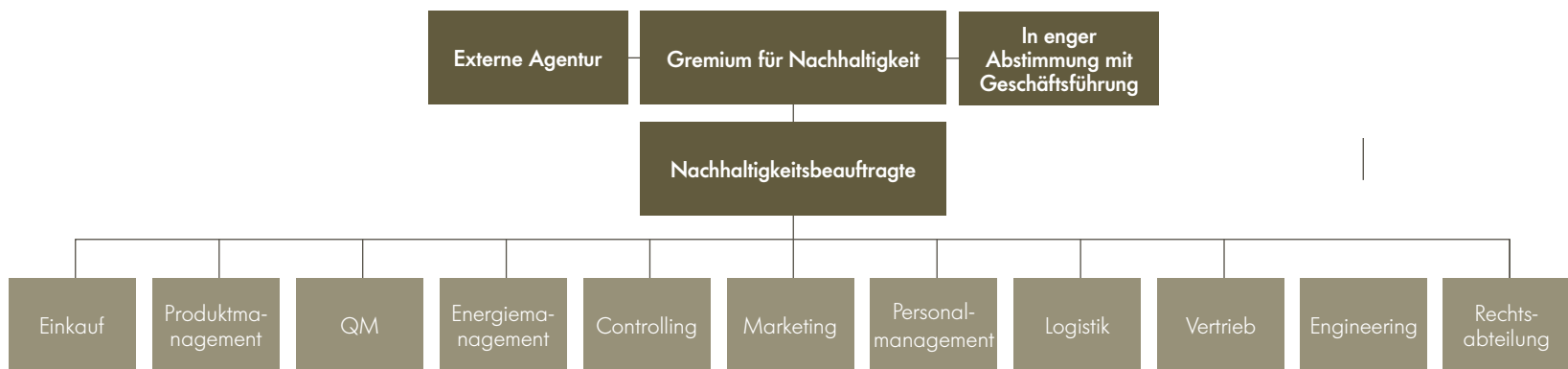




Disclosure of how the responsibilities of the committees or individual persons within the committees for impacts, risks, and opportunities are reflected in the company's bylaws, the mandates of the management board, and other related principles

Sustainability and, therefore, the management of our impacts, risks, and opportunities are organizationally anchored in our company as follows:

**Figure 2:** Organizational chart of the Nolte Küchen sustainability committee



The tasks of the sustainability committee are as follows:

- **Strategy development:** development and definition of the company's sustainability strategy.
- **Monitoring and reporting:** monitoring and reporting the company's progress in achieving sustainability targets. Responsible for the preparation and publication of the sustainability report.
- **Risk management:** assessment and management of risks associated with environmental, social, and governance factors.
- **Stakeholder engagement:** promoting dialogue and collaboration with various stakeholders on sustainability-related issues.
- **Awareness and education:** responsible for promoting a better understanding of sustainability both inside and outside the company.
- **Compliance:** ensuring legal requirements and industry standards concerning sustainability are met.

Description of the role of management in the governance processes, controls, and processes used to monitor, manage, and supervise impacts, risks, and opportunities

The management of Nolte Küchen plays a central role in governance processes and is actively involved in the monitoring, management, and supervision of impacts, risks, and opportunities. This role is ensured through regular management meetings, structured coordination, and defined reporting lines. Management is responsible for continuously monitoring and managing all material risks and opportunities. This involves close collaboration with the company's sustainability committee, which coordinates strategy development, risk management, and reporting. The Chief Compliance Officer regularly reports to management and provides information on compliance risks, policies, training measures, the whistleblower system, and the implementation of the requirements of the Supply Chain Due Diligence Act (LkSG). Additionally, the company has appointed a Human Rights Officer specifically responsible for ensuring and promoting human rights. Through these formal reporting channels and continuous communication, management ensures that sustainability strategies are consistently implemented and that defined targets are achieved. These integrative processes and controls are designed to monitor and continuously adjust the company's sustainability targets to ensure long-term success and compliance with legal requirements.

Description of how oversight is exercised over the position or committee at the management level to which the role of management is delegated

At Nolte Küchen, responsibility for sustainability topics lies with the company's Sustainability Officer, who is supported by a sustainability committee. The Sustainability Officer reports

regularly on the progress and implementation of sustainability targets and activities. The sustainability committee, composed of representatives from various departments, works closely with the officer to ensure that sustainability aspects are integrated into all business processes.

Information on reporting lines to administrative, management, and supervisory bodies

While we currently do not have a specific procedure for reporting results to administrative, management, and supervisory bodies, our Chief Compliance Officer presented a report at the advisory board meeting covering the period from January 2021 to December 2023. The report provided details on the execution and outcomes of a compliance risk analysis, the adoption of compliance policies, training measures, our whistleblower system, and tax compliance.

Disclosure of how specific controls and processes are integrated into other internal functions

We have a risk management system across our entire value chain. In addition, we regularly update our double materiality analysis and maintain close communication with our relevant stakeholders regarding our material impacts, risks, and opportunities.

Disclosure of how administrative, management, and supervisory bodies, as well as the executive management, monitor the setting of targets related to material impacts, risks, and opportunities, and how progress towards achieving these targets is monitored

Through formal reporting channels and continuous communication between our sustainability committee, executive management, and

our external professional support, we ensure that our sustainability strategy is consistently implemented and that set targets are regularly reviewed and achieved. Additionally, we acquire in-depth knowledge on relevant topics, which we integrate into our decision-making processes. This approach ensures that sustainability is embedded in our company's culture and that we continue to meet our goals.

Disclosure of how administrative, management, and supervisory bodies assess whether the appropriate skills and expertise to monitor sustainability issues are present or being developed

We ensure the necessary skills and expertise are in place to effectively monitor sustainability issues by:

- Providing specialized training and further education for our workforce,
- Engaging external expertise,
- Defining, implementing, monitoring, and reporting on our strategies,
- Enhancing our own knowledge and skills through market expertise, and
- Gathering feedback through continuous dialogue with our departments to adapt and expand existing measures to ensure and develop skills and expertise.

Information on sustainability-related expertise that the bodies either directly possess or have access to

Through a combination of internal expertise, external consulting resources, continuous training opportunities, and the support of the sustainability committee, the bodies possess comprehensive and up-to-date expertise in sustainability. This enables them to make informed decisions and effectively implement the company's sustainability strategy.

Disclosure of how sustainability-related skills and expertise relate to material impacts, risks, and opportunities

Within our sustainability management, our stakeholders play a central role. As experts in their respective fields, we rely on their knowledge, skills, opinions, and ideas. To harness their expertise, we engage in intensive, cross-departmental stakeholder dialogues including in-depth workshops as part of the double materiality analysis. These dialogues are already formalized in daily exchanges. In this way, we collaboratively identify, monitor, address, and/or strengthen our material risks and opportunities.

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The supervisory board and advisory board are in continuous communication with our management.

## ESRS 2 GOV-2 | Information on and sustainability issues addressed by the company's administrative, management, and supervisory bodies

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Disclosure of whether, by whom, and how frequently administrative, management, and supervisory bodies are informed about material risks and opportunities, the implementation of due diligence, and the results and effectiveness of the strategies, actions, metrics, and targets adopted to manage them

The nature of the exchange at the leadership level regarding responsibilities, tasks, and the management of our material risks and opportunities related to governance topics takes place within the following framework:

- Management meetings (weekly)
- Meetings between management and all executives (4 times a year)
- Coordination in steering and control committees for strategic projects (1 time per month)
- Advisory board meetings (4 times a year)
- Employee assemblies (2 times a year)
- Works council meetings (1 time per month)
- Economic committee meetings (4 times a year)
- Exchange between management and the works council (1 time per month)

In addition, regular coordination meetings take place in our assortment rounds regarding product range development.

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Disclosure of how administrative, management, and supervisory bodies consider impacts, risks, and opportunities when monitoring strategy, making decisions about major transactions, and managing risk

We continuously manage our impacts, risks, and opportunities. Our first and second levels of management maintain direct, trustworthy, and dialogue-rich relationships with our stakeholders. This approach, combined with regular updating of our double materiality assessment and the associated adjustment of targets and actions, ensures that we remain focused on our material (potential) risks and opportunities. Designated risk-responsible individuals within our company oversee our risk management. Additionally, we carry out annual updates of our risk monitor. Measures to address opportunities and risks are selected based on the likelihood of occurrence and the magnitude of the impact of negative developments. We consider risks relevant if they exceed the financial threshold of 500,000 euros and have an "occasional" or higher probability of occurrence. These must be reported in the risk monitor, which ensures that all relevant risks are considered.

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Disclosure of the list of material risks and opportunities addressed by the administrative, management, and supervisory bodies or their responsible committees

#### Upstream value chain – Raw materials and transport

##### Opportunities

- GHG assessment
- GHG reduction
- Supply chains
- Material selection
- Sustainability awareness in the supply chain

##### Risks

- Climate change adaptation

#### Locations (Löhne and Melle) – Production, marketing, and sales

##### Opportunities

- GHG assessment
- Energy management
- Resource utilization
- Optimal working conditions
- Employer requirements
- Sustainability awareness among employees
- Product safety and innovation

##### Risks

- Energy demand
- Material quality
- Occupational safety
- Skilled labor
- Product safety

#### Downstream value chain

##### Opportunities

- GHG assessment
- GHG reduction
- Product longevity
- Waste management
- Data protection
- Product safety
- Product innovation
- Consumer and end-user trust
- Sustainability awareness among consumers and end-users

##### Risks

- Energy demand
- Data protection



Since 2023, we have been offering the leasing of fully electric company cars.

We aim to offer our executives incentive systems that are linked to sustainability issues.

We ensure this through the following measures.

### ESRS 2 GOV-3 | Integration of sustainability-related incentives into compensation systems

Description of the key features of incentive systems

We link a portion of our variable salary components to sustainability performance.

Description of specific sustainability-related targets and/or impacts used to assess the performance of members of the administrative, management, and supervisory bodies

Starting in 2024, we will link up to 25% of the variable compensation for our N1-level executives and 10% of the variable compensation for our N2-level executives to our quality rate. The quality rate refers to the proportion of produced or processed units that meet the established quality requirements out of the total number of units.

Disclosure of how sustainability-related performance indicators are considered as performance metrics or incorporated into compensation policy

We see the primary effects of this approach, in addition to creating incentive systems for our executives, as contributing to the continuous reduction of our complaint rate, the resulting

increased satisfaction of our end-users, and the enhancement of our productivity. As a secondary effect, we expect resource savings in terms of materials, energy, and transportation, which will also be associated with a reduction in GHG emissions.

Description of the level within the company at which the terms of incentive systems are approved and updated

The approval and updating of conditions for our incentive systems at Nolte Küchen fall under the management level.

Our due diligence measures contribute to the protection and preservation of our product quality, occupational safety, the environmental compatibility of our products, and our lawful conduct across all value-creation areas of Nolte Küchen.

### ESRS 2 GOV-4 | Statement on due diligence

Disclosure of the assignment of information provided in the sustainability statement regarding the due diligence process

The disclosure of information about the due diligence process at Nolte Küchen is structured and transparent. The process includes the identification and assessment of environmental and social risks, as well as the implementation of measures to mitigate these risks. This includes the introduction of policies, training measures for employees, regular monitoring processes, and audits. The results of these measures are communicated both internally and externally to ensure comprehensive reporting and stakeholder engagement. Through collaboration with external partners and active stakeholder involvement, Nolte Küchen ensures that all relevant information is presented transparently and comprehensively.

The due diligence covers the following areas, which we address in more detail in the respective ESG chapters:

- Quality management
- Occupational safety and health management
- Legally compliant waste management
- Compliance management, including the implementation of the Supply Chain Due Diligence Act (LkSG)
- Risk management
- Reporting on processes, quality controls, etc.

## ESRS 2 GOV-5 | Risk management and internal controls over sustainability reporting

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Description of the scope, key features, and components of risk management and internal control processes and systems related to sustainability reporting

Our risk management related to sustainability reporting consists of the following components and processes:

- Identification of sustainability risks through double materiality analyses and risk assessments
  - Evaluation and prioritization of identified risks
  - Derivation of targets and actions to manage identified risks
  - Monitoring and reporting on sustainability performance concerning the material risks
  - Integration of sustainability management with corporate strategy as an integral part of business activity
  - Stakeholder engagement to assess the effectiveness of actions and gather related stakeholder expectations
- 

Description of the applied risk assessment approach

Our risk assessment approach within the framework of our double materiality analysis is based on two perspectives. Risks are considered material if they involve substantial impacts:

- On people and the environment caused by our activities, and/or
- On Nolte Küchen from a financial perspective.

The prioritization of risks is conducted through in-depth workshops with our department heads, where they are positioned on a materiality matrix.

Description of the key identified risks and their mitigation strategies

Our key identified risks are concentrated in the following areas and are further detailed in ESRS 2 GOV-2:

- Climate change adaptation
- Energy demand
- Material quality
- Occupational safety
- Skilled labor
- Product safety
- Data protection

The mitigation strategies for each identified risk are described in the respective ESG chapters.

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Description of how the results of the risk assessment and internal controls related to the sustainability reporting process are integrated into relevant internal functions and processes

At Nolte Küchen, the results of the risk assessment and internal controls related to the sustainability reporting process are systematically integrated into relevant internal functions and processes. The identified risks and control outcomes are regularly discussed in management meetings and directly inform strategic decision-making. The sustainability committee coordinates strategy development and reporting. The specialized departments manage the risk monitor and ensure that insights from the risk assessment are incorporated into operational processes.

Additionally, the results are communicated to all relevant departments to implement targeted risk mitigation actions. The Chief Compliance Officer plays a central role by regularly reporting on compliance risks and internal controls and ensuring that the requirements of the Supply Chain Due Diligence Act (LkSG) are met. This integrative approach ensures that sustainability strategies are consistently implemented and continuously adapted to new challenges.

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Description of the regular reporting on the results of risk assessment and internal controls to the administrative, management, and supervisory bodies

Reporting on the results of risk assessment and internal controls to the administrative, management, and supervisory bodies occurs once a year. Following the annual update and review by the responsible risk management personnel, a meeting is scheduled with management to present the results and updates.

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DEUTSCHLANDS  
BELIEBTESTE ANBIETER

Life & Living Award 2022

1. Platz Küchenmöbel

Kundenurteil zu 17 Unternehmen  
[www.stmg.de](http://www.stmg.de)

DEUTSCHES INSTITUT  
FÜR SERVICE-QUALITÄT  
GmbH & Co. KG

**noite**



In implementing our sustainability activities, we attach particular importance to acknowledged external certifications, awards and certification marks. These confirm our commitment and send out a signal.



### Germany's favourite kitchen furniture provider for 2022

The Life & Living Award 2022 went to us as Germany's favourite provider in the kitchen furniture category. The main focus of the open, representative online survey among consumers was on customer satisfaction and the likelihood of recommendations.



### Germany's favourite kitchen brand

For the 4th time in succession: Germany's favourite kitchen brand. This was the result of a customer survey by the German Institute for Service Quality (DISQ). The consumers interviewed rated 14 kitchen manufacturers, and gave us the best results for product quality, design, value for money, range and brand image.



### BEST PLACE TO LEARN®

We have been awarded Germany's quality hallmark for in-company training. This title is only carried by companies that verifiably provide young people with excellent qualifications and prepare them in the best possible way for working life.

We document all of our management systems, directives, process guidelines and codes on our intranet which, ultimately, we also use for taking care of knowledge management and providing the documentation for our audits. For our employees, the intranet serves as the first point of contact in connection with searching for internal information. We use regular workshops, theme-specific working groups, new processes and processes in optimising production or internal communication measures to develop and implement rules and processes at all levels.



### Certification to PEFC

PEFC certification is the world's largest independent certification standard that enables forest owners to commit to ecological, economical and social timber production. Its main aim is the promotion of sustainable, careful and cost-efficient forestry management.



### Certification to FSC®

Products with this seal are made from wood from forests that are certified to internationally and nationally agreed standards of responsible forest management. FSC® stands for responsible forestry based on ecological criteria such as biodiversity and landscape conservation as well as social aspects.



### Furniture made in Germany

"Furniture Made in Germany" – under RAL registration 0191, this means that construction, assembly and quality testing all take place in Germany. Most of the manufacturing process relevant to quality must also be done in Germany.



### Best quality – "Golden M"

Holder of the "Golden M", a RAL quality label that is issued by the German Furniture Quality Association. Manufacturers and furniture are tested by independent experts. The subject of assessment is the quality of furniture – durability and stability – as well as safety, health and environmental aspects, which guarantee a healthy home.



### Climate-neutral furniture manufacturing

Nolte Küchen was named a "Climate-friendly furniture manufacturer" by the German Furniture Quality Association (DGM). The aim of the climate pact is to account for, reduce and neutralise CO<sub>2</sub> emissions. Compensation for CO<sub>2</sub> emissions is made by the acquisition of climate protection certificates with which we support a reforestation project in Uruguay.



### Climate pact for the furniture industry

In the context of rapidly advancing global climate change and the associated colossal impact on man and nature, the German Furniture Quality Association supports the UN's 1.5 degree target.



### Emission class A

The RAL emission label provides consumers with information on pollutant emissions and is intended to protect them from adverse effects on health. The German Furniture Quality Assurance Association (Deutsche Gütegemeinschaft Möbel e.V.) has awarded Nolte Küchen's entire collection (cabinet furniture) with the best emission class (A).



### RenewablePLUS

This certificate confirms that the electricity used for producing Nolte Küchen comes from renewable energy sources. With RenewablePLUS, we are making an additional contribution to expanding the use of renewable energy sources.



### Development and Climate Alliance

Working as a company towards achieving the target of the Paris Climate Agreement, Nolte Küchen supports the Development and Climate Alliance Foundation. The certificate confirms that Nolte Küchen is reducing its greenhouse gas emissions and offsetting any remaining emissions effectively and verifiably by supporting climate protection projects in developing and emerging countries.



### GS seal for tested safety

Our kitchens undergo an internal quality assessment as well as being tested by independent experts. Every five years, the quality and safety of specific ranges and products are tested to the standards of German product safety law by TÜV Rhineland.



### Management system to DIN EN ISO 9001

This TÜV Rhineland certificate confirms our efficient quality management and assures our product and service quality. The label stands for well-designed work sequences, which we have optimised specifically to the development and manufacture of kitchens and the marketing of the same.



### Management system to DIN EN 50001

Based on the energy management system to DIN EN ISO 50001, we are able to prove the increase in our company's energy efficiency and so reduce our energy consumption and CO<sub>2</sub> emissions.



## Business model

As part of our corporate strategy, we have deliberately focused on topics that will help us grow both as a community and as a company. We aim to develop together, critically reassess existing structures, and significantly strengthen our position in the market.

Our brand forms the foundation of our strategy.

It is important that we have a unified understanding of the Nolte Küchen brand and work together to build on it. What do we stand for? How do we want to be perceived? The target is to create and internalize strong brand awareness for our company among every individual in our workforce. Various defined brand values and performance attributes will help with this. We will continue to work hard to strengthen the Nolte Küchen brand among our trade partners and end customers. The fact that we were named the most popular kitchen brand for the fourth consecutive year in 2023 is, of course, a significant advantage.

Our strategy also focuses on expansion. Both Nolte Küchen and Express Küchen aim to achieve much stronger growth abroad and increase the export share.

We want to further develop our processes and simplify many work steps through digital transformations. We are currently engaged in various projects related to process optimization and quality initiatives.

Our employees are key to implementing our sustainability strategy. Together, we lay the foundation for all ESG aspects as an integral part of our corporate strategy.

"Nolte, that's us" represents the heart of Nolte Küchen: our employees. We aim to create a culture that places collaboration at its center and fosters working conditions that enable top performance with maximum employee satisfaction. This includes the recruiting process, an adequate and personalized onboarding plan for new colleagues, as well as personal development within the company.

Sustainability is an essential component of all our decision-making processes. We continuously strive to confidently take the lead in our industry and serve as a model for others as an environmentally friendly and resource-efficient company. In doing so, we act authentically, transparently, and self-critically. We set highly ambitious targets that push us, as a manufacturing industrial company, out of our comfort zone.

Below, we outline the core elements of our strategy, business model, and value chain.

## ESRS 2 SBM-1 | Strategy, business model and value Chain

Disclosure of information on key elements of the overall strategy that relate to or impact sustainability issues

The guiding principle of sustainability permeates throughout our entire company and is reflected in our daily operations and products. It is firmly embedded in our comprehensive corporate strategy, with relevant business areas actively involved in implementing key sustainability topics. We view sustainability as an essential aspect across our entire value chain and place great emphasis on continuously and systematically integrating sustainability criteria relevant to us into our daily operations, value chain, and products. Our products are characterized by a combination of excellent quality, an attractive price-performance ratio, contemporary aesthetics, sustainability, and a reliable, trustworthy, and continuous collaboration. "Good" is not good enough for us.

Our target: to continuously improve.

Description of the main groups of products and (or) services offered

Our products are high-quality kitchen furniture in the form of kitchen cabinets and furniture (base, wall, and tall cabinets), utility room cabinets, living room furniture, countertops, electrical appliances, sinks and faucets, lighting, as well as accessories and fittings. Our offered services include the service and repair of our sold products to end-users. These are complemented by our customer service, warranty services, and spare parts supply.

Description of the key markets and (or) customer groups served

As a leading kitchen manufacturer in Germany, ranked among the top five in the kitchen, furniture industry, we offer a diverse range of kitchens in various designs, shapes, sizes, materials, and price ranges. This extensive selection allows us to meet the varied demands, tastes, budgets, and expectations of our broad consumer and end-user base. Our export share is around 36%. We ship more than 800 Nolte kitchens daily to over 60 countries, which amounted to approximately 1.7 million units in 2023. In procurement, we rely on suppliers from the region and Europe. In Germany, 80% of our kitchen trade is connected to a kitchen studio or furniture store, which are our consumers and trade partners.

Total number of employees (headcount)

In the reporting year 2023, we employed 1,492 people at Nolte Küchen. Of these, 702 employees worked at our location in Melle, and 792 at our location in Löhne. Thus, 100% of our employees are employed in Germany.




Revenue according to ESRS sectors

We operate in the "Manufacture of Kitchen Furniture" sector (NACE Code 31.02.0), where we generate our revenues. For competitive reasons, we do not disclose our revenues, as stated in the annual financial statements for the 2023 fiscal year, in our sustainability statement.

Description of sustainability-related targets in relation to key product and service groups, customer categories, geographic areas, and stakeholder relationships






Below are our sustainability-related targets:

**Table 2:** Targets in our focus areas with SDG (Sustainable Development Goals) reference

Environment		
Focus Area	SDG Reference	Target
Climate Change	 13 KLIMASCHUTZ	<ul style="list-style-type: none"> <li>By 2030, we will reduce our Scope 1 and 2 emissions by 50% compared to the base year 2019 [t CO<sub>2</sub>eq].</li> <li>We will maintain annual carbon neutrality for our Scope 1 &amp; Scope 2 GHG emissions [t CO<sub>2</sub>eq].</li> <li>By 2026, we will have fully accounted for our Scope 3 GHG emissions [t CO<sub>2</sub>eq].</li> <li>By 2026, we will have a measurable and time-bound reduction target for our Scope 3 GHG emissions.</li> <li>By 2026, we will have developed our roadmap for reducing our Scope 3 GHG emissions to contribute to the Paris Agreement.</li> </ul>
Resources	 12 NACHHALTIGES KONSUMIEREN UND PRODUZIEREN	<ul style="list-style-type: none"> <li>We continuously ensure resource efficiency and the prevention of environmental pollution along our value chain.</li> <li>We consistently improve the longevity of our products by maintaining the highest quality and reparability.</li> </ul>
Innovation	 9 INDUSTRIE, INNOVATION UND INFRASTRUKTUR	<ul style="list-style-type: none"> <li>Starting with the 2026 product range, sustainability criteria will be considered in the decision-making process for new products.</li> </ul>

We want to be the most attractive partner for our stakeholders across our entire value chain.

To achieve this, we have set the following sub-targets:

Social		
Focus Area	SDG Reference	Target
Stakeholder Dialogue		<ul style="list-style-type: none"> <li>■ We ensure an ongoing dialogue with our stakeholders.</li> </ul>
Equal Opportunities		<ul style="list-style-type: none"> <li>■ We permanently ensure equal opportunities for all.</li> <li>■ We continuously uphold labor and human rights.</li> </ul>
		
Occupational Safety		<ul style="list-style-type: none"> <li>■ Our target for 2024: zero accidents.</li> </ul>
Qualification		<ul style="list-style-type: none"> <li>■ We ensure annual access to professional development for all employees.</li> <li>■ Starting in 2024, we will determine our employees' training needs in annual discussions and track the implementation of the training programs.</li> </ul>
Employee Satisfaction		<ul style="list-style-type: none"> <li>■ We will measure employee satisfaction in 2025.</li> <li>■ We will then develop and implement an employee satisfaction roadmap.</li> </ul>
Customer and End-User Satisfaction		<ul style="list-style-type: none"> <li>■ We continuously ensure the highest level of protection for our customer and end-user data.</li> <li>■ We guarantee continuous product safety.</li> <li>■ We annually measure our consumer and end-user satisfaction through B2B and B2C surveys.</li> </ul>
Governance		
Focus Area		Target
Business Conduct and Corporate Culture		<ul style="list-style-type: none"> <li>■ We do not tolerate corruption or bribery at any time or under any circumstances in any of the regions where we operate.</li> <li>■ Starting in 2024, we will link the variable compensation of our N1- and N2-level executives to the "quality rate."</li> <li>■ Starting in 2024, we will achieve an annual training completion rate of over 95%.</li> </ul>



Foyer at the NOLTE FORUM, Headquarters in Löhne.  
Open to retail partners, suppliers and consumers.



## Description of the business model and value chain

We are part of the Nolte Group. Under the Nolte Group umbrella, more than 1,800 employees are employed. Innovation, sustainability, and foresight are key pillars of our guiding philosophy. Nolte Küchen has always developed, produced, and marketed high-quality kitchen furniture. We produce exclusively in Germany. Our quality promise "Made in Germany" is a part of our worldwide success. Our production facilities, with a total of three plants, with a combined production space of over 113,000 m<sup>3</sup>, are located in Löhne, North Rhine-Westphalia, and Melle, Lower Saxony, which is 20 kilometers away. In all three plants, the respective plant management acts as an interface for reporting between the department heads within the plant. In Löhne (Plant 2), we produce carcass components and fronts from wood-based panels. The wood-based panels, from which the fronts, sides, and crosspieces are produced, are delivered daily by panel manufacturers. Component variants that we do not produce ourselves are sourced as stock or commission goods from upstream suppliers. In Löhne Plant 2, for example, cutting, edge banding, grooving of sides, and doweling of crosspieces take place. These are temporarily stored in a high-bay warehouse and automatically requested as needed, then transported to Melle Plant 3. Here, the drilling of fronts and carcass components is

carried out. Subsequently, the various types of cabinets (such as base, wall, or appliance cabinets) are produced and assembled from the individual components. After production, the kitchens are provided with appropriate transport and protective packaging and shipped to our trading partners. Upon request, the orders also include electrical appliances, which we supply. We use our wood waste (cut-offs and sawdust) to generate our own thermal energy in wood-fired boilers at our Löhne and Melle locations. This allows us to minimize natural gas purchases to less than 1% of the total energy used for heat generation in a fiscal year. As a result, we can supply our locations with heat almost entirely independently, minimizing the risks associated with gas supply. We implement a certified quality management system according to DIN EN ISO 9001 at our two locations for the business areas of sales, development, and kitchen production. This system enables us to continuously enhance our economic, ecological, and social performance as a company. In the field of marketing, we also place great importance on conserving resources. We regularly review the print run quantities of our printed materials and reduce them as needed. All printed materials are made available for download on our website to our trading partners and end consumers, thereby reducing advertising material distribution and paper consumption. Additionally, we openly communicate our sustainability aspects to our consumers and end-users through our website and all informational materials.

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<sup>1</sup> All companies in the group—Nolte Küchen, Express Küchen, and Nolte SPA—produce exclusively in Germany.

Description of inputs and the approach to collecting, developing, and securing Inputs

Our primary raw materials for manufacturing our products are wood and wood-based products such as chipboard and medium-density fiberboard (MDF). Our wood consists mainly of recycled wood, which is available in large quantities. Together with our suppliers, we work toward the target of further reducing the proportion of fresh wood in our purchased raw materials. To secure our inputs, we have always pursued a multi-supplier strategy to ensure the resilience of our supply chain. To prevent raw material shortages, the analysis of raw materials affected by increased climate risk will become a systematic part of our risk analysis.

Description of outputs and results in terms of current and expected benefits for customers, investors, and other stakeholders

The output of our business activities is high-quality, individualized, modern, and durable kitchen furniture. Our products are characterized by a combination of excellent quality, an attractive price-performance ratio, contemporary aesthetics, sustainability, and a reliable, trustworthy, and continuous collaboration. For our consumers, we are long-term and trustworthy business partners. We offer our end customers high-quality products, whose long product life we support through services such as repair offers.

Description of the main features of the upstream and downstream value chain and the company's position in the value chain

We consistently review sustainability criteria at all stages of our value chain, as sustainability is essential to us throughout the entire process. Our value chain can be broadly divided into the following three areas:

**Figure 3:** Schematic representation of our value chain



**Upstream value chain: Procurement and transportation of raw materials (see Stage 1 in Figure 3)**

We source our primary raw material, wood, as well as our other main raw materials, exclusively from European suppliers with whom we maintain close communication. In addition to chipboard, we procure MDF panels and pre-fabricated fronts that serve as the base material for our kitchens. In 2023, 45% of our procurement volume consisted of kitchen components that were not made of wood, such as semi-finished or finished parts like screws, fittings, and a small proportion of electrical appliances and kitchen accessories. We prioritize short transport routes by focussing on proximity to our key suppliers and contractors. 52% of our procurement volume comes from suppliers located within a 100 km radius. Additionally, 86% of our chipboard is sourced from Germany.

**Nolte Küchen is positioned at the center of the value chain (our locations in Löhne and Melle: production, marketing, and sales) (see Stage 2 in Figure 3).****Downstream value chain: Transport, point of sale (POS), product usage phase, end-of-life (see Stage 3 in Figure 3)**

Due to our conveniently located sites and demand-oriented production, we can efficiently serve our consumers and end-users without relying on extensive warehouse logistics. To further optimize our transport routes and reduce empty trips, we work closely with a reliable freight company. This partnership enables us to improve transportation routes while implementing environmentally friendly measures. We continuously work on optimizing and minimizing packaging materials to reduce packaging waste while maintaining product safety.

The link to our end-users is our consumers, i.e., our trading partners, who are our main direct customers.

We focus on the quality and durability of our products and strive to enhance them through service and repair offerings. To increase circularity, we are constantly working to increase the recyclable content of the components used and the proportion of recycled materials.

All waste is properly disposed of by specialized and certified waste disposal companies, which issue official certificates of disposal specifying the type and quantity of waste.

As a long-established company, we recognize the significant responsibility we bear in our industry and region. We are aware that there are high societal expectations placed on us as a company. Our internal motivation is to actively contribute to the positive development of society and to support people in their endeavors.

In the following chapters of this report, you will find detailed information about our stakeholders and a transparent account of our commitment to each stakeholder group.

## ESRS 2 SBM-2 | Interests and views of stakeholders

### Description of stakeholder engagement

Below is a summary description of our approach to stakeholder engagement.

### Description of key stakeholders

Our key stakeholders are:

- shareholders and advisory board
- employees
- works council
- graduates and applicants
- suppliers
- consumers (customers/dealers)
- end-users
- government and society, such as authorities, unions, associations, initiatives, the general public, media and press representatives, or local residents
- schools and universities

### Description of how stakeholder engagement is organized

Stakeholder engagement for the various stakeholder groups is organized individually.

- Our shareholders and advisory board meet four times a year.
- Our works council meets once a month in the works council meeting.
- An exchange between management and the works council also takes place once a month.
- Our employees are involved both individually and at the departmental and company levels. An overview of employee engagement is provided in chapter 04 own workforce.
- We maintain contact with our graduates and applicants, as well as schools and universities, through booths at career fairs and on-campus events, and we cooperate with schools through projects in our training workshop. We also regularly offer exhibition tours and plant visits at our locations for universities.
- We engage our suppliers through direct contact with our product & purchasing department.

Further information can be found in chapter 05 Workers in the value chain.

- Customer engagement is primarily conducted through intensive communication with our field service and sales management, see also 6. ESRS S4 consumers and end-users.

Further information can be found in chapter 06 Consumers and End-user

- We engage our end-users indirectly through our customer service, end-user satisfaction surveys, contact forms on our website, and in-person events such as trade shows and social media.

Further information can be found in chapter 06 Consumers and End-user

- We maintain contact with unions, associations, industry initiatives, the general public, media and press representatives, and local residents.

In the upcoming reporting year, along with updating our materiality analysis, we will also revise our stakeholder engagement process to better identify and assess the material impacts, risks, and opportunities associated with our business activities.

### Description of the purpose of stakeholder engagement

We take the importance of our stakeholders in relation to our sustainability management very seriously. Our commitment is to continuously strengthen our relationships with each of them and to uphold their interests with the utmost care and responsibility. In this context, dialogue with our stakeholders is an integral part of our sustainability approach and overall corporate strategy. Close collaboration with our stakeholders is essential for us to develop a well-informed and responsible sustainability strategy. Their valuable contributions and perspectives are a key foundation for shaping our sustainable business practices.



The expansion of renewable energy at our locations is regularly reviewed.

Description of how the results of stakeholder engagement are considered

We continuously incorporate the expertise, views, interests, and needs of our stakeholders into our decisions.

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Description of the understanding of the interests and views of key stakeholders in relation to the company's strategy and business model

We firmly believe that understanding the interests and views of stakeholders is crucial for the development and implementation of a successful strategy and a sustainable business model. Our close and direct contact with our key stakeholders, such as our suppliers, employees, consumers, and end-users, allows us to understand and consider their interests in relation to our strategy and business model. Through dialogue with unions, industry associations, and initiatives, we can also understand the interests and views of stakeholders concerning the development of our sector. Below is a summary of the interests and views of our key stakeholders and how these are incorporated into our strategy and business model.

## Employees

- **Interests and views**
  - Working conditions: Employees value safe, healthy, and motivating work environments.
  - Career development: Opportunities for professional development and advancement are important.
  - Participation: Employees desire a voice in company decisions and transparent communication.
  - Sustainability: Employees increasingly value a demonstrably sustainable employer.
- **Consideration in the strategy and business model**
  - Workplace design: Implementation of programs to improve working conditions and workplace safety.
  - Training: Provision of training and development programs to enhance employee skills.
  - Employee participation: Regular employee discussions and the establishment of communication channels and participation programs to involve employees in decision-making processes.

## Suppliers

- **Interests and views**
  - Partnership: Suppliers seek fair and long-term collaboration.
  - Payment terms: Reliable and timely payments are crucial.
  - Sustainability: Suppliers also increasingly value sustainable business relationships.
- **Consideration in the strategy and business model**
  - Long-term contracts: Building long-term partnerships with reliable suppliers.
  - Fair terms: Ensuring fair and transparent payment terms.
  - Sustainable sourcing: Implementation of sustainable procurement strategies and collaboration with suppliers who practice sustainability.

## End-users

- **Interests and views**
  - Quality and design: Our end-users highly value the quality, durability, and aesthetic design of kitchen furniture.
  - Customization: The trend toward tailored and personalized solutions is strong.
  - Value for money: Our end-users seek a balanced relationship between cost and benefit.
  - Sustainability: There is a growing awareness of environmentally friendly and sustainable products.
- **Consideration in the strategy and business model**
  - Product development: Investment in high-quality materials and innovative designs that meet end-user demands.
  - Personalized offerings: Introduction of customized kitchen solutions tailored to individual end-user needs.
  - Sustainability initiatives: Development and marketing of sustainable products, using environmentally friendly materials and processes.

## Trade partners

- **Interests and views**
  - Quality, design, and innovation: Trade partners want to offer high-quality, aesthetically appealing products that stand out from the competition and meet market demands.
  - Reliability and availability: Trade partners appreciate consistent and reliable product delivery with short lead times.
  - Support: They expect comprehensive support in the form of marketing materials, training, and customer service.
  - Competitiveness: Trade partners seek competitive prices and attractive margins.
  - Sustainability: There is growing interest in sustainable products and practices. In the contract business, sustainability is one of the main criteria being considered in tenders.
- **Consideration in the strategy and business model**
  - Product development: Investment in high-quality materials and innovative designs that meet end-user demands.
  - Stable supply chains: Ensuring a stable and reliable supply chain to meet the needs of trade partners.
  - Support programs: Providing training, marketing resources, and technical support to assist trade partners in their sales activities.
  - Attractive terms: Offering competitive prices and attractive margins to promote long-term and successful partnerships.
  - Sustainable practices and products: Integrating sustainable practices throughout the supply chain and promoting sustainable products to meet growing demands.

## Investors

- **Interests and views**
    - Return: Investors expect stable and growing financial returns.
    - Risk: Minimizing risks and providing transparent risk assessments are important.
    - Sustainability: Investors increasingly value sustainable business models and environmental, social, and governance (ESG) criteria.
  - **Consideration in the strategy and business model**
    - Growth strategy: Development and implementation of strategies to increase company growth and profitability.
    - Risk management: Implementation of a robust risk management system.
    - ESG reporting: Transparent reporting on sustainability initiatives and ESG performance.
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Nolte Küchen stands for exceptional quality, diversity and service, reliability, and continuity.



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Description of changes to the strategy and/or business model

Our dialogue with suppliers and business partners confirms that sustainability is becoming increasingly important to them. Recognizing that we can accomplish more together, we strategically prioritize close collaboration to continuously improve our sustainability performance. Our current and future employees are conscious of sustainability, so we create opportunities and channels within our business model for them to share their ideas and perspectives. Sustainability is also a key concern for our customers and end users, as evidenced by our regular surveys that include many sustainability-related questions. Their strong interest encourages us to continue developing innovative and sustainable kitchen solutions to meet future end-user demands.

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Description of how the strategy and/or business model has been or is expected to be changed to take into account the interests and views of stakeholders

Our business model has not fundamentally changed—we continue to offer customized and high-quality kitchens. Instead, we are focusing on optimizing the use of raw materials and production, reducing waste (especially plastics), and using or developing more sustainable materials.

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Description of how administrative, management, and supervisory bodies are informed about the views and interests of relevant stakeholders concerning sustainability-related impacts

Our administrative, management, and supervisory bodies are informed about the interests of our stakeholders through regular exchanges. The frequency of these exchanges and interactions is outlined in ERS 2 GOV-2. These meetings ensure that stakeholder perspectives are incorporated into decision-making processes and that relevant topics are addressed.

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Below, we provide an overview of the current and potential opportunities and risks that we have identified through our analyses and that we face along our value chain.

We focus on our

- upstream value chain: raw materials and transportation
- locations (Löhne and Melle): production, marketing, and sales
- downstream value chain: transportation, product usage phase, and end-of-life

## ESRS 2 SBM-3 | Risks and opportunities and their interaction with strategy and business model

Description of the material risks and opportunities identified through the materiality assessment

### Upstream value chain – raw materials and transportation

#### Opportunities

- **GHG assessment:** The identification of our relevant greenhouse gas emissions (GHG) in our upstream value chain (Scope 3) forms the basis for deriving our Scope 3 GHG reduction targets. Initial analyses have already been carried out in this area.
- **GHG reduction:** There is likely to be significant potential for us to reduce GHG emissions in the upstream value chain in the Scope 3 categories 3.01 (purchased goods and services).
- **Supply chains:** Our supply chains are historically designed to prioritize trust-based partnerships, flexibility, regionality, and decentralization to ensure maximum supply chain resilience. For us, it is natural to continue considering our supply chain in terms of potential climate risks.

- **Material selection:** The availability of alternative, environmentally friendly materials has increased (e.g., a higher proportion of recycled content in raw materials/products or increased recyclability of raw materials/products). We constantly assess these in terms of their suitability for our products, with a particular focus on maintaining and improving product quality and durability.
- **Sustainability awareness in the supply chain:** Sustainability is also becoming increasingly important for our suppliers and business partners. We know that we can achieve more together with our partners.

#### Risks

- **Climate change adaptation:** Wood from certified sources is our main raw material. We understand that climate change-related extreme weather events can impact raw material availability, and we consider this risk as part of our supply chain management.

### Locations (Löhne and Melle) – production, marketing, and sales

#### Opportunities

- **GHG assessment:** We have already assessed the greenhouse gas emissions (GHG emissions) for our locations (Scope 1 and 2) and made significant progress by switching to 100% green electricity in 2021.
- **Energy management:** Through continuous, strategic, and innovative energy management, we can increase our energy efficiency, reduce energy costs, and decrease GHG emissions. At the same time, we are investing in expanding our own capacity for generating energy from renewable sources. This includes expanding photovoltaic (PV) systems on rooftops where structurally possible and continuing to generate our own heat from wood chips.
- **Resource utilization:** By ensuring product quality and innovation that aims to save

resources during the usage phase of our products, continuously optimizing offcuts, and implementing a well-coordinated, location-specific waste management system, we are working on many levels to reduce our resource consumption.

- **Optimal working conditions:** By ensuring and creating excellent conditions for healthy, safe, and satisfying work and fostering identification with our company, we can build trust, passion, and commitment among our employees.
- **Employer requirements:** Meeting the demands of modern and future companies and continuing to attract talent is seen as an opportunity to secure our long-term success.
- **Employee sustainability awareness:** We know that both our current and future employees are interested in sustainability and want to help shape these topics at Nolte Küchen. Leveraging this enthusiasm helps us authentically pursue our path.
- **Product safety and innovation:** By continuously ensuring product safety and innovating for sustainability, we can strengthen consumer and end-user loyalty to our company.

#### Risks

- **Energy demand:** As a manufacturing company, we are dependent on energy. Securing the availability of sustainable energy and implementing the associated costs and measures for continuous improvement in energy efficiency are part of our financial planning.
- **Material quality:** The increased use of composite materials often reduces the recyclability of our products. Thoroughly analyzing this in advance and weighing the pros and cons is part of our work.
- **Occupational safety:** There is an increased risk of accidents, particularly in production. Mitigating this risk is of the highest priority.
- **Skilled labor:** We are aware of the impact of the shortage of skilled labor, which is also noticeable for us. We understand that we, as a company, bear the responsibility of



Quality and precision in production ensure that we live up to our claim.

being an attractive employer and remaining so in the future.

- **Product safety:** Because we can continuously guarantee product safety, we assess the potential risk of a hazard as very low.

#### Downstream value chain – transport, product usage phase, and end-of-life

##### Opportunities

- **GHG assessment:** The identification of our relevant greenhouse gas emissions along our downstream value chain (Scope 3) forms the basis for deriving our Scope 3 GHG reduction targets. Initial analyses have already been carried out in this area.
- **GHG reduction:** There is likely to be significant potential for us to reduce GHG emissions in the downstream value chain in the Scope 3 categories 3.11 (use of sold products) and 3.12 (end-of-life of sold products).
- **Product durability:** We can promise our consumers and end-users high product durability due to high quality and reparability. We can further enhance our product durability through repair, replacement, or service offerings.

- **Waste management:** We can further reduce our waste generation in the downstream value chain through strategically sound waste management.
- **Data protection:** By consistently and proactively implementing data protection measures, we can ensure ongoing data protection for our consumers and end-users.
- **Product safety:** By continuously ensuring product safety, we can strengthen consumer and end-user loyalty to our company.
- **Product innovation:** Continuously working on the further development of our products is essential for maintaining consumer and end-user satisfaction.
- **Consumer and end-user trust:** Maintaining consumer and end-user trust, for example, through ongoing stakeholder dialogue, is important to us. Our success is reflected, among other things, in our awards as the most popular kitchen brand and the most popular provider of kitchen furniture.
- **Sustainability awareness of consumers and end-users:** Sustainability is also an important issue for our current and future consumers and end-users. This support is a crucial success factor on our journey.

##### Risks

- **Energy demand:** The energy consumption during the usage phase of the electrical components and appliances in our kitchens is a significant part of the resource consumption in the usage phase of our products. The use of energy-efficient appliances helps reduce resource consumption in this area.
- **Data protection:** We also need to protect ourselves from the rise in cybercrime. This is part of our IT security measures.

Disclosure of the current and expected impacts of material impacts, risks, and opportunities on the business model, value chain, strategy, and decision-making, and how the company has responded or plans to respond to these impacts

In Chapters 02 Climate Change, 03 Resource Use and Circular Economy, 04 Own Workforce, 05 Workers in the value chain, 06 Consumers and End-users, and 07 Business Conduct, we provide detailed reports on how we respond to material impacts, risks, and opportunities related to our business activities and strategy.

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Indication of how material negative and positive impacts affect (or are likely to affect) people or the environment

Our identified material impacts can have both positive and negative effects on the environment and people.

Our energy consumption from non-renewable and fossil sources, as well as the procurement and processing of raw materials and the associated release of GHG emissions, have a negative impact on the environment. We counteract this through energy-saving measures and the reduction of GHG emissions.

Our products, we partially use composite materials that are largely non-recyclable, which has a negative impact on resource circularity and the environment. To address this, we are continuously increasing the proportion of recycled wood in our chipboard, as well as the use of other alternative/secondary materials, such as recycled plastics, to conserve resources. Additionally, we are optimizing our resource use and reducing waste, which benefits the environment.

As a large kitchen manufacturer with many suppliers, we have an impact on workers' safety and working conditions in our upstream and downstream value chains. We select our suppliers and business partners based on established criteria and implement the Supply Chain Due Diligence Act (LkSG) to avoid or mitigate negative impacts as much as possible.

A potential loss of sensitive data could lead to negative impacts on people and other organizations. We counteract this with systematic data protection measures.

We place great importance on the resilience of our supply chains concerning risks associated with global warming. Additionally, we engage in intensive discussions with our suppliers and business partners about sustainability aspects. Joint efforts along the value chain are a significant lever for achieving positive environmental impacts. Through the communication of our sustainability commitment, we also strengthen the sustainability awareness of our employees and end consumers.

Ongoing quality assurance and testing allow us to offer safe, high-quality, and durable products, providing a positive benefit to end consumers. Our quality assurance measures enable us to assess the potential risk to product safety and, consequently, to the users of our products as very low.

With the update of our double materiality analysis in the upcoming reporting year, we will reevaluate the assessment of our material negative and positive impacts on people and the environment.

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Disclosure of the impacts resulting from or associated with the strategy and business model

The following impacts arise from our business model and business activities:

#### Positive Impacts

- Sustainable material procurement, such as reducing the use of non-renewable resources and promoting sustainable forestry
- Reduction of the carbon footprint through energy-efficient production processes and the use of renewable energy
- Reduction of site and packaging waste, as well as the promotion of recycling
- Improvement of working conditions and promotion of professional development
- Support and development of local communities through social projects and economic activities
- Ensuring data protection
- Strengthening supply chain resilience and promoting sustainability awareness in the supply chain
- Building and maintaining consumer and end-user trust
- Marketing of safe, innovative, high-quality, and durable products that meet customer needs and expectations
- Incorporation of stakeholder interests and views into corporate strategy and decisions

#### Negative Impacts

- Emission of GHGs through our business activities
- Energy demand from non-renewable and fossil sources
- Use of composite materials and the resulting reduced recyclability
- Potential risk to occupational safety and employee health
- Potential risk to data protection
- Potential risk to product safety
- Potential market risks due to fluctuations in demand

The extent of these impacts is described in detail in ESRs 2 SBM-3 as well as in the respective ESG chapters.

With the update of the double materiality analysis in the coming reporting year, we will re-evaluate our material impacts that arise or may potentially arise from our strategy and business model.

---

Indication of the reasonably expected time horizons of the impacts

Our current time horizons are defined as short-term for 2024, medium-term for 2025-2026, and long-term for 2050. In the upcoming reporting year, we will update our double materiality analysis, reassessing these time horizons and aligning impacts accordingly.

Description of the types of activities or business relationships through which the company has material impacts

We have material impacts through the following activities along our value chain:

#### Upstream value chain

- Accounting for our corporate carbon footprint in the upstream value chain (Scope 3)
- Selection of suppliers and business partners
- Our business relationships with suppliers and business partners
- Selection of materials and raw materials that we purchase

#### Locations (Löhne and Melle)

- Accounting for our corporate carbon footprint (Scopes 1 and 2)

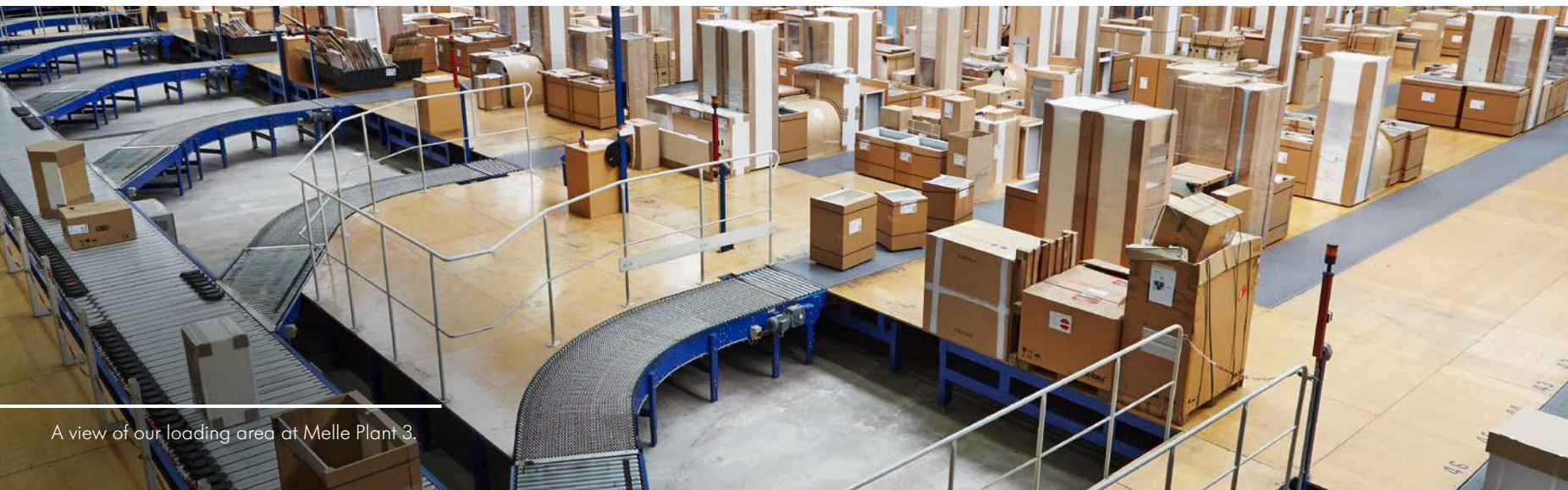
- Purchase of 100% green electricity
- Certified energy management
- Optimization of resource use
- Ensuring product safety and product development
- Selection of materials and raw materials that we currently use
- Ensuring occupational safety and designing favorable working conditions

#### Downstream value chain

- Accounting for our corporate carbon footprint in the downstream value chain (Scope 3)
- Product development and ensuring high product quality and longevity (service offerings)
- Strengthening consumer and end-user behavior
- IT security measures

Information on the resilience of the strategy and business model regarding the ability to manage material impacts and risks and capitalize on material opportunities

Given the material impacts, risks, and opportunities currently identified (ESRS 2 SBM-3), we consider our strategy and business model to be resilient.



A view of our loading area at Melle Plant 3.

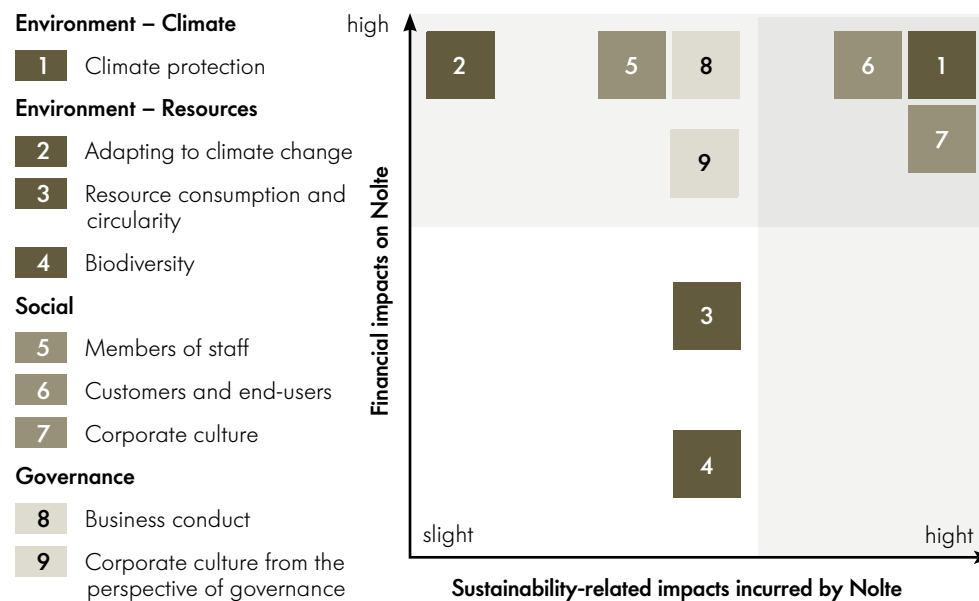
## Material topics

To determine our material topics, we applied the principles of double materiality and began with a qualitative assessment. The process involved:

- The assessment of the materiality of our impacts, defined as material positive or negative sustainability-related impacts associated with our business activities along our value chain, and
- The assessment of financial materiality, defined as sustainability-related financial opportunities and risks for our company, including opportunities and risks arising from the dependence on natural, human, and social resources.

In the following materiality matrix, the topics rated as "high" are those on which we base our sustainability strategy and aim to have the greatest positive impact.

**Figure 4:** Our material topics as a result of the materiality analysis from 2022



The presentation of the material topics within the respective segments of the matrix does not follow any hierarchy.

The focus areas depicted are from our double materiality analysis conducted in 2022. Additionally, we report on the topic of resources, as resource-efficient behavior along our value chain is a strategic focus area for us.

**Table 3:** Our focal areas

Environment	Social	Governance
<ul style="list-style-type: none"> <li>■ Climate protection</li> <li>■ Resources</li> <li>■ Innovation</li> </ul>	<ul style="list-style-type: none"> <li>■ Employees:               <ul style="list-style-type: none"> <li>- Occupational safety</li> <li>- Employee satisfaction</li> <li>- Qualification</li> <li>- Equal opportunities</li> </ul> </li> <li>■ Customers and end-users</li> </ul>	<ul style="list-style-type: none"> <li>■ Business conduct</li> <li>■ Corporate culture</li> </ul>

## Strategies and management of impacts, risks and opportunities

### ESRS 2 IRO-1 | Description of the process for identifying and assessing material impacts, risks and opportunities

Description of the methods and assumptions applied in identifying impacts, risks, and opportunities

The double materiality analysis conducted in 2022 forms the basis for defining our current sustainability targets, actions, and associated metrics that we have already set for achieving these targets and are disclosing for the second time in this report. The double materiality analysis aligns with the guidelines of the CSRD. When we update of our materiality analysis in the coming reporting year, we will also revise the process for identifying, assessing, and managing material impacts, risks, and opportunities related

to our key sustainability topics. This process will be carried out in close collaboration with our stakeholders. Until then, we will use the results of the double materiality analysis conducted in 2022.

Description of the process for identifying, assessing, prioritizing, and monitoring potential and actual impacts on people and the environment based on due diligence

We identify, assess, prioritize, and monitor our potential and actual impacts on people and the environment within the framework of our quality, occupational safety, health protection, compliance, and risk management, as well as the LkSG (Supply Chain Due Diligence Act). Necessary risk mitigation measures are incorporated into our regulations and processes. Additionally, we have systematically evaluated our impacts, risks, and opportunities as part of our materiality analysis, with the help of our internal experts and an external sustainability consultancy, using a semi-quantitative approach.

Description of how the process focuses on specific activities, business relationships, geographic areas, or other factors that pose an increased risk of negative impacts

In our country-level risk assessment, we refer to recognized indices such as the World Justice Project, the Environmental Performance Index, and the Global Salary Index. As part of our risk analysis, we classify our suppliers based on country and product group risks concerning human rights violations. We set our internal evaluation threshold very high and, therefore, subject our suppliers to a comprehensive, case-specific assessment even at a low-risk potential.

Description of how the process considers impacts that the company is involved in through its own activities or as a result of business relationships

We systematically consider our impacts through our activities and as a result of the previously described processes.



Description of how the consultation process integrates affected stakeholders to understand how they might be impacted and which external experts are included

We take into account the views and interests of our stakeholders. As part of updating our double materiality analysis for the 2024 reporting year, we will establish a process to systematically consider our stakeholders' views and interests in the assessment of our impacts, risks, and opportunities.

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Description of how the process prioritizes negative impacts based on their relative severity and likelihood and positive impacts based on their relative magnitude, scope, and likelihood, and determines which sustainability aspects are material for reporting purposes

In our materiality analysis, we systematically evaluated our impacts, risks, and opportunities on scales from low to high using the Outside-In and Inside-Out perspectives method of the Global Reporting Initiative (GRI) Standards, with the help of our internal experts and an external sustainability consultancy.

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Description of the process for identifying, assessing, prioritizing, and monitoring risks and opportunities that have or may have financial impacts

Within our risk management framework, we assess our risks in terms of their financial impact on our business activities. Some sustainability-related aspects are already integrated into our risk assessment. In the future, we will expand our risk portfolio to include additional sustainability-related aspects.

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Description of how the interrelationships between impacts and dependencies and the risks and opportunities that may arise from these impacts and dependencies were considered

We assess impacts, risks, and opportunities in relation to each other (Outside-In and Inside-Out perspectives method of the GRI Standard).

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Description of the decision-making process and the associated internal control processes

We set management targets and actions and track target achievement through the collection of key performance indicators.

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Description of the input parameters used in the process of identifying, assessing, and managing material impacts, risks, and opportunities

Our key input parameters are metrics such as energy consumption, GHG emissions from our business activities and value chain, waste metrics, personnel metrics, and supply chain metrics. These metrics are presented in the following chapters.

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The following table contains all data points derived from EU legislation and references to the section in the sustainability report, as well as the identification of data points that we have assessed as non-material.

### ESRS 2 IRO-2 | Disclosure requirements in ESRS covered by the company's sustainability statement

Disclosure of a list of data points derived from other EU legislation and information about their position in the sustainability statement

**Table 4:** List of data points (and reference) arising from other EU legislation

Disclosure requirement and related data point from ESRS 2 Annex B		Materiality assessment	Reference
ESRS 2	Gender diversity in governing and control bodies	Mandatory according to ESRS 2	Page 16
ESRS 2	Percentage of independent members in governing bodies	Mandatory according to ESRS 2	Page 16
ESRS 2	Statement on due diligence	Mandatory according to ESRS 2	Page 22
ESRS 2	Involvement in activities related to fossil fuels	Not applicable to Nolte Küchen	
ESRS 2	Involvement in activities related to the manufacture of chemicals	Not applicable to Nolte Küchen	
ESRS 2	Involvement in activities related to controversial weapons	Not applicable to Nolte Küchen	
ESRS 2	Involvement in activities related to tobacco cultivation and production	Not applicable to Nolte Küchen	
ESRS E1	Transition plan to achieve climate neutrality by 2050	Material	Page 61
ESRS E1	Companies exempt from Paris-aligned benchmarks	Material	Not applicable to Nolte Küchen
ESRS E1	GHG emission reduction targets	Material	Not reported for 2023
ESRS E1	Energy consumption from fossil fuels broken down by sources (only for climate-intensive sectors)	Material	Page 66
ESRS E1	Energy consumption and energy mix	Material	Page 66
ESRS E1	Energy intensity related to activities in climate-intensive sectors	Material	Not reported for 2023
ESRS E1	Gross GHG emissions in Scope 1, 2, and 3 categories, as well as total GHG emissions	Material	Page 73
ESRS E1	Intensity of gross GHG emissions	Material	Not reported for 2023
ESRS E1	GHG reduction and carbon credits	Material	Page 77
ESRS E1	Portfolio risk position concerning climate-related physical risks	Material	Not reported for 2023
ESRS E1	Breakdown of monetary amounts by acute and physical risk	Material	Not reported for 2023
ESRS E1	Location of significant assets with substantial physical risk	Material	Not reported for 2023

ESRS E1	Breakdown of the book value of real estate by energy efficiency classes	Material	Not reported for 2023
ESRS E1	Degree of portfolio exposure to climate-related opportunities	Material	Not reported for 2023
ESRS E2	Quantity of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted into air, water, and soil	Not material	
ESRS E3	Strategies and management related to water and marine resources	Not material	
ESRS E3	Specific strategies and policies for sites in areas with high water stress	Not material	
ESRS E3	Strategies and policies related to sustainable oceans and seas	Not material	
ESRS E3	Total amount of water recovered and reused	Not material	
ESRS E3	Total water consumption in m <sup>3</sup> per net revenue from own activities	Not material	
ESRS 2	Material impacts, risks, and opportunities and their interaction with strategy and business model in the context of biodiversity and ecosystems: List of locations (including locations under operational control) and activities with negative impacts	Not material	
ESRS 2	Negative impacts related to land degradation, desertification, or soil sealing	Not material	
ESRS 2	Activities that affect endangered species	Not material	
ESRS E4	Sustainable practices or strategies in land use and agriculture	Not material	
ESRS E4	Sustainable practices or strategies related to oceans/seas	Not material	
ESRS E4	Strategies to combat deforestation	Not material	
ESRS E5	Non-recycled waste	Voluntary disclosure	Not reported for 2023
ESRS E5	Hazardous and radioactive waste	Voluntary disclosure	Page 88
ESRS 2	Risk of forced labor	Not material	
ESRS S1	Risk of child labor	Not material	
ESRS S1	Commitments in the area of human rights policy	Material	Page 98
ESRS S1	Due diligence regulations related to issues covered in ILO (International Labour Organization) Conventions 1 to 8	Material	Page 98
ESRS S1	Processes and measures to combat human trafficking	Material	Page 98

ESRS S1	Strategy or management system related to the prevention of workplace accidents	Material	Page 97
ESRS S1	Handling of complaints	Material	Page 100
ESRS S1	Number of fatalities and number and rate of workplace accidents	Material	Page 116
ESRS S1	Number of lost days due to injuries, accidents, fatalities, or illnesses	Material	Page 116
ESRS S1	Unadjusted gender pay gap	Material	Page 117
ESRS S1	Excessive compensation of members of governing bodies	Material	Page 117
ESRS S	Cases of discrimination	Material	Page 99
ESRS S1	Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Material	Page 117
ESRS S2	Material impacts, risks, and opportunities and their interaction with strategy and business model in the context of the workers in the value chain: Material risk of child labor or forced labor in the value chain	Not material	
ESRS S2	Commitments in the area of human rights policy	Material	Page 123
ESRS S2	Strategies related to the workers in the value chain	Material	Page 124
ESRS S2	Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Material	Page 124
ESRS S2	Due diligence regulations related to issues covered in ILO (International Labour Organization) Conventions 1 to 8	Material	Page 124
ESRS S2	Issues and incidents related to human rights within the upstream and downstream value chain	Not material	
ESRS S3	Commitments in the area of human rights in the context of affected communities	Not material	
ESRS S3	Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Not material	
ESRS S4	Strategies related to consumers and end-users	Material	Page 137
ESRS S4	Non-compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Material	Not applicable to Nolte Küchen
ESRS S4	Issues and incidents related to human rights	Material	Not applicable to Nolte Küchen
ESRS G1	United Nations Convention against Corruption	Material	Not applicable to Nolte Küchen
ESRS G1	Protection of whistleblowers	Material	Not applicable to Nolte Küchen
ESRS G1	Fines for violations of anti-corruption and anti-bribery regulations	Material	Not reported for 2023

Disclosure of the list of ESRS disclosure requirements that were adhered to in the preparation of the sustainability statement based on the results of the materiality assessment

The following ESRS disclosure requirements were adhered to in the preparation of our sustainability statement based on the results of our double materiality analysis:

- E1 Climate Change
- S1 Own Workforce
- S2 Workers in the value chain
- S4 Consumers and End-users
- G1 Business Conduct

Additionally, we voluntarily report on E5: Resource Use and Circular Economy, as this is a strategic focus area for us.

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Explanation of how material information to be disclosed in relation to material impacts, risks, and opportunities was determined

Information to be disclosed regarding material impacts, risks, and opportunities was identified and compiled with the help of responsible employees, our management systems and processes, as well as collected and documented metrics.

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Numerous projects have already been successfully realised in the name of sustainability. Not least the implementation of beehives on company premises.



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Nolte Küchen has anchored numerous climate protection measures in its corporate strategy.



02

## *Climate change*

Strategies and management related to  
climate change

Metrics and targets



# Climate change

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## Chapter highlights

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### Strategies and management related to climate change

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Strategies and management of impacts, risks, and opportunities

- Identifying Scope 3 reduction potentials through ongoing stakeholder dialogue
  - Certified energy management according to DIN EN ISO 50001
  - Internal mobility policy to promote e-mobility
- 

Actions to mitigate risks and enhance opportunities

#### **Energy management**

- We increase our energy efficiency, thereby also reducing energy costs
- We primarily use wood waste from production for heat generation
- We plan investments in renewable energy sources such as photovoltaic (PV) systems

#### **GHG emissions measurement and reduction**

- Complete switch to green electricity in 2021 to reduce GHG emissions
- Unavoidable Scope 1 GHG emissions are offset with Gold Standard compensation certificates to remain carbon neutral
- In 2023, we conducted the first accounting of the most relevant Scope 3 categories
- Future creation of digital data structures for more efficient, real-data-based Scope 3 accounting
- By 2026, a complete Scope 3 GHG inventory, including a reduction roadmap, will be established

#### **Electrification**

- Since 2023, we have offered the leasing of fully electric vehicles and have had suitable charging infrastructure at our site since 2021



**Product changes**

- We exclusively use energy-efficient lighting in our kitchens
- We are continuously working to increase the recyclable content of the components used, as well as the proportion of recycled materials

**Decarbonization of the value chain**

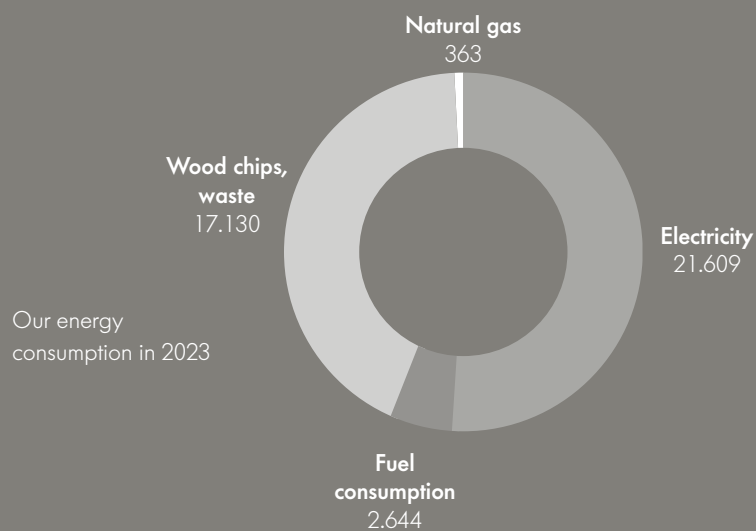
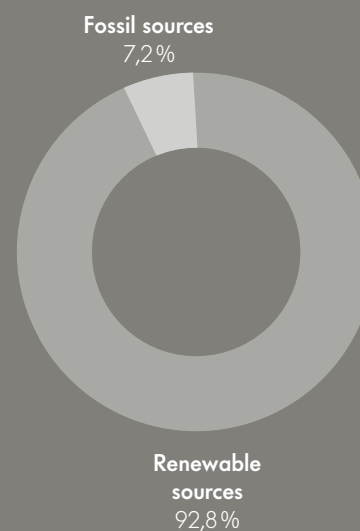
- Our freight forwarder supports us in optimizing routes and reducing empty runs. they exclusively use Euro 6 diesel vehicles and LNG vehicles
- We focus on the quality and durability of our products and aim to enhance them through service, spare parts, and repair offerings

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**Metrics and targets**


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- GHG reduction targets
- By 2030, we will reduce our Scope 1 and 2 GHG emissions by 50% compared to the emissions of the base year 2019 [t CO<sub>2</sub>eq].
- 

**Diagram 1:** Consumption (MWh)**Diagram 2:** Share of total energy consumption (%)

- Heat energy from our own wood waste covers 98% of our heating needs.
  - Our average electricity consumption per furniture item produced is 12.85 kWh in 2023.
  - Compared to 2022, we saved a total of 242,661 kWh and exceeded our target by 15.5%.
  - Since switching to LED lighting in 2014, we have saved a total of 9.6 million kWh of electricity (cumulative value).
-

## Strategies and management related to climate change

Climate change is one of the topics with very high materiality for us, as it has far-reaching impacts on our long-term business operations and our value chain. By proactively addressing climate change, we can mitigate or avert risks while also identifying and strengthening new opportunities. Through our strategic engagement and our reporting on climate change management, we aim to make the greatest possible contribution to the necessary collective effort to tackle this global challenge.

Our strategies and management related to climate change are designed to ensure the optimal protection of Nolte Küchen from the impacts of climate change while maximizing our contribution to reducing GHG emissions.

These include the early detection, assessment, and management of material actual or potential:

- impacts,
- risks and
- opportunities.

With the update of our materiality analysis in the coming reporting year, we will also update the process of identifying, assessing, and managing material impacts, risks, and opportunities related to climate change. This process will be carried out in close collaboration with our stakeholders. Until then, we will rely on the results of the double materiality analysis conducted in 2022, which is already aligned with the CSRD guidelines.

### **Material impacts, risks, and opportunities**

We are aware of the climate risks that climate change brings, as well as the impacts of our actions on the climate and the environment. At the same time, climate change also has an impact on us as a company.

The following opportunities and risks related to climate change form the basis for our sustainability strategies in dealing with it.

## ESRS 2 SBM-3 | Material impacts, risks, and opportunities and their interaction with strategy and business model

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### Type of climate-related risk

The following provides an overview of the current and potential climate-related risks identified through our analyses, which we face along our value chain. We focus on our:

- **upstream value chain:** raw materials and transport
- **sites (Löhne and Melle):** production, marketing, and sales
- **downstream value chain:** transport, trade, product usage phase, and end-of-life.

We must address the climate-related physical risks that pose challenges such as rising temperatures, changing precipitation patterns, and increased frequency of extreme weather events. As a kitchen manufacturer, we are primarily affected by climate-related physical risks within our operations and along the upstream value chain, particularly those impacting forest products. Climate change increases the physical risk of wildfires, pests, and diseases in forests, thereby heightening the potential for climate-related transition risks, such as supply disruptions, especially for wood and other raw materials. To ensure the resilience of our supply chain, we have always followed a multi-supplier strategy. To prevent raw material shortages, the analysis of raw materials affected by increased climate risk will become a systematic component of our risk analysis.

As a manufacturing company, our operations are heavily dependent on energy. Rising raw material and energy costs present climate-related transition risks for us. Additionally, energy demand during the product usage phase in the downstream value chain poses a climate-related risk for us. The energy consumption during the usage phase of the electrical components and appliances in our kitchens is a significant part of resource consumption and GHG emissions during the product usage phase, thus representing a technological climate-related transition risk. The use of energy-saving and lower-emission electrical appliances contributes to reducing resource consumption in this area.

## ESRS2 IRO-1 | Description of the processes for identifying and assessing material climate-related impacts, risks, and opportunities

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### Description of processes related to impacts on climate change

We conducted a double materiality analysis to identify and assess the climate-related impacts of our business activities. The overview of the material impacts identified in the double materiality analysis is presented in the disclosure requirement ESRS 2 SBM-3 - Material impacts, risks, and opportunities and their interaction with strategy and business model.

Our processes regarding impacts on climate change, particularly GHG emissions, include actions and plans to measure and reduce both current and potential future GHG emissions of the company across the entire value chain.

Our actions related to our impacts on GHG emissions include:

- Switching to green electricity at our two sites in 2021.
- Assessing GHG emissions at our Löhne and Melle sites (Scope 1 and Scope 2 emissions) according to the GHG Protocol.
- For the first time in this reporting year, we assessed the most relevant Scope 3 categories for us, thereby identifying the largest GHG sources along our value chain.

Our plans related to our impacts on GHG emissions include:

- Continuing to purchase 100% certified green electricity in the future.
  - Implementing digital data structures and processes that will enable us to calculate GHG emissions for our relevant Scope 3 categories based on real data.
  - Developing a Scope 3 reduction roadmap to contribute to the Paris Climate Agreement.
  - From 2026, we will assess and disclose our total GHG emissions for the 2025 reporting year.
-

## Strategies and management of impacts, risks, and opportunities

Our company recognizes the global challenges such as climate change, energy dependence, and the scarcity of natural resources. Our strategy proactively addresses these challenges and aims for a responsible and sustainable approach to managing them.

Below, we describe our transition plan for climate protection.

### E1-1 | Transition plan for climate protection

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Disclosure of the transition plan for climate protection

Recognized practices, such as creating carbon inventories following the GHG Protocol and determining the emissions of our products throughout their entire lifecycle, are of great importance to us. They enable us to develop an accurate understanding of our GHG emissions and assess our material climate-related impacts. This forms a crucial foundation for the creation and implementation of our transition plan to mitigate climate change.

In addition to actions in GHG emissions and energy management, resource and waste management also play a central role in our transition plan to combat climate change. The transition plan includes specific targets and actions.

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Explanation of how the targets align with limiting global warming to 1.5 degrees Celsius in accordance with the Paris Agreement

We are committed to the 1.5-degree target of the Paris Climate Agreement and actively align our activities with reducing our GHG emissions. To contribute to achieving the Paris climate targets, we will reduce our Scope 1 and 2 GHG emissions by 50% by 2030, based on the emissions of the base year 2019, and by 2026, we will create a roadmap to reduce our Scope 3 GHG emissions. The creation of our Scope 3 inventory according to the GHG Protocol will form the basis for this roadmap.

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Disclosure of decarbonization levers and key measures

Our targets are aimed at minimizing the GHG emissions we cause to the greatest extent possible and offsetting unavoidable GHG emissions with recognized qualitative compensation certificates to achieve carbon neutrality. For the Scope 1 and Scope 2 GHG emissions caused by our sites in Melle and Löhne, we are already carbon neutral. We rely on Gold Standard compensation certificates, supporting wind energy projects in Turkey and Pakistan.

Our main climate burden stems from our Scope 3 GHG emissions from the upstream and downstream value chain. We are aware that the influence we have on our upstream and downstream value chain is far less than at our sites. This is a challenge we must

overcome. Dialogue and collaboration with our partners are therefore indispensable.

Through the structured and long-term approach that is to be outlined in our roadmap, we aim to enhance transparency while also establishing accountability for executing climate protection actions.

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The company is excluded from the Paris benchmarks of the EU

Nolte Küchen GmbH & Co. KG is not exempt from the Paris-aligned EU benchmarks based on regulatory requirements.

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We disclose our strategies for managing our material impacts, risks, and opportunities related to climate protection and climate change adaptation below.

## E1-2 | Strategies related to climate protection and climate change adaptation

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Existing policies for managing material impacts, risks, and opportunities related to climate protection and climate change adaptation

Our strategies and policies cover several environmental aspects of our business operations, products, and value chain:

- Our ongoing, strategic and innovative energy management at our Melle and Löhne sites help us optimize energy use and enhance energy efficiency. The energy management system follows the Plan-Do-Check-Act (PDCA) cycle method for monitoring energy management.
  - Our internal mobility policy sets regulations for the use of transportation on business trips and prioritizes the use of e-mobility for company vehicles. To further reduce fuel consumption, we actively encourage our employees to carpool or use public transportation when traveling for business.
- 

Sustainability aspects addressed in the climate protection strategy

The following sustainability aspects are considered in our strategies and policies:

- **Climate protection**, through the measurement of our GHG emissions and identification of decarbonization levers to set long-term GHG reduction targets.
  - **Adaptation to climate change**, through our multi-supplier strategy and independence from heat generation using fossil fuels.
  - **Energy efficiency**, through our certified energy management system according to ISO 50001, the use of exclusively energy-efficient machinery in production, the use of LED lighting in our buildings, and the energy-efficient design of our products.
  - **Use of renewable energy**, through the purchase of 100% green electricity.
-

## Actions to mitigate risks and enhance opportunities

Our key actions and resources related to climate protection and climate change adaptation, as described below, are implemented at all our sites.

### E1-3 | Actions and resources related to climate strategies

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Actions and resources related to climate protection and climate change adaptation [see ERS 2 MDR-A]

■ **Energy management:** With a certified, continuous, strategic, and innovative energy management system according to DIN EN ISO 50001, we increase our energy efficiency, save energy costs, and reduce our GHG emissions. At the same time, we invest in expanding our own capacities for generating energy from renewable sources. We achieve this through the expansion of PV systems on roofs where structurally possible and the continuous self-generation of heat with wood chips. It remains our target to take measures to reduce our electricity consumption. Ensuring the availability of sustainable energy and implementing associated costs and measures for continuous improvement of energy efficiency is part of our financial planning.

■ **GHG emissions measurement and reduction:**

One of our key actions related to climate protection is the measurement of GHG emissions at our sites (Scope 1 & 2) and along our upstream and downstream value chain (Scope 3).

- To reduce GHG emissions, we implemented a 100% switch to green electricity in 2021. We offset unavoidable Scope 1 and Scope 2 GHG emissions with compensation certificates to maintain carbon neutrality.
  - We have been measuring our Scope 1 & 2 GHG emissions since 2020.
  - For our Scope 3 GHG emissions, we conducted the first accounting of the most relevant Scope 3 categories in the current reporting year.
  - We are also currently creating digital data structures that will enable us to efficiently conduct Scope 3 accounting based on real data in the future.
  - By 2026, we will complete our full Scope 3 GHG inventory and set a reduction target.
  - Additionally, we will create a roadmap to reduce our Scope 3 GHG emissions to contribute to the 1.5-degree target of the Paris Climate Agreement by 2050.
  - The significant capital expenditures related to reducing our GHG emissions amounted to €256,750 in 2023. Part of our current and future financial planning is to measure the GHG emissions we and our value chain produce and to implement the associated costs and actions for continuously reducing our GHG emissions.
- 





#### Type of decarbonization lever

Below are our key climate protection measures that were implemented during the reporting year and involved the use of a decarbonization lever. The actions and plans are listed according to the types of decarbonization levers:

##### ■ **Energy efficiency:**

- Conversion of lighting to energy-efficient LED technology.

##### ■ **Use of renewable energy:**

- Purchase of 100% certified green electricity for our sites.
- We plan investments to increase our own renewable energy capacities, such as photovoltaic (PV) systems on suitable roofs.
- We use our wood waste (offcuts and sawdust) to generate heat energy in wood-fired boilers at our sites in Löhne and Melle. This allows us to minimize the purchase of natural gas for heating to less than 1% of the total energy consumption in a fiscal year. As a result, we can almost entirely self-supply our sites with heat and minimize the risks associated with gas supply.

##### ■ **Electrification:**

- Since May 2023, we have offered the leasing of fully electric vehicles, and diesel vehicles are only approved in exceptional cases. The target is to gradually transition our fleet to e-mobility and only grant diesel vehicles to employees eligible for company cars in exceptional cases.
- When expanding or renewing our vehicle fleet, we actively consider the purchase of fuel-efficient vehicles. Our main target is the electrification of our fleet. The planned PV systems will be used, among other things, to charge our electric vehicles at the sites.

##### ■ **Product change:**

- During the use of our kitchens, energy consumption plays a crucial role in reducing GHG emissions over the entire product lifecycle. To support this, we exclusively use energy-efficient lighting solutions in our kitchens that meet end-user require-

ments. An example of this is LED strips, which require about 30% less wattage while providing the same brightness. This allows us to achieve energy-saving lighting without compromising on light quality.

- In the interest of increased circularity, we continuously work to increase the recyclable content of the components used, as well as the proportion of recycled materials.

##### ■ **Decarbonization of the value chain:**

- Unlike most competitors, we do not own our own fleet but work with a logistics company. Our freight forwarder supports us in optimizing transport routes and reducing empty runs. Reber Logistik GmbH exclusively uses Euro 6 diesel vehicles and vehicles powered by LNG (liquefied natural gas). Together, we identify potential for increasing efficiency in downstream transport, develop actions, and promote sustainable activities.
- We focus on the quality and durability of our products and aim to enhance them through service and repair offerings.



In the annual reforestation campaigns in regional forests, our own employees actively participate.

Achieved and expected reduction of greenhouse gas emissions

Through the actions involving a decarbonization lever, we have achieved or expect the following reduction in GHG emissions:

- **Use of renewable energy:**
  - The switch to certified renewable energy on January 1, 2021, enabled us to reduce our Scope 2 GHG emissions by 6,466 tons of CO<sub>2</sub>eq compared to 2020.
- **Product change:**
  - Starting in 2025, we will use 30% recycled content in our waste bins. This will achieve

a 20% lower carbon footprint compared to conventional waste bins. As a result, in 2025, with consistent delivery volumes, 94,000 kg of CO<sub>2</sub>eq can be saved.

Through our business strategy, we can also indirectly avoid GHG emissions. Thanks to the close proximity to our key suppliers and assemblers, transport distances are short. Due to our strategically advantageous locations directly on the highway in Löhne and Melle, just-in-time deliveries, and demand-synchronized production, we do not require extensive warehousing.



## Metrics and targets

To contribute to mitigating climate change, we also set strategic targets. By 2026, we will develop our roadmap to reduce our Scope 3 GHG emissions to contribute to the Paris Climate Agreement. For this purpose, we have identified the parameters for our value chain for the first time.

Below are our key targets and metrics, such as our energy consumption and our corporate carbon footprint (Corporate Carbon Footprint).

### **E1-4 | Targets related to climate protection and climate change adaptation**

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Disclosure of how GHG emission reduction targets and/or other targets were set to manage material climate-related impacts, risks, and opportunities

We set the highest standards for the effectiveness of our actions. To ensure this, we have defined measurable and results-oriented targets in our focus areas in collaboration with employees from our specialist departments. These are based on sound scientific evidence and are aligned with international standards, such as the GHG Protocol.

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#### GHG reduction targets

We have defined a GHG reduction target for our Scope 1 and Scope 2 GHG emissions, formulated as a percentage of total reduction compared to the base year.

By 2030, we will reduce our Scope 1 and 2 emissions by 50% relative to the emissions of the base year 2019 [t CO<sub>2</sub>eq].

We use certified green electricity and two wood-fired boilers as the main energy sources at both sites. Additionally, smaller portions of our energy consumption are attributed to the use of fuel and natural gas. Below are the amounts of energy we consumed in MWh.

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## E1-5 | Energy consumption and energy mix

Summary of energy consumption and shares of total consumption

**Table 5:** Energy consumption and energy mix compared to previous years

Energy consumption and energy mix	2021	2022	2023
(1) Fuel consumption from coal and coal derivatives (MWh)	0	0	0
(2) Fuel consumption from crude oil and petroleum derivatives (MWh)	1.541	2.019	2.644
(3) Fuel consumption from natural gas (MWh)	154	383	363
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	0	0	0
(6) Total consumption of fossil energy (MWh)	1.695	2.402	3.007
■ Share of fossil sources in total energy consumption (%)	3,82%	5,23%	7,20%
(7) Consumption from nuclear sources (MWh)	0	0	0
■ Share of nuclear sources in total energy consumption (%)	0%	0%	0%
(8) Fuel consumption from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	21.304	19.990	17.130
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	21.298	23.482	21.609
(10) Consumption of self-generated renewable energy, not used as fuel (MWh)	–	–	–
(11) Total consumption of renewable energy	42.604	43.472	38.739
■ Share of renewable sources in total energy consumption (%)	96,17%	94,76%	92,80%
<b>Total energy consumption (MWh)</b>	<b>44.299</b>	<b>45.874</b>	<b>41.746</b>

### Renewable energy generation

We generate 17,130 MWh of thermal energy using wood chips and offcuts, which are by-products from our production process.

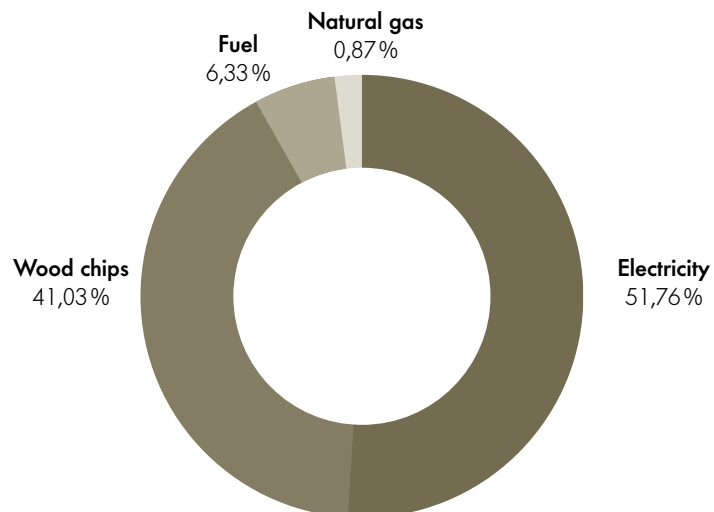
### Climate-intensive sectors used to determine energy intensity

In accordance with Regulation (EU) 2022/1288, we operate in the climate-intensive sector "Manufacture of kitchen furniture" (NACE Code 31.02.0). Currently, we do not report on our energy intensity related to activities in this sector.

At our two sites, we have been sourcing 100% environmentally certified green electricity since January 1, 2021. The heat generated by the boilers covers nearly 98% of our total heating needs and is powered from September to May by our own wood offcuts from production. The natural gas consumption required for process heat from May to September accounts for less than 0.9% of our total energy consumption.

The following figure illustrates the percentage share of energy sources used in our energy consumption at the Löhne and Melle sites in the reporting year 2023.

**Figure 5:** Our energy usage in 2023

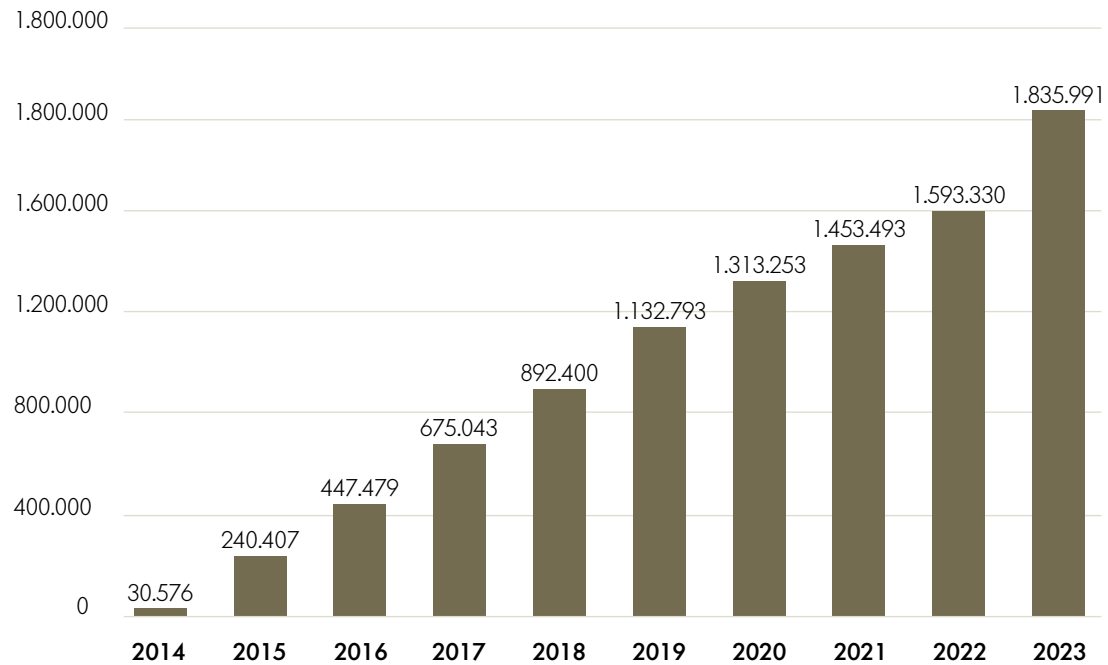


Our electricity consumption represents the largest portion of our energy usage in this reporting year. This is primarily caused by wood chip extraction systems, production equipment, and compressed air generation, all of which are equipped with powerful electric motors.

Our average electricity consumption per furniture piece produced was 12.85 kWh in 2023, compared to 12.23 kWh per furniture piece in 2022. This slight increase is attributed to the lower number of furniture parts produced and the resulting suboptimal utilization of production capacity.

Since switching to LED lighting in 2014, as shown in the following figure, we have saved a total of 9.6 million kWh of electricity.

**Figure 6:** Energy savings in kWh through cumulative values from 2014 to 2023



Our target for 2024 is to continue converting the lighting at our sites to LED, thereby achieving an annual electricity saving of at least 242,661 kWh in the lighting sector.

Due to the growing demand for our products and the associated increase in production, our electricity consumption is not expected to decrease significantly. We will continue to source green electricity, and a contract extension has already been signed, valid until the end of 2024. We are actively assessing the suitability of our existing buildings for the installation of photovoltaic systems to further increase the

share of renewable energy and reduce our external electricity purchases as production increases. At the time of this report's publication, the NOLTE FORUM is equipped with photovoltaic panels. The installation of photovoltaic systems is also planned for the new "Building 4."

We reduced our consumption of thermal energy in 2023 to 17,493 MWh, a decrease of 2,880 MWh compared to 2022. Approximately 98% of this consumption is covered by wood waste (offcuts and sawdust) from production in our operated boilers. Continuous monitoring of the emissions from our boilers is ensured. In the

summer, we require only 2% of our annual heating costs (less than €2,000/month) for drying surface coatings in our paint shop. In the winter, heat is generated exclusively by our boilers.

The following table shows the respective consumption share per heat generator at our sites in Löhne and Melle in 2023. It is clear that consumption from self-generated thermal energy accounts for nearly 98%, and we were able to achieve a reduction in total energy demand compared to the previous year.

**Table 6:** Energy assessment of heat consumption

Energy Carrier	Location	System / Machine	2021 Self-consumed Heat Energy [MWh]	2022 Self-consumed Heat Energy [MWh]	2023 Self-consumed Heat Energy [MWh]	2023 Heat Consumption Share [%]
Wood Chips	Löhne	Boiler 1 & 2	12.657	11.978	10.269	59,95
Wood Chips	Melle	Boiler 1 & 2	8.648	8.012	6.504	37,97
Consumption from self-generated heat energy	Löhne, Melle	Boiler 1 & 2	21.304	19.990	17.130	97,92
Natural Gas	Löhne	Gas Boiler	154	382	363	2,08
<b>Total (absolute)</b>	-	-	<b>21.458</b>	<b>20.372</b>	<b>17.493</b>	<b>100</b>

Relative Energy Assessment	2021	2022	2023
Produced Furniture Units	1.767.000	1.920.000	1.653.156
Relative Heat Consumption in kWh per produced furniture unit	12,14	10,61	10,58
<b>Percentage relative development</b>		<b>- 12,6%</b>	<b>- 0,2%</b>

In addition to electricity and heat, we consume fuel through our company vehicles. In the reporting year 2023, fuel consumption accounted for 6.3% of our total energy sources. However, in terms of our GHG emissions, fuel consumption represented 85%, indicating that our vehicle fleet holds material potential for reducing our environmental impact.

For the year 2024, we have planned the following actions to enhance energy efficiency:

- We will maintain and expand our MESS-DAS® energy monitoring system to improve the transparency of energy use and consumption. This includes reporting on actions as well as providing information to our employees.
- We aim to promote energy-conscious behavior through awareness training for our employees. This initiative will support the assessment of energy-conscious behavior among our suppliers and simplify the optimization of fuel-efficient driving.

Our primary target remains to increase energy efficiency in production and assembly to reduce both GHG emissions and energy costs. We will continue to use our standard specification to ensure the most efficient use of production resources. Our energy efficiency achievements are validated by our ISO 50001-certified energy management system. Additionally, energy efficiency is a critical decision-making criterion when purchasing new machinery and equipment.

Beyond energy consumption and the resulting Scope 1 and Scope 2 GHG emissions at our locations, emissions also occur within our upstream and downstream value chains. Below, we will provide a detailed account of our GHG emissions.

In the previous reporting year of 2022, we conducted our first analysis to deepen our understanding of Scope 3 GHG emissions. This involved evaluating the 15 Scope 3 categories, which are illustrated in the following figure.

**Figure 7:** The 15 categories of Scope 3 emissions in the upstream and downstream value chain



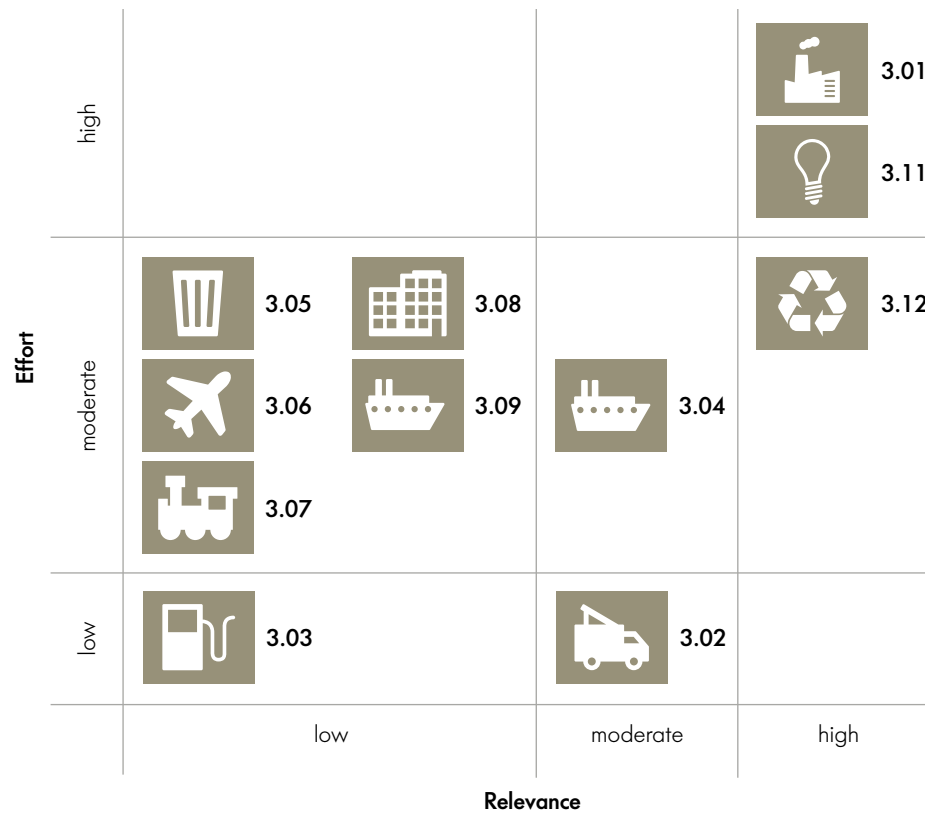
<sup>a</sup> Both upstream and downstream refer to the company's business activities.

Our target was to assess the relevance of each category and the effort involved in data collection.

The analysis revealed that the most relevant Scope 3 categories for us are likely to be 3.01 (Purchased goods and services), 3.11 (Use of sold products), and 3.12 (End-of-life treatment of sold products). These categories offer the greatest potential for reducing GHG emissions, but they also require the most effort for emissions calculation.

Furthermore, categories 3.02 (Capital goods) and 3.04 (Upstream transportation and distribution) are of medium relevance to us, as illustrated in the following figure.

**Figure 8:** Initial analysis of our Scope 3 categories by relevance and effort<sup>a</sup>



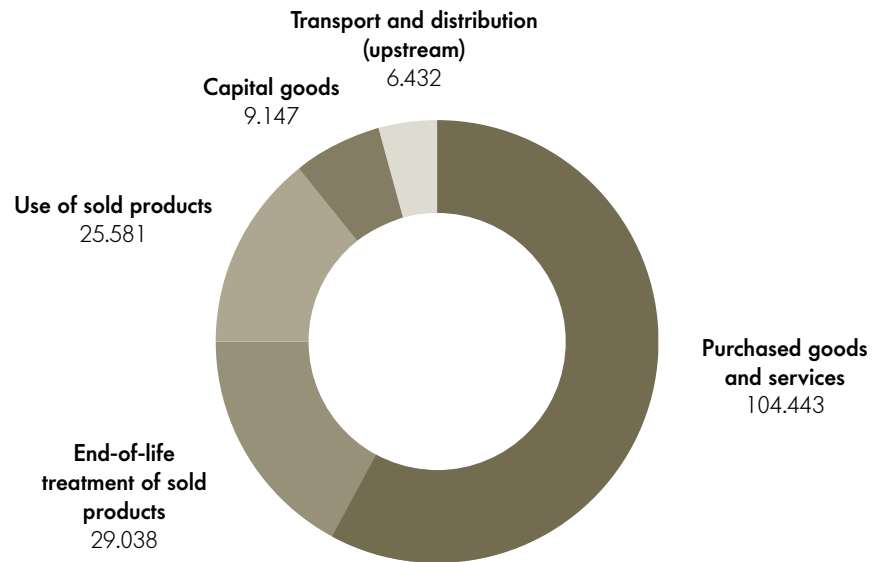
<sup>a</sup> The categories are not ranked within the evaluation fields.

At the time of publishing this sustainability report, we have already taken on the challenge of Scope 3 assessment and, for the first time, have calculated the GHG emissions in the five most relevant Scope 3 categories for us.

The results are presented graphically in the adjacent figure and qualitatively in the following table.

This assessment of our GHG emissions in the five relevant Scope 3 categories complies with the requirements of the GHG Protocol. The emission factors used are based on sources recognized by the GHG Protocol and are documented in the 2023 Scope 3 GHG Inventory Report of Nolte Küchen.

**Figure 9:** Scope 3 GHG emissions of the assessed Scope 3 categories (t CO<sub>2</sub>eq)





## E1-6 | Gross GHG emissions of Scope 1, Scope 2, and Scope 3 categories, as well as total GHG emissions

The following table presents our Scope 1, Scope 2, and Scope 3 GHG emissions for the years 2020, 2022, and 2023.

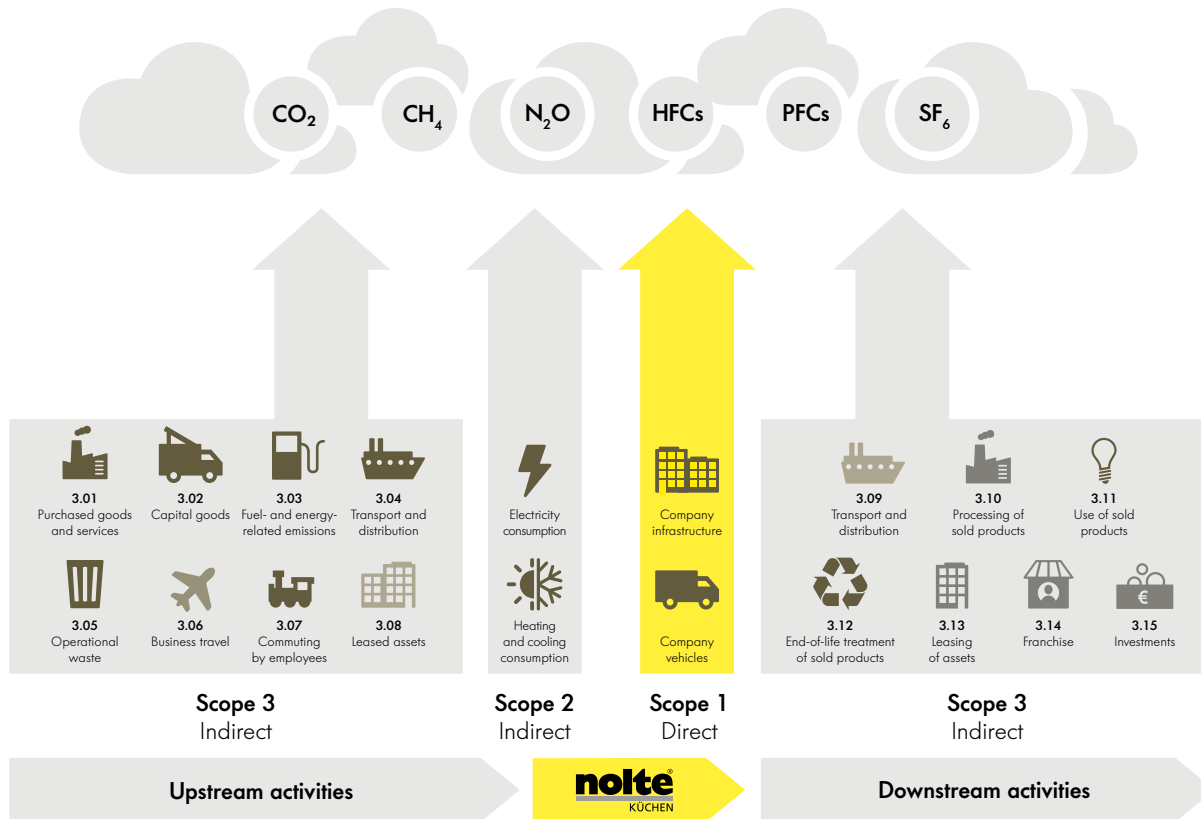
**Table 7:** Gross GHG emissions of Scope 1, Scope 2, and Scope 3 categories, as well as total GHG emissions

Scope (according to GHG Protocol)	GHG Emissions by Category (t CO <sub>2</sub> eq)	2020 [t CO <sub>2</sub> eq]	2020 Share (%)	2022 [t CO <sub>2</sub> eq]	2022 Share %	2023 [t CO <sub>2</sub> eq]
Scope 1	Heat consumption	48,3	10,3	91,0	15,1	–
	Fuel consumption in the company	422,4	89,7	510,5	84,9	–
	Gas leaks (refrigerants)	0	0	0	0	–
	Direct GHG emissions from industrial processes	0	0	0	0	–
	<b>Total</b>	<b>470,7</b>	<b>100</b>	<b>601,5</b>	<b>100</b>	
Scope 2 <sup>a</sup>	Electricity consumption (market-based)	Not determined	–	0	0	–
	Electricity consumption (location-based)	6.466,0	93,2	8.594,3	–	–
	District heat / cooling	0	0	0	0	–
	<b>Total (location-based)</b>	<b>Not determined</b>	<b>Not determined</b>	<b>0</b>	<b>0</b>	
Scope 3 <sup>b</sup>	3.01 Purchased goods and services	–	–	–	–	104.442,6
	3.02 Capital goods	–	–	–	–	9.146,8
	3.03 Fuel- and energy-related emissions	–	–	822,9	–	–
	3.04 Transport and distribution (upstream)	–	–	–	–	6.432,3
	3.05 Operational waste	–	–	612,3	–	–
	3.06 Business travel	–	–	42,3	–	–
	3.07 Commuting by employees	–	–	1.647,1	–	–
	3.11 Use of sold products	–	–	–	–	25.581,4
	3.12 End-of-life treatment of sold products	–	–	–	–	29.038,3
		<b>Total</b>			<b>3.124,6</b>	

<sup>a</sup> The location-based approach to Scope 2 accounting considers the most recent country-specific emission factor for calculating emissions from purchased energy, depending on the national electricity mix. The market-based approach considers the energy supplier-specific emission factor and is independent of the development of national emission factors.

<sup>b</sup> The Scope 3 GHG emissions for the 2023 fiscal year were accounted for in the most relevant categories for Nolte Küchen (based on the magnitude of our estimated Scope 3 GHG emissions).

**Figure 10:** Overview of Scope 1–3 GHG emissions at Nolte Küchen.



**Legend**



Emissions recorded



Emissions partially recorded



Emissions not recorded or only initially recorded



Currently not relevant for Nolte Küchen

By 2026, we will develop a comprehensive Scope 3 GHG inventory, including a reduction roadmap.



Refurbishment measures in lighting have already enabled us to achieve considerable energy savings.

The Scope 3 categories accounted for in 2022 represent less than 1% of the GHG emissions caused, compared to the Scope 3 categories that were accounted for in 2023 and are most relevant to Nolte Küchen. For this reason, they were not evaluated for 2023. However, as part of our target to develop a comprehensive Scope 3 inventory, they will be considered again in the future.

Since 2021, we have already significantly reduced our Scope 2 GHG emissions, as we switched to 100% renewable energy starting January 1, 2021. As a result, we did not emit any direct GHG emissions for Scope 2 in the 2023 reporting year, and we will continue this practice in the future.

**Table 8:** Scope 1 and 2 GHG Emissions in Relation to the Number of Furniture Units Produced in 2020 and 2022

	Unit	2020	2022
<b>Produced furniture units</b>	Quantity	1.695.000	1.920.000
<b>Scope 1</b>			
Absolute	t CO <sub>2</sub> eq	470,72	601,53
Relative	t CO <sub>2</sub> eq per furniture unit	0,000278	0,000313
<b>Percentage relative change</b>	<b>%</b>	<b>+ 12,8</b>	
<b>Scope 2</b>			
Absolute	t CO <sub>2</sub> eq	6466,02	0
Relative	t CO <sub>2</sub> eq per furniture unit	0,0038	0
<b>Percentage relative change</b>	<b>%</b>	<b>- 100</b>	

In 2022, both our absolute and relative Scope 1 GHG emissions increased compared to 2020. We recorded a 12.8% increase per unit of furniture produced. This increase is attributed to our fuel consumption, as our sales team has resumed more in-person meetings and customer support following the easing of COVID-19 restrictions. Therefore, we are focusing even more on the electrification of our company vehicles.

The reduction of GHG emissions is crucial in mitigating climate change. However, reducing GHG emissions alone is not sufficient. It is equally important to remove the GHGs already present in the atmosphere, as this helps to limit the damage and supports efforts towards a sustainable future.

Currently, we do not have active actions for the removal or storage of GHGs across our entire value chain. Addressing this gap is a priority for the near future. Developing technologies and strategies for the direct removal of GHGs from the atmosphere along the value chain is vital for minimizing our climate impact. Presently, we are investing in international climate protection projects that contribute to the reduction of CO<sub>2</sub> emissions.

### **E1-7 | Reduction of greenhouse gases and projects for reducing greenhouse gases, financed through carbon credits**

Disclosure of GHG emissions reductions or removal from climate protection projects outside the value chain that are financed or are intended to be financed by purchasing carbon credits

Through the purchase of carbon offset certificates, we were able to offset unavoidable Scope 1 GHG emissions for the year 2023 and achieve carbon neutrality in Scope 1 and Scope 2, as confirmed by the Deutsche Gütegemeinschaft Möbel e.V. (DGM). The purchase of carbon offset certificates allows us to compensate for our own GHG emissions by supporting two international projects that contribute to the reduction of GHG emissions on a global scale. By acquiring these emission credits, we offset our ecological footprint again in 2023 and maintained carbon neutrality. The extent of the reduction in GHG emissions amounts to 100% of our Scope 1 GHG emissions.

GHG removal and storage by business area and by removal and storage measure

The total amount of GHG emissions compensated outside our value chain is 5,618 t CO<sub>2</sub>eq, which was financed by Nolte Küchen through climate protection projects with the purchase of carbon offset certificates. These include two wind power projects in Turkey (595 t CO<sub>2</sub>eq compensated) and Pakistan (5,023 t CO<sub>2</sub>eq compensated). The wind power projects represent a direct and quantifiable impact on climate protection, monitored, verified, and certified by Gold Standard.

Disclosure of applied calculation assumptions, methods, and frameworks (GHG removal and storage)

The issuance and ownership of these Gold Standard carbon offset certificates were tracked in the Gold Standard Impact Registry using unique serial numbers to prevent double counting or double selling.

However, it is important to note that the purchase of emission credits is only a temporary approach. In the long term, we are focusing on taking actions beyond merely offsetting our GHG emissions to enable the removal of GHGs. This requires investments in innovative technologies and the development of capacities across the entire value chain to pave the way for a sustainable and carbon-neutral future.



Our distinctive yellow boilers – the sawdust stored here enables us to cover over 99 % of our total heating needs.



## *Resource use and circular economy*

Strategies and management in relation to  
resource utilisation and circular economy

Metrics and targets



# Resource use and circular economy

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## Chapter highlights

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### Strategies and management in relation to resource utilisation and circular economy

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Strategies and management of impacts, risks, and opportunities

- Use of available raw materials
  - Optimization of raw material usage
  - Sustainable and durable products
  - Use of secondary raw materials such as recycled wood
  - Particle boards with a high recycling content (average 61% in 2023)
  - Increase in recycling content and recyclates
  - Product innovations
  - Sustainable procurement and renewable resources
  - Wood from certified suppliers (FSC®, PEFC, TSCA): over 99% of the wood meets sustainable criteria
  - Legally compliant waste management
-



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Actions to mitigate risks and strengthen opportunities

- Regular risk analyses for material supply
- Resource efficiency through continuous optimization of cut-offs
- Avoidance of environmentally harmful substances and ensuring environmentally friendly manufacturing processes
- Evaluation of more efficient use of material components in product range development
- Offering a comprehensive range of spare parts, services, and repairs to ensure product longevity
- Digitization of printed materials
- Optimization and reduction of packaging waste
- Use and offering of reusable packaging

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## Metrics and targets

Targets related to resource use and circular economy

- We continuously ensure resource efficiency and pollution prevention along our value chain.
- We continuously improve the durability of our products by maintaining the highest quality and repairability.

Key metrics in 2023

- Heat energy from our own wood waste covers 98% of our heating needs.
  - 83.2% of our waste was recyclable in 2023.
  - From 2025, we will use 30% recycled content in our waste bins.
  - Reduction of packaging waste in 2023.
-

## Strategies and management related to resource use and circular economy

We are fully aware of the impact and contribution that resource-efficient behavior along our value chain has towards sustainable development. Therefore, the topic of resources is a part of our sustainability strategy and is integrated into our strategic direction for Nolte Küchen.

Our strategies and management concerning resource use and circular economy are aimed at optimizing and efficiently utilizing resources and developing sustainable products to contribute to environmental protection and the circular economy. These include the early detection, assessment, and management of material actual or potential:

- impacts,
- risks, and
- opportunities.

With the update of our materiality analysis in the coming reporting year, we will also update the process for identifying, assessing, and managing material impacts, risks, and opportunities related to resource use and the circular economy. This process will be conducted in close collaboration with our stakeholders. Until then, we will use the results of the double materiality analysis conducted in 2022, which is already aligned with the requirements of the CSRD.

## Material impacts, risks and opportunities

The opportunities and risks related to our resource use and circular economy, as outlined below, form the foundation of our sustainability strategies in addressing these areas.

### ESRS 2 IRO-1 | Description of processes for identifying and assessing material impacts, risks, and opportunities related to resource use and circular economy

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Disclosure of methods, assumptions, and tools used for the review to identify actual and potential impacts, risks, and opportunities within the company's operations and the upstream and downstream value chain

Our double materiality analysis revealed that resource use and circular economy are not considered a material topic for Nolte Küchen. However, we regard resource use and circular economy as a focus area for Nolte Küchen because our business activities, particularly our primary resource of wood, allow us to contribute positively to sustainable development.

Our business units for procurement, product development, product management, production, marketing, and sales are deeply engaged with the topics of resource use and circular economy. Therefore, in identifying impacts, risks, and opportunities we have focused on the following areas of our value chain:

- Upstream value chain: Raw materials and transport
- Sites (Löhne and Melle): Production, marketing, and sales
- Downstream value chain: Transport, product use phase, and end-of-life

The following risks and opportunities emerged from the analysis:

#### In our upstream value chain, we see:

- **Opportunities in**
  - sustainable material selection due to the increased availability of alternative, environmentally friendly materials (e.g., higher recycled content in raw materials/products or improved recyclability of raw materials/products), and
  - the increased sustainability awareness of our suppliers and business partners.
- **Potential risks in**
  - the availability of our primary raw material, wood, related to climate-induced extreme weather events and the potential supply disruptions associated with them (see ESRS 2 SBM-3).

#### At our sites, we see:

- **Opportunities in**
  - reducing our resource consumption through product quality and product innovations, efficient use of raw materials and production resources, and optimized waste management tailored to our site, and
  - retaining and attracting new end-users through our safe, innovative, and sustainable products.
- **Potential risks in**
  - the increased use of composite materials, which can reduce the recyclability of our products.

#### In our downstream value chain, we see:

- **Opportunities in**
    - the circular economy by keeping resources in the cycle longer through durable products and expanding our end-user service offerings,
    - reducing waste through strategically sound waste management, and
    - strengthening consumer and end-user trust and satisfaction through product safety and innovation, as well as
    - the increased sustainability awareness of our consumers and end-users.
-

## Strategies and management of impacts, risks, and opportunities

Ensuring innovation, efficiency, and durability in the use of raw materials forms the foundation of our economic activities and contributes to promoting sustainable development and effective resource use. We hold high standards for quality and resource efficiency in the selection and processing of raw materials.

Below are our strategies and management practices concerning our resource use and circular economy.

### E5-1 | Strategies for resource use and circular economy

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Policies for managing material impacts, risks, and opportunities related to resource use and circular economy

We emphasize thoughtful material selection, the use of available raw materials, optimization of resource use, compliance with waste management regulations, and the production of sustainable and durable products as core elements of our sustainability strategy concerning resource use and circular economy. In addition to conserving resources, we see potential in simultaneously developing innovative products, saving costs, and reducing GHG emissions through reduced resource consumption.

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Disclosure of whether and how the policy considers the shift away from the extraction of new resources, including the relative increase in the use of secondary (recycled) resources

In our business strategy, we consider the use of secondary raw materials, such as recycled wood. We aim to continuously increase the recycling content of the resources used in our kitchens and to employ innovative approaches to achieve this. Furthermore, we rely on the use of plastic packaging materials with a higher proportion of recycled content.

In using kitchen components made from recycled materials, we strive for a circular economy. At the same time, we regularly weigh the use of secondary raw materials against the need to ensure durability and quality. In areas where recycled materials do not meet our quality standards, we prioritize consumer and end-user satisfaction and product quality..

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Disclosure of whether and how the policy considers sustainable procurement and the use of renewable resources

For our primary raw material, wood, which accounts for 55% of our total monetary purchasing volume, we rely on sustainable procurement and renewable resources. We source wood from certified suppliers, with over 99% of the wood we use adhering to sustainable wood criteria. We prioritize Forest Stewardship Council (FSC®) certification, Programme for the Endorsement of Forest Certification Schemes (PEFC) certification, and compliance with Toxic Substances Control Act (TSCA) criteria. In selecting our particle boards, we also focus on high recycling content.

In 2023, the particle boards we purchased contained an average of 61% recycled wood. We source our particle boards from various suppliers, offering recycled wood content ranging from 20% to 100%.

## Actions to mitigate risks and strengthen opportunities

We aim to always use our available resources optimally and efficiently while promoting a circular economy. Product innovation plays a central role in developing sustainable and future-proof products. We place great emphasis on involving various stakeholders in the idea management process. By engaging consumers, end-users, suppliers, employees, and other relevant stakeholders, we can gather diverse perspectives and ideas to find innovative solutions.

Below are the actions implemented across different business areas related to resource use and the circular economy.

## E5-2 | Actions and resources related to resource use and the circular economy

Actions and resources related to resource use and the circular economy

We implement actions in the following areas to optimize our resource use and promote the circular economy:

### Raw material procurement

- We conduct regular risk analyses to continuously assess potential risks in material supply. Currently, we assess the risks in the supply of wood materials as low, as sufficient recycled wood is available, and the proportion of fresh wood can be further reduced.

- Resource efficiency begins with our purchasing process, where we source custom-sized particle boards from our suppliers with optimal dimensions for our machinery, resulting in less scrap material as production waste.
- We collaborate with our suppliers to ensure that no harmful substances are released into the environment during the manufacturing of our purchased products. For example, the production of chromium results in the toxic heavy metal Chromium VI, which is classified as hazardous waste and has been shown to contaminate water. We have urged our suppliers to avoid environmentally harmful manufacturing processes.

### Production

- In our production processes, we focus on continuously improving resource efficiency by optimizing the use of our base materials, MDF, and particle boards, during production, as well as enhancing our machinery technology.

### Product development and product management

- Our product management team is continuously exploring ways to reduce material usage for design-oriented items in our product line.
- We offer an extensive range of spare parts, along with comprehensive service and repair options, to extend the lifespan of our products.

### Marketing

- In marketing, we primarily use uncoated, FSC®-certified paper for printing. Alternatively, we offer our printed materials for download on our website, significantly reducing paper consumption.

Description of increased resource efficiency in the use of technical and biological materials and water

We achieve greater resource efficiency by purchasing custom-sized particle boards with optimal dimensions for our machines and optimizing waste. Regular waste analyses, such as at our main facility, where we process 70% of our materials, allow us to continuously monitor our progress towards our set targets. Due to a broader range of custom products compared to the previous year, our waste at the main facility in Plant 2 increased from 9.4% in 2022 to 9.6% in 2023.

Description of the increased use of secondary raw materials

Starting in 2025, our waste bins will incorporate 30% recycled content. This initiative not only reduces the use of primary plastics but also results in a 20% lower CO<sub>2</sub> footprint compared to conventional waste bins. This will allow us to save 94 tons of CO<sub>2</sub>eq in 2024, assuming constant delivery volumes.

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Description of the application of circular design

We focus on the durability of our products as a core element of our sustainability strategy. High-quality, long-lasting, and repairable products are crucial for efficient resource use. Through quality management agreements, we require proof of material quality and ensure the availability of spare parts, reparability, and warranties from the product development stage.

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Description of the application of circular economy methods

A key aspect of sustainable product innovation is considering the availability of spare parts and reparability during the product design phase. By integrating these aspects into the development process, we extend the lifespan of our products and reduce resource consumption. The ability to repair instead of immediately discarding and replacing the entire kitchen allows for significant savings in valuable raw materials and the minimization of waste streams. In production, we use wood waste to generate approximately 98% of the heat energy we need.

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Description of measures to prevent waste generation

To reduce waste or prevent it from arising, we proactively collaborate with our packaging suppliers to continuously optimize our packaging and avoid the use of plastics. We consistently apply measures to reduce the amount of packaging materials used. One approach involves reducing the thickness of the films used. We source many of our raw materials, semi-finished, and finished products, such as hardware systems, in reusable packaging that we then return to our suppliers. These packages are reused in a circular economy for packaging new goods. Additionally, we continuously optimize our transport packaging, which has already led to measurable reductions in the amounts of film, styrofoam, and strapping used. Our standard cabinet packaging includes cardboard corner protectors and surrounding film. Depending on the front programs, such as solid wood or lacquered fronts, we also use styrofoam and bubble wrap to ensure optimal product protection. Moreover, we offer reusable shipping boxes that can be sent out and returned.

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Description of the optimization of waste management

We dispose of our in-house waste in accordance with applicable legal regulations through specialized and certified waste management companies. These companies ensure that waste is treated in an environmentally responsible manner to minimize potential negative impacts on the environment. To ensure transparency and traceability of the disposal process, the companies have provided disposal certificates that include

detailed information on the type and quantity of waste disposed of. The packaging we use to protect and transport our kitchen furniture and components is disposed of properly. Packaging waste such as cardboard, films, wood, and styrofoam is handed over to a certified waste disposal company that manages the collection and recycling of transport packaging and issues appropriate disposal certificates. In 2023, 83.2% of our waste was recyclable.

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To further encourage our end consumers to reduce packaging and avoid plastics, we plan to focus more on developing everyday kitchen products that help our end-users reduce household waste in the future.

Additionally, during the reporting year, we held a two-day DIY festival under the theme "Green Up Your Life." The event featured various workshops and stations aimed at educating consumers about sustainability, the circular economy, and upcycling. We have also integrated a sustainability blog on our website, where we offer tips and suggestions for greener living, such as information on resource-efficient cooking. Furthermore, we regularly showcase upcycling DIY projects on our social media channels.

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## Metrics and targets

Below are our targets related to resource use and the circular economy.

### E5-3 | Targets related to resource use and the circular economy

Targets related to resource use and the circular economy

In relation to the topic of resources, we pursue the following two long-term targets:

1. We continuously ensure resource efficiency and the prevention of environmental pollution along our entire value chain.
2. We consistently improve the longevity of our products by maintaining the highest quality and reparability.

Explanation of how the target relates to resources and the circular economy

Our targets relate to our resource inflows and outflows, our waste, products, and materials.

Explanation of how the target relates to promoting circular design, increasing the proportion of circular materials, minimizing primary raw materials, and waste management

Our first resource-related target addresses increasing the proportion of circular materials, minimizing primary raw materials, and waste management. Our second target focuses on promoting circular design.

Level in the waste hierarchy to which the target applies

Our targets pertain to the waste hierarchy levels of prevention, preparation for reuse, and recycling.

Additionally, starting in 2024, we will link 25% of variable compensation to our "quality rate." For more details, see Chapter 01 General Information – Governance. A reduced complaint rate can positively impact resource use.

While we cannot entirely avoid waste in our operations and product production, we carefully ensure the safe and traceable treatment and disposal of waste generated by our business activities. We work with certified waste disposal companies and consistently document the waste we produce.

Below are details on the types and quantities of waste generated by our business activities.

## E5-5 | Resource outflows

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Description of the main products and materials produced by the company's production process

Nolte Küchen primarily produces high-quality kitchen furniture, including base cabinets, wall cabinets, tall cabinets, utility room cabinets, and living cabinets. Additionally, we offer a complete range of kitchen accessories and appliances to complement our kitchens. All products are available in various designs, sizes, materials, and price ranges. The production mainly involves the use of wood and wood products such as particle boards, MDF boards, and recycled wood. Metals and plastics are used for fittings and packaging. In line with the principles of the circular economy, Nolte Küchen places great emphasis on the reparability and availability of spare parts throughout the entire product life cycle. Waste, including packaging waste, is safely and traceably disposed of by certified waste management companies.

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Total waste volume

Our total waste volume in 2023 amounts to 1,148.95 tons of waste. This includes production waste as well as waste from our administrative buildings. Additionally, we generate 2,625 tons of packaging waste from the transport packaging of our products. The breakdown of packaging materials is presented in the following table.

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Disclosure of waste streams relevant to the company's sector or activities

Our relevant waste streams include production waste and production materials from the furniture manufacturing sector, general commercial waste from our sites, and packaging waste used for the protection and transport of our products.

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Disclosure of materials contained in the waste

Below is a list of our waste by materials and waste types, ranked by volume in descending order:

- Packaging made of paper and cardboard
- Mixed municipal waste
- Aqueous sludges containing paint or varnish
- Packaging made of plastic
- Rust and boiler ash, slag
- Wood
- Ferrous metals
- Iron and steel
- Packaging made of metal
- Metals
- Sawdust, shavings, cuttings, wood, particle boards
- Mixtures of concrete, bricks, tiles, and ceramics
- Biodegradable waste
- Glass
- Packaging containing residues of or contaminated by hazardous substances\*
- Paints, printing inks, adhesives, and resins containing hazardous substances\*
- Mixed construction and demolition waste
- Paint and varnish waste containing organic solvents\*

- Absorbents, filter materials (including oil filters), wiping cloths, and protective clothing contaminated by hazardous substances
  - Used electrical and electronic devices
  - Gases containing hazardous substances in pressurized containers\*
  - Gypsum-based building materials
  - Oils and fats\*
  - Glass, plastic, and wood containing or contaminated by hazardous substances\*
  - Insulation materials, excluding asbestos and other hazardous substances
- 

Total amount of hazardous and radioactive waste

In 2023, we generated 3.597 tons of hazardous waste in accordance with § 48 of the German Circular Economy Act (KrWG). For hazardous waste, we strictly adhere to legal waste treatment and disposal requirements to prevent negative impacts on the environment and human health. We do not generate any radioactive waste.

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Description of the methods used to calculate the data (resource outflows)

To calculate the amount of site and packaging waste, we use the disposal certificates provided by our certified waste management companies. These disposal certificates document the type and quantity of waste.

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|| Materials marked with an \* are classified as hazardous waste under § 48 of the Circular Economy Act (KrWG).



The following table provides an overview of the quantities of our site and packaging waste and the development of waste volumes since 2021, broken down by waste type. Our production waste is not included.

**Table 9:** Site and packaging waste volumes for the reporting years 2022 and 2023

Waste type	2022 [in t]	2023 [in t]	Change in waste quantities absolute [in t]	Change in waste quantities relative to production volume <sup>a</sup> [in %]
<b>Site waste</b>				
Household waste	314	331	+ 17	+ 22,4
Paper / cardboard	440	421	- 19	+ 11,1
Foil	125	110	- 15	+ 2,2
<b>Packaging waste</b>				
Paper / cardboard	2.076	1.898	+ 17	+ 6,2
Wood	215	183	- 19	- 1,1
Foil <sup>b</sup>	413	362	- 15	+ 1,8
Styrofoam	155	138	+ 17	+ 3,4
Strapping tape	50	44	- 19	+ 2,2
<b>Total waste quantities</b>	<b>3.788</b>	<b>3.487</b>	<b>- 301</b>	<b>+ 6,9</b>

<sup>a</sup> Production volume is represented by the number of manufactured furniture parts. In 2022, this was 1,920,000 furniture parts, and in 2023, it was 1,653,156 furniture parts.

<sup>b</sup> The waste fraction labeled "Foil" is recorded in cubic meters (m<sup>3</sup>). For conversion into the corresponding tonnage, we used the European Waste Catalogue factor of 0.11 for the reporting year 2018. It should be noted that the actual weight is likely lower than our estimate as the impact of air spaces was not taken into account.

Our target is to minimize the use of packaging materials while ensuring optimal protection of our products during transport and delivery.

We have successfully reduced the volume of packaging waste across all material types.

Overall, we have generated 301 tons less waste.

The increase in relative waste volumes in relation to production volume is due to the lower production output.

These results reflect our efforts to reduce plastic-based and other packaging materials. We will continue to advance this development and further optimize our packaging and waste management in the future.





04

## *Own workforce*

Strategies and management related  
to our workforce

Metrics and targets



# Own workforce

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## Chapter highlights

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### Strategies and management related to our workforce

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Strategies and management of impacts, risks, and opportunities:

- Prevention and awareness
  - Education and training
  - Ongoing stakeholder dialogue
  - 100% compliance with human and labor rights
  - Protection of personal rights and respect for privacy and individual space
  - Ensuring equal opportunities for all
- 

Stakeholder engagement:

- Continuous, direct, and indirect exchange through various communication channels
  - Annual, digitalized employee interviews since 2023
  - Needs analysis to prevent or mitigate actual impacts or to strengthen potential impacts on the workforce
  - Whistleblower system
  - Events, training, lectures
- 

Actions to mitigate risks and strengthen opportunities:

- **Optimal working conditions**
- Work-life balance
- Corporate health management
- Health promotion through ergonomic workplace design
- Corporate integration management (BEM)
- Offers of part-time retirement and pension plans

**Occupational safety**

- Accident prevention, raising employee awareness, and process optimization to reduce accident risks
- Specialist group-specific training
- Occupational safety officer and company paramedics
- Safety inspections
- Preventive medical check-ups, psychological risk assessments, and health and safety days

**Skilled workers**

- Certified as one of the top 100 training companies in Germany
- Awarded Best Place to Learn for the second consecutive time
- Comprehensive training programs

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## Metrics and targets

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**Working conditions – Equal opportunities**

- We ensure equal opportunities for all.
- We consistently uphold employee and human rights.

**Occupational safety – Accident prevention**

- We aim for zero accidents in 2024.

**Skilled workers – Qualifications**

- We guarantee annual access to professional development for all employees.
- Starting in 2024, we will assess the training needs of our employees in the annual reviews and track the implementation of the training programs.

**Employee satisfaction – Stakeholder dialogue and roadmap**

- We ensure ongoing dialogue with our stakeholders.
- We will assess employee satisfaction in 2025.
- We will then develop and implement an employee satisfaction roadmap.

**Other targets**

- Personnel growth in 2023 compared to the previous year by 2.12%.
  - The proportion of temporary employees has decreased from 18.03% to 12.40%.
  - We have reduced our turnover rate by 5.4% compared to the previous year.
  - Since 2023, we can manage various aspects of our HR work and create real-time reports through the introduction of the SAP Success Factors Management Software.
  - The number of lost workdays due to work-related injuries has decreased by 5 days compared to the previous year.
  - The number of reportable workplace accidents has remained nearly the same, with 40 accidents compared to 46 in the previous year.
  - The gender pay gap has increased from 2.71% to 4%.
  - We report no human rights violations.
-



Modern, ergonomic workplace design  
is a matter of course for Nolte Küchen.

We are proud of our long-term, trusting and cooperative employment relationships, which often last more than 10 years. Our workforce is of the utmost importance for our success today and tomorrow. That is why we are committed to providing our employees with optimal working conditions that include the highest standards of occupational safety, work-life balance and opportunities for professional development.

## Strategies and management related to our workforce

Our strategies and management concerning our workforce are focused on ensuring the optimal protection of our employees as well as maximizing their satisfaction and well-being. These include the early identification, assessment, and management of material actual or potential

- impacts
- risks and
- opportunities.

With the update of our materiality analysis in the upcoming reporting year, we will also update the process of identifying, assessing, and managing material impacts, risks, and opportunities related to our own workforce. This process will be carried out in close collaboration with our stakeholders. Until then, we will use the results of the double materiality analysis conducted in 2022, which already aligns with the CSRD guidelines.

### Material impacts, risks and opportunities

The opportunities and risks presented below concerning our own workforce form the foundation of our sustainability strategies in dealing with these issues.

#### SBM-3 | Material impacts, risks, and opportunities and their interaction with strategy and business model

Material opportunities and risks for the company arising from impacts related to our own workforce

##### Opportunities

- Optimal working conditions: By ensuring and creating excellent conditions for healthy, safe, and satisfying work, as well as fostering identification with our company, we can build trust, passion, and engagement among our employees.
- Employer requirements: Meeting the demands of modern and contemporary businesses today and in the future, and continuing to recruit talent, is seen as an opportunity to secure our long-term success.
- Sustainability awareness among employees: We know that both our current and future employees are interested in sustainability topics and want to help shape these at Nolte Küchen. Harnessing this energy helps us to authentically pursue our path.

##### Risks

- Occupational safety: Particularly in the production area, there is an increased risk

potential for accidents. Addressing this risk is our highest priority.

- Skilled workforce: We are aware of the impacts of the skills shortage, which is also noticeable at our company. We recognize the responsibility we have to be and remain an attractive employer.

Beyond the topics of working conditions, occupational safety, and a skilled workforce, we have not identified any additional opportunities and/or risks. Nevertheless, we strive for maximum transparency regarding our workforce and voluntarily fulfill disclosure requirements under ESRS S1 in our sustainability reporting, even beyond our material risks and opportunities. Therefore, we voluntarily disclose information on additional topics, particularly concerning the protection of human rights.

## Strategies and management of impacts, risks and opportunities

Below, we outline aspects of our management of impacts, risks, and opportunities related to our workforce.

### S1-1 | Strategies related to our workforce

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Policies for managing material impacts, risks, and opportunities related to the workforce (including specific groups within the workforce or the entire workforce)

Our strategies for ensuring the well-being, safety, and qualification of our employees are based on prevention and awareness, training and development, and ongoing stakeholder dialogue.

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Description of relevant human rights commitments applicable to the workforce

The 100% adherence to human and labor rights, as well as respectful treatment across all company levels, is of great importance to us.

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Disclosure of the general approach regarding respect for human rights, including labor rights, of the workforce

During the reporting period, there were no cases of human rights violations within the workforce. We ensure compliance with labor rights through our compliance policies, employment contracts, collective agreements, the works council, regular and diverse training, and quarterly health and safety committee meetings

where the status quo and improvement opportunities are discussed. Issues such as vacation pay, retirement benefits, work, or break times are also regulated. Our compliance policy applies to our entire workforce. We expect all our employees to act responsibly and lawfully in accordance with the compliance principles.

The implementation of the policy is the responsibility of the respective department heads, the management, and the Chief Compliance Officer. All employees can contact them with questions. Our compliance principles take into account regulations such as the EU General Data Protection Regulation (GDPR), foreign trade, tax, and customs law, as well as export control and customs laws. We continuously inform and train our employees on compliance issues from the beginning of their employment.

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Disclosure of the general approach to dealing with individuals within the workforce

Interaction within the workforce is characterized by mutual respect and understanding. The Nolte Group has always been committed to openness, honesty, and integrity. Respecting and adhering to labor and human rights, protecting personal rights, respecting others' privacy and individuality, and ensuring equal opportunities for all form the foundation of our business conduct.

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Disclosure of the general approach to measures that provide remedies for human rights violations (or enable them)

Violations of laws, contracts, or compliance principles are not tolerated and may result in disciplinary actions, including personal prosecution.

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Disclosure of whether and how the policy aligns with relevant internationally recognized instruments

We commit to the following internationally recognized principles:

- Universal Declaration of Human Rights by the United Nations
  - International Covenant on Civil and Political Rights
  - International Covenant on Economic, Social, and Cultural Rights
  - Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work
  - United Nations Guiding Principles on Business and Human Rights
  - 10 Principles of the UN Global Compact
  - OECD Guidelines for Multinational Enterprises
- 

Measures explicitly addressing human trafficking, forced or compulsory labor, and child labor

There is no significant risk of human trafficking, forced or compulsory labor within our workforce due to the very high standards required to comply with German labor law (employment contracts, collective agreements, and works council).

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Early on, our young talents bear responsibility in various projects.

Strategy or management system for accident prevention in the workplace

Our strategy for workplace accident prevention includes accident prevention measures, process optimization, group-specific training organized through our secova sam training tool, safety inspections, our occupational safety specialist, and our occupational safety management, which allows us to record workplace accidents.

Specific measures in place to eliminate discrimination

Discrimination or harassment in the workplace is not tolerated at Nolte Küchen. Every individual

employee has the right to be protected from harassment. Since 2011, the Nolte Group has continuously committed to the "Diversity Charter," ensuring equal opportunities, diversity, and inclusion within the company. We take all necessary organizational measures to ensure lawful conduct by all managers and employees. Every manager has a role model function through their behavior and is responsible for maintaining a discrimination- and harassment-free work environment. Information on handling such issues and specific contacts are included in our company agreement on dealing with discrimination and bullying. Violations can be reported through our whistleblower system, which allows us to address and remedy the issues.

Reasons for discrimination are explicitly listed in the policy

We are committed to providing equal opportunities to every individual, regardless of their ethnic, social, or national origin, skin color, gender, sexual orientation, gender identity, disability, age, religion, political opinion, or any other form of discrimination that falls under EU regulations and national law. These reasons are explicitly mentioned in our company agreement on bullying and discrimination in the workplace in §1 "Prohibition of Harassment."

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Disclosure of specific strategic commitments regarding the inclusion and/or affirmative action for individuals from particularly vulnerable groups within the workforce

We do not have specific strategic commitments regarding the inclusion of individuals from particularly vulnerable groups within our workforce.

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Disclosure of whether and how the strategies are implemented through specific processes to ensure that discrimination is prevented, mitigated, and addressed when identified, and to promote diversity and inclusion

Nolte Küchen has implemented a company agreement to ensure that discrimination is prevented, mitigated, and appropriately addressed when identified. This agreement states that all employees should work in an environment characterized by respect and tolerance. Discrimination based on ancestry, religion, nationality, origin, age, gender, sexual orientation, or personal characteristics is strictly prohibited. In cases of discrimination or bullying, employees can file a complaint without fear of negative consequences. Complaints are treated confidentially and lead to discussions between the affected parties, the human resources department, and, if necessary, the works council and supervisors. The management and the works council view any form of harassment as a serious violation that may result in disciplinary action, up to and including termination. These measures aim to promote a work environment that supports diversity and inclusion and protects the personal development of each employee. No incidents of discrimination or harassment were reported during the 2023 reporting period.

## Stakeholder engagement

We strongly incorporate the perspectives of our employees in decision-making processes and in addressing potential or actual impacts. We use various channels for close communication with our workforce and employee representation.

### S1-2 | Processes for involving the workforce and employee representatives in addressing impacts

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Disclosure of whether and how the perspectives of the workforce are incorporated into decisions or activities related to managing actual and potential impacts

Communication with the workforce is based on close trust and personal interaction. Through various communication channels, concerns, needs, and rights can be directly communicated to the company. Incorporating the perspectives of our employees supports us in our decision-making processes and helps to:

- mitigate negative impacts,
- promote positive impacts,
- prevent potential negative impacts, and/or
- encourage potential positive impacts.

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Engagement occurs with the workforce or their representatives

Our engagement occurs both directly with the workforce and through their employee representatives. We have four full-time works council members.

Disclosure of the phases in which engagement takes place, type of engagement, and frequency of engagement

#### Communication channels for employees:

- Annual employee reviews
- Continuous communication within and across departments; monthly team meetings; regular meetings in production
- Complaint management (ongoing)
- Health management (ongoing)
- Idea management / corporate suggestion scheme ICE ("Ideas cleverly implemented")
- NOLTE FORUM as a venue for exchanges in the form of meeting areas and rooms for events, training sessions, seminars, and breaks (ongoing)
- breakfast@nolte – joint breakfast between management and employees
- Biannual works meetings
- Strategy days (introduced in 2023)

#### Communication channels for employee representation (works council)

- Monthly works council meetings
- Biannual newsletter as a company newspaper, available both online and in print
- Quarterly economic committee meetings
- Monthly discussions between management and the works council

Disclosure of the function and the highest position in the company responsible for ensuring that engagement takes place and that results are integrated into the company's approach

The highest operational responsibility for ensuring engagement and integrating the results into the company's approach lies with the management, supported by their assistant.

Disclosure of a global framework agreement or other agreements regarding respect for employee human rights

In addition to our stated measures and commitments to respecting human rights, we do not have any global framework agreements or other similar arrangements.

Disclosure of how the effectiveness of engagement with the workforce is assessed

To best address the interests and views of the workforce, increase satisfaction, and ensure the effectiveness of engagement, annual employee reviews have been conducted since 2023. Additionally, needs assessments help prevent or mitigate actual impacts or strengthen potential positive impacts on the workforce that are associated with the company. Each site has two responsible and independent members of the works council whom employees can approach.

Disclosure of the steps taken to gain insights into the perspectives of people within the workforce who may be particularly vulnerable to impacts and/or marginalized

The perspectives of individuals who are particularly vulnerable to impacts or potentially belong to a marginalized group are crucial in decision-making processes. Insights into their perspectives are gained through psychological analyses, workload assessments, and within the framework of our corporate health management program.

### S1-3 | Procedure for the elimination of negative and channels through which through which employees can raise concerns

Disclosure of the general approach and procedures for providing or contributing to remedial measures when the company has caused or contributed to a significant negative impact on people in its own workforce

Nolte Küchen follows a systematic approach to providing remedial measures when significant negative impacts on the workforce have been caused or contributed to. For this purpose, a comprehensive whistleblower system has been established, which enables employees to report violations of laws, guidelines, or the Code of Conduct confidentially. Upon receipt of the report, it is reviewed, and the whistleblower receives a confirmation. A detailed plausibility check follows to assess the validity of the report. If the report is found to be substantiated, appropriate measures are taken in consultation with management, such as internal investigations or forwarding the case to the responsible authorities. Throughout the entire process, the confidentiality of the whistleblower and the persons concerned is maintained. The whistleblower is informed about the progress and the results of the investigation. All information obtained and measures taken are documented and, in compliance with data protection regulations, deleted at the end of the procedure. This procedure ensures that appropriate and fair remedial measures are taken to address any negative impacts.



Disclosure of specific channels for the workforce to directly raise concerns or needs with the company and how the company addresses them

Since the end of 2021, our whistleblower system has been implemented on the Nolte Küchen website.

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Mechanisms for handling complaints related to employee matters

In the event of complaints, we maintain an anonymized, open, prompt, independent, and target approach, systematically addressing reported cases.

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Disclosure of processes the company uses to support or promote the availability of channels

The workforce is informed about the existence of communication channels and the whistleblower system during onboarding, as well as through notices, circulars, and informational events. To ensure compliance with laws and regulations within the company and throughout the supply chain, we inform and train all employees on relevant compliance topics.

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Disclosure of how raised and addressed issues are tracked and monitored, and how the effectiveness of the channels is ensured

The procedure after receiving a report includes the following steps:

1. Acknowledgment of receipt and confirmation,
  2. Content review and follow-up actions,
  3. Conducting an investigation,
  4. Providing feedback, and
  5. Documentation and deletion. These steps are outlined in our compliance policy on the whistleblower system under § 5 "Procedure after receiving a report." The effectiveness of the channel is ensured by the management and our Chief Compliance Officer. They provide the necessary framework for the confidential reporting of concerns and the subsequent follow-up and implementation of actions.
-

Disclosure of whether and how it is assessed that the workforce is aware of and trusts the structures or processes to raise and address their concerns or needs

We ensure that our workforce is aware of and trusts the structures and processes for raising concerns or needs by making relevant policies available on the intranet, presenting them during onboarding, and regularly training our employees.

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Policies protecting against retaliation for individuals who raise concerns or needs through channels

Section 6, "Protection of the Whistleblower and Individuals Assisting in the Investigation," of our compliance policy on the whistleblower system describes the following measures to protect against retaliation:

1. **Confidentiality and Secrecy:** The identities of whistleblowers and those assisting in investigations are kept strictly confidential. Only those handling the report have access. Contact details of the whistleblower are stored and used in compliance with data protection laws, and the whistleblower is informed of the purpose. Names are only disclosed with consent or if legally required. In cases of knowingly false information, identity protection is not provided to avoid harm from false accusations. Victims of false reports have a legitimate interest in knowing the identity of the whistleblower for potential compensation claims.

2. **Protection from Sanctions:** Individuals who report in good faith or assist in investigations should not fear negative consequences such as demotion or dismissal unless they are involved in the incident. If they feel disadvantaged, discriminated against, or harassed, they must report this to the respective supervisor or through the appropriate reporting channels. Discrimination, or harassment of whistleblowers and those assisting them will not be tolerated. Anyone who dismisses, demotes, or otherwise disadvantages individuals for their reporting or involvement will face disciplinary actions, up to and including termination of employment.

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To optimally prepare our new employees for their start, they receive key information and an individual onboarding plan in advance. Onboarding events and team-building activities are also organized. We offer an apprentice program and regular events for our trainees.

In addition to communication through the described channels, we also use our intranet "Infomanager," quarterly newsletters from management, and our Nolte Küchen Messenger to share relevant information. Furthermore, we maintain personal contact with our workforce and former employees at events such as barbecues, family days, Christmas markets, jubilee celebrations, and cultural workshops.



## Measures to mitigate risks and strengthen opportunities

The engagement, knowledge, experience, and curiosity of our employees define Nolte Küchen. Therefore, we strive to support and promote them as best as possible, both professionally and personally.

We aim to ensure that our entire workforce benefits from our success by creating appealing working conditions and providing non-monetary incentives. We achieve this through the following measures.

### S1-4 | Actions taken to address material impacts and approaches to managing material risks and seizing significant opportunities related to the workforce, as well as the effectiveness of these measures and approaches

Description of additional initiatives or actions primarily aimed at having a positive impact on the workforce

- Embedding internal digitization processes enables long-term functional, sustainable, and efficient mobile (collaborative) work for a large group of employees. Video conferencing is a popular communication tool among our employees. Therefore, we continually adapt our data centers to the rapidly changing bandwidth usage (e.g., through the use of cloud infrastructures) to provide optimal virtual systems. This also enhances our energy efficiency.

- Supporting the athletic engagement of our workforce creates important conditions for a healthy lifestyle. Through various initiatives, such as covering entry fees for external sports events, discounts at fitness studios, or offering e-bike leasing, we create incentives for more physical activity. Additionally, company-wide fitness and yoga courses at the NOLTE FORUM are part of our offerings.
- Since 2020, we have been cooperating with awo lifebalance to offer our employees quick and professional assistance and relief in various types of problems (such as family issues, stress from separation, coping with grief, burnout, workplace concerns, bullying, or mental health issues). With a broad network of 14,000 social facilities and services, as well as numerous partnerships, our employees can work with experienced consultants and coaches to identify and activate available resources and develop individual solutions. The counseling service is available to all employees and can be accessed individually. All discussions between the consultants and employees are, of course, strictly confidential and not shared with the employer or third parties. Nolte Küchen covers the costs for this service.

Description of how the effectiveness of measures and initiatives in achieving results for the workforce is tracked and evaluated

We consider our long average employment tenure of 14.3 years as evidence of the satisfaction and commitment of our employees to the company.

Description of measures planned or in progress to mitigate material risks arising from the impacts and dependencies of the workforce and how the effectiveness is tracked

### Workplace Safety:

In production, there is an increased risk of accidents, which we prioritize addressing through the following measures:

- Accident prevention and raising employee awareness about workplace safety are seen as the most material levers for providing all our employees with optimal working conditions, the highest possible safety standards, and maximum accident prevention.
- Continuous process optimization offers significant potential for reducing accident risks.
- We offer 22 specific training programs on workplace safety topics to reduce typical hazards associated with manual tasks in daily operations, such as working with machinery. In the reporting year, we sensitized 1,478 employees to all aspects of workplace safety through our training offerings. We also provide specialized training tailored to specific work environments to minimize hazards in direct work areas and prevent accidents.
- The company has multiple workplace safety officers.
- Each site has trained first aid and fire safety personnel who receive regular training.
- Regular safety inspections are conducted.
- We offer preventive health check-ups through our company doctor.
- We conduct psychological hazard assessments for our employees and offer individual support in crisis situations.

### Skilled Workforce:

We are aware of the impact of the shortage of skilled workers, which is also felt by us. As a company, we have the responsibility to be an attractive employer and to remain so in the future. To achieve this, we implement the following measures for social protection and the qualification of our (future) employees:

- We are one of the top 100 training companies in Germany and have been awarded the "BEST PLACE TO LEARN®" certification for the second consecutive time. This training seal is a promise of exceptional vocational training and is only awarded to companies that demonstrate their ability to provide excellent qualifications for young people.



- The maintenance and promotion of the qualifications and competencies of our employees is a priority for Nolte Küchen. We are committed to providing all our employees with access to vocational training annually, ensuring their employability across all age groups and helping them to expand their skills. Each year, we offer around 40 young people the opportunity for a secure professional future and personal development through our training and practice-oriented









## Metrics and targets

We understand that satisfied and motivated employees are the foundation of our success, and we strive to be the most attractive employer in the kitchen industry and in the region.

In doing so, we focus on the following key areas and targets, which are closely aligned with our strategic understanding of sustainability and our values regarding our own workforce.

### **S1-5 | Targets related to addressing material negative impacts, promoting positive impacts, and managing material risks and opportunities**

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Target setting for managing material impacts, risks, and opportunities related to the workforce

#### **Working conditions**

- Equal opportunities
  - We ensure equal opportunities for all.
  - We consistently uphold employee and human rights.

#### **Workplace safety**

- Accident prevention
  - Our target for 2024 is zero accidents.

#### **Skilled workforce**

- Qualification
  - We ensure annual access to professional development for all employees.
  - Starting in 2024, we will assess the training needs of our employees during annual reviews and track the implementation of these training programs.

Additionally, we have set targets to promote employee satisfaction, which contributes positively to managing our risks and enhancing our opportunities related to the workforce:

#### **Employee satisfaction**

- Stakeholder dialogue and roadmap
    - We ensure ongoing dialogue with our stakeholders.
    - We will assess employee satisfaction in 2025.
    - Following this, we will create and implement an employee satisfaction roadmap..
- 

Disclosure of whether and how the workforce or workforce representatives were directly involved in setting the targets

The sustainability target-setting, based on the materiality analysis, was conducted in close collaboration with the internal representatives of the workforce's departments, the sustainability officers, and the management.

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Disclosure of whether and how the workforce or workforce representatives were directly involved in tracking performance against the targets

We hold a monthly sustainability committee meeting where representatives from various departments come together. Additionally, we ensure target achievement through ongoing stakeholder dialogue within the workforce and by updating our double materiality analysis in the coming reporting year.

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Disclosure of whether and how the workforce or workforce representatives were directly involved in deriving insights or improvements as a result of company performance

The workforce or their department representatives are involved in deriving insights or improvements through the sustainability committee. Additionally, the contact details of the responsible personnel are accessible to the workforce for submitting insights and suggestions for improvement.

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Below, you can get an overview of the composition of our employees, who come from a total of 38 different countries.

## S1-6 | Characteristics of the company's employees – Number of employees by gender

**Table 10:** Number of employees

Female	Male	Total
311	1.181	<b>1.492</b>

Characteristics of the company's employees – Additional information on the number of our employees

	Female	Male	Total
Percentage of employees at Nolte Küchen	20,84	79,16	<b>100</b>
Total number of Nolte Group employees	–	–	<b>1.842</b>

**Table 11:** Characteristics of the company's employees – Information about employees by type of contract and gender

	Female Number / %	Male Number / %	Diverse Number / %	Total Number / %
<b>Permanent employees</b>	277 / 21,19	1.030 / 78,81	0 / 0	1.307 / 87,60 <sup>a</sup>
<b>Melle</b>	35 / 5,74	575 / 94,26	0 / 0	610 / 46,67
<b>Löhne</b>	242 / 34,72	455 / 65,28	0 / 0	697 / 53,33
<b>Fixed-term employees</b>	34 / 18,38	151 / 81,62	0 / 0	185 / 12,40 <sup>a</sup>
<b>Melle</b>	9 / 9,78	83 / 90,22	0 / 0	92 / 49,73
<b>Löhne</b>	25 / 26,88	68 / 74,19	0 / 0	93 / 50,27
<b>Employees without guaranteed working hours</b>	2 / 40	3 / 60	0 / 0	5 / 0,03 <sup>a</sup>

<sup>a</sup> Percentages relate to the total number of employees at Nolte Küchen (n = 1,492).

We are continuously working on minimizing employee turnover.

## S1-6 | Characteristics of the company's employees – turnover rate

Number of employees who left the company

In the reporting year, the turnover rate was 2.8% (n = 42).

Description of the methods and assumptions used to create the employee data

All data are from the 2023 reporting period.

The number of employees is given as headcount or full-time equivalent.

The data on our employees is provided as headcount.

Employee data is reported at the end of the reporting period/average/other methodology

Our employee data is from a specific reference date at the end of the reporting period (December 31, 2023).

Compared to 2022, we were able to reduce our turnover rate by 5.4% (ESRS 2 BP-2).

## S1-6 | Characteristics of the company's workforce

**Table 12:** Breakdown by Gender and Region

	Female Number / %	Male Number / %	Diverse Number / %	Total Number / %
<b>Full-time Employees</b>	206 / 15,47	1.126 / 84,53	0 / 0	1.332 / 89,28 <sup>a</sup>
<b>Melle</b>	35 / 5,23	634 / 94,77	0 / 0	669 / 50,23
<b>Löhne</b>	171 / 25,79	492 / 74,21	0 / 0	663 / 49,77
<b>Part-time Employees</b>	106 / 70,00	54 / 30,00	0 / 0	160 / 10,72 <sup>a</sup>
<b>Melle</b>	10 / 31,25	22 / 68,75	0 / 0	32 / 20,00
<b>Löhne</b>	96 / 75,00	32 / 25,00	0 / 0	128 / 80,00

<sup>a</sup> Percentage data in relation to the total number of employees at Nolte Küchen (n = 1.492)

We are proud to have seen consistent growth in our workforce over the years. The increase in the number of employees is presented below, differentiated by type of employment.

**Table 13:** Number of employees by employment type

	2019	2020	2021	2022	2023
Salaried Employees	540	552	581	630	672
Industrial Employees	704	731	765	823	820
Temporary Workers	–	–	–	129	50

## S1-7 | Number of non-employed workers in the company's workforce

**Table 14:** Overview of non-employed workers

	Number of persons
<b>Non-employed workers</b>	50
<b>Self-employed individuals<sup>a</sup></b>	0
<b>Individuals provided by third-party companies<sup>b</sup></b>	50

<sup>a</sup> Individuals with work contracts with the company

<sup>b</sup> Workers provided by companies primarily engaged in "employment activities" (NACE Code N78)

Description of the methods and assumptions used to compile the data (Non-Employed Workers)

The data is collected through our SAP system and evaluated at the end of the reporting period.

The number of non-employed workers is provided as a headcount/full-time equivalent

The number of non-employed workers is provided as a headcount.

The figures for non-employed workers are reported at the end of the reporting period/average/other methodology

The figures for non-employed workers are reported as of a specific reference date (31.12.2023) at the end of the reporting period.

Disclosure of contextual information necessary for understanding the data (non-employed workers)

All 50 non-employed workers are temporary employees provided by third-party companies.





Every year, numerous employees celebrate their work anniversaries at Nolte Küchen.

Our collective bargaining coverage is disclosed below.

Since the beginning of 2023, with the introduction of SAP SuccessFactors Management Software, we have been able to manage various aspects of our human resources work and view up-to-date metrics, such as the number of employee appraisals conducted.

### S1-8 | Collective bargaining coverage and social dialogue

Percentage of employees covered by collective agreements

86,93%

Number of collective agreements in the European Economic Area (EEA) and the total percentage of employees per country covered by the agreement(s)

We have one collective agreement (IGM Wood and Plastics Industry) with two tariff regions (Löhne, NRW and Melle, NDS).

Percentage of employees in the country (EEA) covered by employee representatives

100<sup>1</sup>

<sup>1</sup> This information applies only to Germany under the Works Constitution Act, as there is no employee representation abroad.

**Table 15:** Collective bargaining coverage and social dialogue – differentiated by gender

	Female Number / %	Male Number / %	Diverse Number / %	Total Number / %
<b>Employees covered by collective agreements</b>	274 / 21,13	1.023 / 78,87	0 / 0	1.297 / 86,93 <sup>a</sup>

<sup>a</sup> Percentage data in relation to the total number of employees at Nolte Küchen (n = 1.492)

It is our target to increase diversity within our workforce.

Below we provide an overview of the gender distribution at the leadership level as well as within our workforce.

## S1-9 | Diversity metrics

**Table 16:** Employees at the top management level

Number	%
94	6,30 <sup>a</sup>

<sup>a</sup> Percentage data in relation to the total number of employees at Nolte Küchen (n = 1.492)

**Table 17:** Distribution of employees by age group

Under 30 years Number / %	30–50 years Number / %	Over 50 years Number / %
242 / 16,22 <sup>a</sup>	659 / 44,17 <sup>a</sup>	591 / 39,61 <sup>a</sup>

<sup>a</sup> Percentage data in relation to the total number of employees at Nolte Küchen (n = 1.492)

### Disclosure of the definition used for top management

Top management includes all department heads and team leaders, including the production department heads. All absolute data are shown as headcounts. The percentage figures are based on the total number of employees at Nolte Küchen (n = 1.492).

**Table 18:** Additional diversity metrics

	Female Number / %	Male Number / %	Diverse Number / %	Total Number / %
<b>Distribution of employees at the top management level</b>	11 / 11,70	83 / 88,30	0 / 0	94 / 6,30 <sup>a</sup>
<b>Distribution of employees in production</b>	39 / 4,55	819 / 95,45	0 / 0	858 / 57,51 <sup>a</sup>
<b>Distribution of employees in departments (excluding production)</b>	269 / 42,45	365 / 57,55	0 / 0	634 / 42,49 <sup>a</sup>

<sup>a</sup> Percentage data in relation to the total number of employees at Nolte Küchen (n = 1.492)

Ensuring equal opportunities is also a key element in our compensation policy.

Next, we will discuss our wages.

## S1-10 | Fair Remuneration

All employees receive a fair wage that aligns with applicable benchmarks.

The job evaluation in our production is conducted according to the standards of the Association for Work Design, Business Organization, and Corporate Development e.V. (REFA standard), where each job is assigned to a corresponding wage group. This pre-defined job evaluation, which aligns with the applicable benchmarks, allows us to ensure neutral assessment and fair pay. This system also provides employees with a transparent way to understand the requirements for wage group advancement and to develop relevant training and further education measures. The wage classifications are based on collective bargaining agreements. The remuneration level for our non-collectively bargained employees is determined by various criteria such as education or degree, work experience, and level of responsibility. Ensuring fair remuneration for temporary workers and employees without a direct employment relationship with Nolte, as well as compliance with all employee protection laws, is the external responsibility of Randstad.





True to our principle of "Equal opportunities for all," we are strongly committed to inclusion and equality for everyone.

## S1-12 | People with disabilities

People with disabilities among employees, subject to legal restrictions on data collection

3,82%

**Table 19:** People with disabilities in the workforce, broken down by gender

Female	Male	Diverse	Total
Number/%	Number/%	Number/%	Number/%
8/14,04	49/85,96	0/0	57/3,82 <sup>a</sup>

<sup>a</sup> Percentage figures relative to the total number of employees at Nolte Küchen (n = 1,492)

Disclosure of contextual information necessary to understand the data and how it was compiled (people with disabilities):

The data refer to employees with severe disabilities within our workforce. Employees with equivalent status are excluded. All absolute data are presented as headcounts. The percentage figures are relative to the total number of the respective gender (female 20.84%; n = 311; male 79.16%; n = 1,181) or the total number of employees at Nolte Küchen (n = 1,492).

Compared to 2022, the number of our employees with disabilities has increased by 50% (ESRS 2 BP-2).

We aim to provide all our employees with continuous professional development opportunities by offering a wide range of training and skill development programs. This ensures the qualification of our workforce and strengthens their long-term employability.

## S1-13 | Training and skills development metrics

Indicators for training, education, and skill development by gender

- Total percentage of employees who participated in regular performance and career development reviews: 37.47%
- Percentage of women who participated in regular performance and career development reviews: 22.45%
- Percentage of men who participated in regular performance and career development reviews: 15.01%

Average number of training hours per employee

7,64

Average number of training hours by gender

- Female 8,73
- Male 6,55

This year, we exceeded our target of consistently achieving a training rate of 95% within our workforce. Calculated based on the number of conducted and assigned training sessions, we were able to achieve a training rate of 96.5%.<sup>1</sup>

**Table 20:** Training hours in departments

	2022	2023
<b>Training hours in Sales</b>	426,15	423,55
<b>Training hours in Administration</b>	329,10	442,30
<b>Training hours in Technical</b>	1.884,12	1.627,14

**Table 21:** Number of planned and conducted training sessions from 2019 to 2023

Status details	Explanation	2019	2020	2021	2022	2023
<b>Planned training</b>	Number of total assigned training sessions	12.659	12.966	16.008	17.693	15.676
<b>Conducted</b>	Number of conducted training sessions	12.206	12.314	14.881	16.310	15.129
<b>Not conducted</b>	Number of not conducted training sessions	453	547	1.126	1.383	547
<b>Electronic individual<sup>a</sup></b>	Number of individually conducted electronic training sessions	11.852	11.761	14.212	15.849	14.757
<b>Electronic group<sup>b</sup></b>	Number of electronic group training sessions conducted	354	553	669	413	369

<sup>a</sup> Example: An employee completes 10 training sessions and then documents 10 electronic individual training sessions.

<sup>b</sup> Example: A department manager completes 10 training sessions with 10 employees in the conference room, then these employees confirm the training, and 100 electronic group training sessions are documented.

In addition to our training offerings and further education measures, we have a workshop where we teach our vocational trainees practical skills under the guidance of our qualified trainers, both for Nolte Küchen and Express Küchen.

<sup>1</sup> This includes all instructions assigned to our employees in the 2023 reporting year through the sevoca sam tool.

Our employees are the foundation of our success, and their safety is a top priority for Nolte Küchen. We pursue a zero-accident target for relative accidents and guarantee 100% traceability of all incidents.

### S1-14 | Health and safety metrics

Percentage of own employees covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines

100%

Number of fatalities among own employees due to work-related injuries and work-related illnesses

0

Number of fatalities due to work-related injuries and work-related illnesses of other workers at the company's sites

0

Number of reportable work-related accidents for own employees

40

Rate of reportable work-related accidents for own employees<sup>1</sup>

19,7

Number of cases of reportable work-related illnesses among employees

0

Number of lost days due to work-related injuries and fatalities resulting from accidents, work-related illnesses, and fatalities attributable to employees

1.384

We have reached the industry average in terms of the accident rate, particularly in our production area.

For years, the number of workplace accidents at our company has been lower compared to other companies in the same risk classification group. In 2021, our significantly lower number of accidents placed us well below the average when compared to companies in the same industry and of similar size, which we attribute mainly to increased remote work and other COVID-related factors. Due to higher workload, our accident numbers slightly increased in 2022. However, in 2023, we were pleased to observe a decrease in the accident rate once again, putting us well below the industry average this year.

**Table 22:** Further information on workplace accidents in the workforce

	2020	2021	2022	2023
<b>Notifiable</b>	46	28	46	40
<b>Non-notifiable</b>	7	6	8	10
<b>Commuting Accidents</b>	6	4	6	10

<sup>1</sup> The Lost-Time-Injury-Rate (LTIR) is the most commonly used occupational safety metric. It results from the number of accidents with lost time (both notifiable and non-notifiable accidents) in relation to the working hours performed during the reporting period. Our externally contracted employees and our personnel service are excluded from the LTIR calculation.

We grant our employees the right to take leave for family reasons, regardless of their gender.

### S1-15 | Work-life balance indicators

Percentage of employees entitled to take leave for family reasons

98%

Percentage of eligible employees who have taken leave for family reasons

38%

Percentage of eligible employees who have taken leave for family reasons, by gender

■ Female	14%
■ Male	24%

All employees are entitled to family-related leave through social policies and (or) collective agreements

98% of our permanent employees are entitled to maternity leave and parental leave.

We are strongly committed to eliminating pay inequality and gender pay gaps.

### S1-16 | Compensation indicators (pay differences and total compensation)

Gender pay gap

4%

Annual total compensation ratio

35,09%

Disclosure of context information necessary to understand the data, including how the data was compiled and any other changes to the underlying data that should be considered

The gender pay gap is derived from the difference between the average wage levels of our male and female employees. The annual total compensation ratio is calculated as the ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all employees (excluding the highest-paid individual).

The protection against work-related incidents and serious human rights impacts on our workforce is a top priority at Nolte Küchen. This is reflected in the following key figures.

### S1-17 | Incidents, complaints, and serious impacts related to human rights

Number of serious human rights violations and incidents related to the own workforce

0

Number of serious human rights violations and incidents related to the own workforce where the UN Guiding Principles and OECD Guidelines for Multinational Enterprises were not observed

0



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We maintain a trusting and cooperative partnership with our logistics service provider Reber.



## *Workers in the value chain*

Strategies and management related to  
the workers in our value chain



# Workers in the value chain

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## Chapter highlights

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### Strategies and management related to the workers in our value chain

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Strategy related to the workers in the value chain

- Exchange and collaboration on equal terms
- Strong supplier relationships
- Complaint mechanisms
- Risk analyses of our purchasing departments
- Implementation, maintenance, and adjustment of policies and commitments
- Training programs
- Review and reporting of our human rights efforts

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Stakeholder engagement

- Close, continuous, and partnership-based dialogue with suppliers through meetings and workshops
- Compliance with the German Supply Chain Due Diligence Act (LkSG)
- Supplier assessments
- Whistleblower system in accordance with the LkSG

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Actions to mitigate risks and strengthen opportunities:

- Proactive risk analyses for all purchasing departments
  - Regular plant inspections, working groups, and events
-



Due to our company size and our approximately 230 suppliers, who procure our materials from twelve European countries, we bear a great responsibility. We ensure strict social responsibility throughout our entire value chain in procurement and distribution. Our target is to protect potentially affected workers in our value chain to the best possible extent.

*” Respecting and protecting human rights along the entire value chain is not only an obligation but also a fundamental element of our daily operations. By respecting and safeguarding human rights, we create a culture of integrity, trust, and responsibility that strengthens our company and ensures long-term success. “*

## Strategies and management related to the workers in our value chain

These include the early identification, assessment, and management of material actual or potential

- impacts
- risks
- opportunities.

With the update of our materiality analysis in the upcoming reporting year, we will also update the process for identifying, assessing, and managing material impacts, risks, and opportunities related to our own workforce. This process will be carried out in close collaboration with our stakeholders. Until then, we will use the results of the double materiality analysis conducted in 2022, which already aligns with the CSRD requirements.

### **Material impacts, risks, and opportunities**

Our 2022 double materiality analysis, which is aligned with CSRD requirements, did not reveal any material impacts or risks related to the workforce within our value chain. The opportunities we identified are described below.

## ESRS 2 SBM-3 | Impacts, risks and opportunities and their interaction with strategy and business model

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All workers in the value chain who may be significantly affected by the company are included in the scope of disclosure according to ESRS 2

Yes.

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Description of the types of workers in the value chain who are affected by material impacts

There are no material impacts. However, we will particularly address the workers in our upstream value chain, as they are most likely to face potential impacts.

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Workers in the value chain who work at the company's site but are not part of the company's own workforce

Yes, we have workers who are employed at our sites but do not have a direct employment contract with Nolte Küchen.

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Type of workers in the value chain who are employed in the company's upstream value chain

Workers in our upstream value chain include:

- Workers in raw material procurement/collection,
  - Raw material suppliers,
  - Workers in material processing, component, and parts manufacturing,
  - (Pre-)Product suppliers,
  - Transport and logistics companies,
  - Warehouse and logistics staff, and
  - Quality controllers and inspectors.
- 

Type of workers in the value chain who are employed in the company's downstream value chain

Workers in our downstream value chain include:

- **Workers in kitchen retail:** sales and consulting, customer service and support, after-sales, and customer retention,
  - **Marketing and advertising:** marketing specialists, e-commerce,
  - **Assembly and installation:** installers and service technicians,
  - **Delivery and logistics:** drivers, delivery personnel, and logistics managers,
  - **Quality management:** quality assurance staff and controllers,
  - **Recycling and disposal:** waste disposal specialists and environmental management.
- 

Indication of regions or goods where there is a material risk of child labor, forced labor, or compulsory labor among workers in the company's value chain

We assess the risk of human rights violations, such as child labor, forced labor, or compulsory labor, among workers along the value chain, as well as in connection with communities potentially affected by our business activities, as very low.

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Description of activities that have positive impacts and the types of workers in the value chain who are or could be positively affected

Through our production sites and sourcing from suppliers based in Europe, we are able to, we can ensure socially responsible procurement. For example, approximately 85% of our chipboard comes from suppliers in Germany, who in turn source around 95% of their wood from within Germany.<sup>1</sup>

Additionally, our procurement strategy is designed to comply with the Supply Chain Due Diligence Act (LkSG). This has a positive effect on workers in our upstream value chain, as it helps improve working conditions and prevents risks related to exploitation or human rights violations, such as discrimination.

We proactively engage with our suppliers and conduct regular supplier meetings. Our longstanding relationships and intensive communication with them facilitate LkSG-compliant exchange and reporting. We also discuss sustainability topics related to social and environmental criteria, such as packaging reduction and optimization, sustainable product management, or the respect for human rights.

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<sup>1</sup> Excluding suppliers with a German presence in border regions, e.g., to Poland or the Czech Republic.

Description of material risks and opportunities

arising from the impacts and dependencies of workers in the value chain

Our double materiality analysis did not identify any risks to or from workers in our value chain.

Our opportunities related to workers in our value chain include:

- **Supply chains:** Our supply chains have historically been designed to prioritize trustful partnerships, flexibility, regionality, and decentralization to ensure the greatest possible supply chain resilience. It is essential for us to continue considering possible climate risks in our supply chain.
- **Sustainability awareness in the supply chain:** Sustainability is becoming increasingly important for our suppliers and business partners. We understand that we can only achieve greater impact in collaboration with our partners.

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Indication of whether and how the company has developed an understanding of how workers with certain characteristics working in specific contexts or performing certain tasks may be exposed to greater risks

We ensure that our suppliers and partners provide the same safety standards and working conditions, particularly for workers in countries or industries that may be at higher risk. Clear working conditions are established in contracts and within our Code of Conduct, including adherence to health and safety standards and specific protection measures for vulnerable groups.

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Disclosure of which material risks and opportunities arising from the impacts and dependencies of workers in the value chain are specific to certain groups

The identified opportunities particularly apply to the workers in our upstream value chain.

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Below, our disclosures related to workers in the value chain will focus primarily on those in our upstream value chain, as we see the greatest leverage for strengthening our identified material opportunities here. In other areas of our value chain, based on the results of our double materiality analysis, there are no material impacts, risks, or opportunities related to or from workers. Additionally, concerning the workers in our value chain, we aim for maximum transparency regarding the disclosure requirements of ESR S2 within the scope of our sustainability reporting. Therefore, we voluntarily meet ESR S2 disclosure requirements by disclosing information on other topics material opportunities. For example, we also address disclosure requirements related to human rights obligations or measures to prevent potential impacts or risks.

## Strategies and management of impacts, risks, and opportunities

Below, we detail our strategies related to workers along our value chain.

### S2-1 | Strategy related to workers in the value chain

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Description of human rights obligations relevant to workers in the value chain

We view responsible entrepreneurship as a continuous task for Nolte Küchen, firmly anchoring the principles of human rights due diligence in our value chain, and we expect the same from our direct suppliers and their subcontractors. Our human rights commitments are embedded in the framework of our corporate policy (see S2-1). Our principles are firmly established through supplier declarations and passed on to the next link in the supply chain to our suppliers and service providers. Workers in our value chain have the rights to:

- Work and fair working conditions,
- Freedom of association and collective bargaining,
- Safe and healthy working conditions,
- Fair remuneration, and
- Rest and leisure.

Additionally, the following commitments, embedded in our Supplier Code of Conduct, apply:

- Working Conditions: We expect our suppliers to adhere to all contracts and conventions of the International Labour Organization (ILO). National and international laws regarding human rights, environmental protection, animal welfare, as well as safety and health, must be observed. All forms of child labor are prohibited.
  - Compliance: Suppliers must ensure and guarantee compliance with this code by implementing methods and internal processes.
- 

Disclosure of the general approach to respecting human rights relevant to workers in the value chain

Our approach to respecting human rights for workers in our value chain is based on six pillars:

- Strong supplier relationships
  - Grievance mechanisms (whistleblower system and grievance portal)
  - Risk analyses of our procurement departments (including an annual FSC® audit, which includes human rights as an audit subject)
  - Implementation, maintenance, and adaptation of policies and commitments (e.g., Supplier Code of Conduct)
  - Training (including annual training by external FSC® consultants on updates and optimization of audit reports)
  - Review and reporting of our human rights efforts
- 

Disclosure of the general approach to collaboration with workers in the value chain

For the long-term success of Nolte Küchen, a trustworthy collaboration with workers in our value chain at eye level is essential. The characteristics of our approach include the participatory involvement of workers in our decision-making processes, transparent exchange on equal footing, mutual recognition, and the associated continuous improvement of our processes, as well as our innovation and competitiveness.

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Disclosure of the general approach to measures that provide remedy for human rights violations (or enable remedy)

We actively address identified potential risks related to human rights violations within our value chain by defining measures on a case-by-case basis. These measures may include self-disclosures with certificate requirements and conducting audits.

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Strategies that specifically address human trafficking, forced or compulsory labor, and child labor

A prohibition of forced, compulsory, and child labor applies across our entire value chain. This is enshrined in our principles.

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The company has a supplier code of conduct

We have a Supplier Code of Conduct.

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Disclosure of whether and how the strategies align with relevant internationally recognized instruments

We explicitly commit to law and order and expect the same from our business partners. We take all necessary organizational measures to ensure lawful conduct by all managers and employees. In our daily operations, we commit to the following internationally recognized principles:

- Universal Declaration of Human Rights of the United Nations
  - International Covenant on Civil and Political Rights
  - International Covenant on Economic, Social, and Cultural Rights
  - International Labour Organization (ILO) Declaration on Fundamental
  - Principles and Rights at Work
  - UN Guiding Principles on Business and Human Rights
  - 10 Principles of the UN Global Compact
  - OECD Guidelines for Multinational Enterprises.
- 

Our Supplier Code of Conduct already covers significant aspects of the German Supply Chain Due Diligence Act (LkSG). In addition to the supplier commitment through the Supplier Code of Conduct, compliance with human rights according to LkSG is ultimately also embedded in the procurement strategies and quality agreements for the key product categories.



## Stakeholder engagement

For the identification of potential impacts, we rely on the perspectives of workers in our value chain.

The processes we use to involve the workers in our value chain are described below.

### S2-2 | Processes for engaging the workers in the value chain regarding impacts

Disclosure of how the perspectives of workers in the value chain are incorporated into decisions or activities to address actual and potential impacts

We maintain close and continuous communication with our suppliers, allowing us to gain insights into the situation of employers in our value chain and to identify potential impacts at an early stage

The engagement occurs directly with the workers in the value chain, their legitimate representatives, or credible proxies

The exchange takes place indirectly through our suppliers.

Disclosure of the phase in which the engagement occurs, the type of engagement, and the frequency of engagement

We engage with our suppliers regularly through meetings and workshops, which often focus on sustainability topics. Each supplier has more than one discussion annually, coordinated by the procurement and product management teams.

Indication of the role and the highest position within the company responsible for ensuring that the engagement occurs and that the results are integrated into the company's approach

To continuously improve, ensure established standards, and achieve strategic and operational targets, our management ensures the provision of necessary information and resources.

Disclosure of the global framework agreement or other agreements regarding the respect of human rights for workers

The respect for human rights for workers in our value chain is governed by the German Supply Chain Due Diligence Act (LkSG).

Disclosure of how the effectiveness of collaboration with workers in the value chain is evaluated

The effectiveness of our collaboration is demonstrated by our long-standing supplier relationships and our trustful exchange..

Disclosure of steps taken to gain insights into the perspectives of workers in the value chain who may be particularly vulnerable to impacts and (or) marginalized

We conduct regular supplier assessments to identify suppliers who may pose a risk, and we adjust our supplier management accordingly.

## S2-3 | Processes for addressing negative impacts and channels through which workers in the value chain can raise concerns

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Disclosure of specific channels for workers in the value chain to raise concerns or needs directly with the company and how those concerns are addressed

Reporting of human rights-related incidents is possible through our whistleblower system in accordance with the LkSG, and from 2024 onwards, also through the grievance portal.

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Disclosure of the processes by which the company supports or requires the availability of channels

Our suppliers are informed about the availability of communication channels and the whistleblower system. To ensure compliance with laws and guidelines within the supply chain, we inform all suppliers about relevant compliance topics.

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Disclosure of how raised and addressed issues are tracked and monitored, and how the effectiveness of the channels is ensured

The procedure following the receipt of a report includes the following steps:

1. Acknowledgment of the report and confirmation of receipt,
2. Content review and follow-up actions,
3. Conducting an investigation,
4. Providing feedback, and
5. Documentation and deletion.

These steps are detailed in our compliance policy regarding the whistleblower system in §5 "Processes following the receipt of a report." The effectiveness of the channel is ensured by the management and our Chief Compliance Officer. They create the necessary conditions to provide a trusted framework for reporting concerns and subsequently following up and taking action.

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Disclosure of how it is assessed that workers in the value chain are aware of and trust the structures or processes to raise their concerns or needs and have them addressed

We ensure that workers in our value chain are aware of and trust the structures and processes for raising concerns or needs by informing and training our suppliers about the existence of relevant policies and making them available.

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There are policies to protect against retaliation for individuals who raise concerns or needs through channels

In §6 "Protection of the whistleblower and those involved in the investigation" of our compliance policy for the whistleblower system, the following measures to protect against retaliation are described:

**1. Confidentiality and secrecy:** The identities of whistleblowers and those assisting in the investigation are treated with strict confidentiality. Only those involved in handling the report have access. The contact details of the whistleblower are stored and used in compliance with data protection regulations, and the whistleblower is informed about the

purpose. Names are only disclosed with consent or if there is a legal obligation. There is no protection of identity for knowingly false information to avoid the victimization of the wrongly accused. Victims of false allegations have a legitimate interest in knowing the identity of the whistleblower for potential compensation claims.

**2. Protection from sanctions:** Individuals who make reports in good faith or assist in the investigation should not fear negative consequences such as demotion or dismissal unless they are involved in the incident. If they feel disadvantaged, discriminated against, or harassed, they must report this to their supervisor or through the appropriate reporting channels. Discrimination, harassment, or retaliation against whistleblowers and those involved in investigations will not be tolerated. Those who dismiss, demote, or otherwise disadvantage individuals for their report or involvement must expect disciplinary consequences, up to and including termination of employment.

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## **Actions to prevent potential risks and strengthen opportunities**

Our materiality analysis and risk assessments revealed no material negative impacts from our business practices on workers in our value chain.

However, we strive to avoid any potential negative impacts and risks to the best of our ability, while also strengthening existing or potential opportunities. The actions described below contribute to these targets.

### **S2-4 | Taking action regarding material impacts and approaches to managing material risks and leveraging material opportunities related to workers in the value chain, as well as the effectiveness of these measures and approaches**

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Description of planned or ongoing actions to prevent, mitigate, or remedy material negative impacts on workers in the value chain

We proactively conduct a comprehensive risk analysis across all purchasing business areas using recognized indices and standard references.

In 2023, we completed the risk analysis of top suppliers (with purchase volumes exceeding €50,000) concerning risks such as occupational safety and rights, as well as safety standards. We are now proceeding with the gradual analysis of additional suppliers.

As part of our risk analysis, we classify our suppliers based on country and product group risks related to human rights violations. We set our internal evaluation threshold very high and, therefore, subject our suppliers to a comprehensive, case-specific assessment even at a low-risk potential.

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Description of additional initiatives or processes primarily aimed at having positive impacts on workers in the value chain

As part of regular factory visits in production, as well as working groups and events, we engage with various workers in our value chain, for example, through joint design thinking sessions. All participants value the collaborative work, incorporating different expert perspectives in planning the kitchens of tomorrow.

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Description of how the effectiveness of actions or initiatives to achieve results for workers in the value chain is tracked and evaluated

The effectiveness of our risk prevention measures is ensured through our regular and close communication with our suppliers.

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Description of planned or ongoing actions to pursue material opportunities related to workers in the value chain

### **Resilient Supply Chains**

We ensure trustful, partnership-based collaboration, flexibility, regionality, and decentralization to strengthen our supply chain resilience through supplier selection and management, our supplier code of conduct, compliance with the German Supply Chain Due Diligence Act (LkSG), and continuous engagement with our suppliers.

### **Sustainability Awareness in the Supply Chain**

We understand that we can only make a greater impact in collaboration with our partners. We are in intensive dialogue with our suppliers and business partners regarding relevant sustainability topics. We see joint efforts along the value chain as a significant lever for achieving positive environmental impacts.

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Disclosure of how it is ensured that the company's practices do not cause or contribute to material negative impacts on workers in the value chain

In addition to maintaining close contact with our suppliers and conducting risk analyses, we regularly perform a double materiality analysis. This includes assessing impact materiality, where we identify potential and actual negative impacts on workers in our value chain resulting from our practices.

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### **Metrics and targets related to workers in our value chain**

In addition to selecting direct suppliers exclusively based in Europe, our commitment to the supplier code of conduct, close engagement with suppliers, and thorough risk analyses help prevent risks, strengthen supply chain resilience, and capitalize on our suppliers' growing sustainability awareness.

No specific targets related to workers in our value chain are disclosed in this report. Below is our approach in the event of identifying material impacts and risks.

## **S2-5 | Targets related to addressing material negative impacts, promoting positive impacts and managing material risks and opportunities**

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Disclosures to be made if the company has not set any targets

Should the update of our double materiality analysis reveal material impacts and/or risks, as well as additional opportunities concerning workers in our value chain, we will establish measurable and outcome-oriented targets to address and/or promote these impacts and risks. Additionally, we will define our intended level of ambition for each target, disclose all qualitative or quantitative indicators used to assess progress, and determine the baseline year from which progress will be measured.

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06

## *Consumers and end-users*

Strategies and management related  
to consumers and end-users

Metrics and targets



# Consumers and end-users

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## Chapter highlights

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### Strategies and management related to our consumers and end-users

In 2023, we were recognized as Germany's most popular kitchen brand for the fourth consecutive year. Additionally, we were awarded the Life & Living Award by the German Institute for Service Quality, further establishing us as Germany's most popular provider of kitchen furniture.

Strategies and management of impacts, risks, and opportunities:

- Transparent and open communication with consumers and end-users
- Product longevity
- Product innovation
- Product safety
- Low complaint rate
- Highest quality standards
- Protection of consumer and end-user data

Stakeholder engagement

- Regular communication through various channels
  - Consumer and end-user satisfaction surveys
  - Regular visits to customers by our sales representatives
  - Trade fairs, events, workshops
  - Whistleblowing system
-

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Actions to mitigate risks and strengthen opportunities:

- Repair rather than replacement
- Low complaint rate through high product quality
- Internal and external quality assurance as well as compliance with standards and regulations
- Awards and certifications
- Ensuring the availability and accessibility of product- or service-related information such as manuals or product labels
- Rich dialogue with consumers and end-users
- Solution-oriented consumer and end-user service
- Compliance with the GDPR
- Annual data protection report

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## Metrics and targets

- We continuously ensure the highest possible protection of our consumer and end-user data.
  - We guarantee ongoing product safety.
  - We maintain a constant dialogue with our consumers and end-users.
  - Starting in 2024, up to 25% of the variable compensation will be linked to our "Good Quality Rate." A maximized Good Quality Rate can positively impact the satisfaction of our consumers and end-users.
-

## Strategies and management related to our consumers and end-users

The satisfaction of our consumers and end-users is fundamental to us.

As Germany's most popular kitchen brand, we place the highest importance on ensuring the utmost protection of consumer and end-user data, maintaining continuous product safety, and engaging in regular communication with our consumers and end-users to uphold our commitment to quality.

This involves the early identification, assessment, and management of material actual or potential

- impacts,
- risks and
- opportunities.

With the update of our materiality analysis in the upcoming reporting year, we will also update the process of identifying, assessing, and managing material impacts, risks, and opportunities related to our consumers and end-users. This process will be carried out in close collaboration with our stakeholders. Until then, we will rely on the results of the double materiality analysis conducted in 2022, which already aligns with the CSRD requirements.

### Material impacts, risks and opportunities

The following identified opportunities and risks concerning our consumers and end-users form the foundation for our sustainability strategies in this area.

### ESRS 2 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model

All consumers and end-users who may be significantly affected by the company are included in the scope of disclosure according to ESRS 2

Yes.

Description of the types of consumers and end-users who may be significantly affected

Our consumers can be categorized into customers, such as our dealers, and our end customers, to whom the customers sell our products. Below, all our types of customers are referred to under the terms consumers and end-users.

Consumers and/or end-users of products that are harmful to humans and/or increase the risk of chronic illness

As we consistently guarantee complete product safety, we assess the potential risk of harm to all our consumers and end-users as very low.

Consumers and/or end-users of services that may negatively affect their right to privacy, the protection of their personal data, their right to freedom of expression, and non-discrimination

Through consistent and proactive implementation of data protection measures, we can ensure ongoing data protection for our consumers and end-users.

Consumers and/or end-users who rely on accurate and accessible product- or service-related information such as manuals and product labels to avoid potentially harmful use of a product or service

For our consumers and/or end-users who rely on accurate and accessible product- or service-related information, we aim to make the setup and subsequent use of our products as simple and safe as possible. In addition to our wide range of service offerings at our consumers' and/or end-users' locations, product manuals and labels with instructions for proper use are included with the delivery of the products. Additionally, our consumers and/or end-users can reach out to their respective dealers or our end-user service for assistance through the communication channels listed in S2-4.

Consumers and/or end-users who are particularly vulnerable to impacts on health or privacy, or to the impacts of marketing and sales strategies, such as children or financially vulnerable individuals

There is no risk of harm to health, privacy, or safety to children or vulnerable individuals from our product and service offerings.

Occurrence of impacts (consumers and end-users):

- Since we can consistently guarantee product safety, we assess potential impacts due to risks as very low. No other material negative impacts on our consumers and end-users are expected.
- Like many, we must protect ourselves against the rise in cybercrime. This is part of our IT security measures.

Description of activities leading to positive impacts and the types of consumers and end-users who are or could be positively impacted

- Through consistent product safety and our innovations focused on sustainability, we can strengthen consumer and end-user loyalty to our company. We expect our suppliers to use only materials that comply with European standards and regulations. The origin and legality of the materials must be documented and constantly verified. This also applies to products sourced and processed through their suppliers and subcontractors.
- We can promise our consumers and end-users high product longevity due to our high-quality standards. We further enhance product longevity through repair services and replacement or service offers.
- Continuous work on the development of our products is crucial for maintaining the satisfaction of our consumers and end-users.
- Maintaining consumer and end-user trust, e.g., through ongoing stakeholder dialogue, is important to us. Our success is reflected in awards such as Germany's most popular kitchen brand and the most popular kitchen furniture provider.

Description of material risks and opportunities arising from the impacts and dependencies on consumers and end-users

### Risks

- Product safety risks
- Data protection breaches

### Opportunities

- Product safety
- Product innovation
- Product longevity
- Data protection
- Consumer and end-user trust

Disclosure of which material risks and opportunities arising from the impacts and dependencies on consumers and end-users affect specific groups

The described risks and opportunities can potentially affect all groups of consumers and/or end-users.

Beyond the topics of product safety, innovation, longevity, data protection, and consumer and end-user trust, we have not identified any other material opportunities and/or risks. However, we strive for maximum transparency regarding our consumers and end-users, and we voluntarily fulfill disclosure requirements under ESRS S4 in our sustainability reporting, by disclosing information on additional topics that extend beyond our material risks and opportunities, particularly in the area of human rights.



## Strategies and management of impacts, risks and opportunities

Our consumers and end-users are among our most important stakeholders. Adhering to the human rights commitments relevant to them and ensuring and maintaining their satisfaction are fundamental components of our business activities.

Below, we outline our management approach to impacts, opportunities, and risks related to our consumers and end-users.

### S4-1 | Strategies related to consumers and end-users

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Policies for managing material impacts, risks, and opportunities related to consumers and end-users

We focus on product longevity, innovation, safety, and a low complaint rate as core elements of our sustainability strategy to strengthen consumer and end-user trust. We are committed to protecting and safeguarding the health and well-being of our consumers and end-users. We achieve this by maintaining a dialogue-rich exchange with consumers and end-users, upholding the highest quality standards, ensuring maximum product safety, and safeguarding data privacy. These strategic components are, in our view, the most significant levers in mitigating risks and enhancing opportunities related to our consumers and end-users.

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Strategies for managing material impacts, risks, and opportunities related to affected communities, including specific groups or all consumers/end-users

To ensure the long-term satisfaction of all our consumers and end-users, we are committed to:

- The highest possible product quality,
  - The longevity of all our products,
  - Continuous innovation, and
  - Protecting consumer and end-user data.
- 

Description of applicable human rights commitments relevant to consumers and/or end-users

There is no risk of human rights violations associated with our product and service offerings for our consumers and end-users. As a result, there were no human rights issues or incidents related to our consumers and end-users during the reporting period.

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Disclosure of the general approach to collaboration with consumers and/or end-users

To meet the needs and requirements and thus strengthen our long-term consumer and end-user relationships, we rely on collaboration with them. Our approach includes the following aspects:

- Measuring consumer and end-user satisfaction: Gathering feedback for product and service improvements through various communication channels.

- Ensuring transparent and open communication: Sharing information on topics relevant to consumers and end-users, such as products, services, business practices, sustainability activities, etc.
  - Providing consumer and end-user services: Offering an effective end-user service system accessible through multiple channels to provide prompt and effective responses to consumer and end-user inquiries and issues.
  - Providing relevant information: Educating consumers and end-users on product use, materials, working conditions, corporate social responsibility (CSR) engagement, and other relevant information from the consumer and end-user perspective.
  - Community engagement: Building a community through events, workshops, etc., where consumers and end-users can exchange ideas and learn.
  - Guarantees and support: Confident in our quality, we offer end-users a 5-year warranty. We also provide our customers with a qualified assembly and installation service to professionally present the model kitchens. Additionally, we offer an extensive range of repair and replacement parts.
  - Seminars: We continuously offer training and seminars both in the B2B and B2C sectors to help consumers and end-users better understand, use, and maintain our products.
-



## Stakeholder engagement

The opinions of our consumers and end-users are important to us in managing our impacts.

Below, we disclose how we engage with our consumers and end-users.

### S4-2 | Processes for engaging consumers and end-users regarding impacts

Disclosure of how consumer and end-user perspectives are incorporated into decisions or activities to manage actual and potential impacts

We engage in regular communication with our consumers and end-users through various channels, most of which are provided by Nolte Küchen. This allows us to capture their concerns, needs, and interests and take appropriate action. When recurring perspectives, issues, deficiencies, or ideas arise, these requirements are analyzed and may be incorporated into the next product range or optimized throughout the year.

Engagement with consumers and end-users or their legitimate representatives is direct or through credible proxies

We maintain close communication with both our consumers and end-users.

Disclosure of the stage at which engagement occurs, the type of engagement, and the frequency of engagement

#### Communication Channels for Consumers (Customers/Dealers)

- Visits by our sales team every 4–6 weeks.
- Annual meetings with major consumers, including sales management.

- The international Nolte sales back office offers daily solution-oriented service for inquiries, support requests, etc., in the respective local language.
- Weekly delivery time updates.
- Newsletters with topic-specific content.
- The advertising material dispatch provides consumers with all necessary point-of-sale (POS) materials.
- Our annual in-house trade fair, as well as other national and international trade fairs.
- The dealer portal provides consumers with all the necessary information about their orders and deliveries.
- The Nolte Academy offers training for consumers on our products and services—online or in-person at the NOLTE FORUM or as in-house training.
- The media database provides consumers with all essential images and documents for marketing the Nolte Küchen range.

#### Communication Channels for End-users

- Direct contact via the consumer service, usually only for inquiries, replacement part deliveries, or support requests; in individual cases, visits are made for complaints.
- Increasing communication on sustainability topics with a focus on climate neutrality and product longevity.
- Surveys on end-user satisfaction and analysis of satisfaction levels using a satisfaction indicator.
- Sharing suggestions, criticisms, and requests via the online contact form on our website.
- Trade fairs.
- Social media.

Designation of the role and highest position in the company with operational responsibility for ensuring engagement occurs and that the results inform the company's approach

The highest level of operational responsibility lies with the management.

Disclosure of how the effectiveness of consumer and end-user engagement is evaluated

In this reporting year, we measured consumer and end-user satisfaction through surveys.

Disclosure of steps taken to gain insights into the perspectives of consumers and end-users/consumers and end-users who are particularly vulnerable to impacts and/or marginalized

We have no concerns about the risk of potential impacts on consumers and/or end-users from our products and services, as we place great importance on product safety. We ensure this through our safety inspections and quality management.

Together with our direct trading partners, we have observed that sustainability is increasingly important to our end-users. In addition to a strong interest in product longevity and quality, other sustainability aspects, such as the use of sustainable materials or repair options, also appear to be relevant purchasing criteria. The growing sustainability awareness of our consumers and end-users supports us and represents another critical success factor on our journey.

It is important to us to minimize potential negative impacts as much as possible.

Our proactive actions, described below, contribute to achieving this target.

### S4-3 | Processes for addressing negative impacts and channels for consumers and end-users to raise concerns

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Disclosure of the general approach and processes for providing or contributing to remedies when the company has identified material negative impacts on consumers and end-users

- As we consistently guarantee complete product safety, we assess the potential risk of harm to our consumers and end-users as very low.
  - The risk to data privacy is also considered very low due to our stringent data protection standards and ongoing compliance with GDPR requirements.
  - Beyond these considerations, we have not identified any material negative impacts on our consumers and end-users. In the event that material negative impacts are identified, we will develop a general approach for providing or contributing to remedies to address these impacts.
- 

Disclosure of specific channels through which consumers and end-users can directly raise concerns or needs with the company

Our consumers and end-users can reach out to us through various channels to express concerns or needs. Direct communication is possible through our end-user service or via the contact form on our website. Additionally, end-users can contact us through their respective dealer and use our whistleblower system.

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Disclosure of the processes by which the company supports or encourages the availability of these channels

The whistleblower system and relevant information on the structures and processes for raising concerns or needs are publicly accessible on our website.

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Disclosure of how raised and addressed issues are tracked and monitored and how the effectiveness of these channels is ensured

The procedure following the receipt of a report includes the following steps:

1. Acknowledgment of receipt,
2. Content review and follow-up actions,
3. Conducting an investigation,
4. Providing feedback, and
5. Documentation and deletion.

These steps are detailed in our compliance policy for the whistleblower system, specifically in § 5 "Procedure Following the Receipt of a Report." The effectiveness of this channel is ensured by the management and our Chief Compliance Officer, who establish the necessary conditions to create a trustworthy environment for reporting concerns and subsequently pursuing and implementing actions.

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Disclosure of how it is determined that consumers and end-users are aware of and trust the structures or processes to raise and address their concerns or needs

We inform our consumers and end-users about our structures and processes for raising concerns or needs through our website.

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Strategies to protect against retaliation for individuals who use channels to express concerns or needs are in place

In Section 6, "Protection of Whistleblowers and Individuals Assisting in Investigations," of our compliance guidelines for the whistleblower system, the following measures are outlined to protect against retaliation:

- 1. Confidentiality and Secrecy:** The identities of whistleblowers and individuals assisting in investigations are treated with strict confidentiality. Only those involved in handling the case have access to this information. Contact details of the whistleblower are stored and used in compliance with data protection regulations, and the whistleblower is informed of the purpose. Names are disclosed only with consent or if there is a legal obligation to do so. In cases of deliberately false statements, there is no protection of identity to prevent victims of false accusations. Victims of false reports have a legitimate interest in knowing the identity of the reporter for the purpose of claiming damages.
- 2. Protection from Sanctions:** Individuals who provide information in good faith or assist in investigations should not fear negative

consequences such as demotion or dismissal unless they are involved in the incident. If they feel disadvantaged, discriminated against, or harassed, they must report this to the relevant supervisor or through the appropriate reporting channels. Retaliation, discrimination, or harassment of whistleblowers and assisting individuals will not be tolerated. Anyone who dismisses, demotes, or otherwise penalizes individuals for their reporting or assistance will face disciplinary action, up to and including termination of employment.

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## Actions to mitigate potential risks and strengthen opportunities

Our actions for addressing material impacts, risks, and opportunities related to our consumers and end-users are outlined below.

### S4-4 | Actions taken regarding material impacts on consumers and end-users and approaches to managing material risks and leveraging material opportunities related to consumers and end-users, as well as the effectiveness of these actions and approaches

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Action plans and resources for addressing material impacts, risks, and opportunities related to consumers and end-users

Our commitment to the highest product quality and safety, product longevity, low complaint rates, and the protection of consumer and end-user data, coupled with strengthening consumer and end-user trust, are core elements of our strategy. Following the update of our double materiality analysis, we will define and implement an action plan to address material impacts, risks, and opportunities.

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Description of planned or ongoing measures to prevent, mitigate, or remedy material negative impacts on consumers and end-users

To counteract the potential impacts related to product and/or data security, we implement the following measures:

- **Quality Control:** We conduct both internal and external quality assurances and tests to guarantee complete product safety for our

consumers and end-users. We hold a GS seal for tested product safety. To ensure the highest level of product safety, our kitchens undergo internal quality assurance as well as additional testing by an independent expert. Every five years, specific product lines and products are inspected by TÜV Rheinland for quality and safety, according to the standards of the German Product Safety Act.

- **Data Protection:** We aim to provide the highest level of data protection for our consumers and end-users. We adhere to strict data protection standards, ensuring absolute IT and data security, as well as customer privacy by complying with the GDPR. Similar to our employee data, consumer and end-user data are deleted or destroyed in accordance with legal retention periods. Our employees are required to process personal data only under the principles of data minimization and purpose limitation and on a legal basis. Additionally, a data protection report is submitted to management at the beginning of the year. Relevant data protection issues are communicated with management throughout the year as needed.
- 

Description of how the effectiveness of measures or initiatives aimed at achieving results for consumers and end-users is monitored and evaluated

We are proud that in 2023 we were recognized for the fourth consecutive year as Germany's most popular kitchen brand by the German Institute for Service Quality. This recognition confirms the effectiveness of our measures.

In a recent survey by NTV, we received a "very good" rating, reflecting the highest level of end-user satisfaction compared to 13 other kitchen manufacturers. Nolte Küchen achieved the best results for product quality, design, value for money,

range, and brand image. Additionally, we were named Germany's most popular kitchen furniture provider and received the Life & Living Award from the German Institute for Service Quality. This award is based on an online survey of consumers, assessing aspects such as customer satisfaction, recommendation rates, and repeat purchase likelihood.

---

Description of actions planned or underway to mitigate material risks arising from impacts and dependencies on consumers and end-users, and how effectiveness is monitored

We implement the following actions to mitigate risks related to product safety and data protection:

- Internal quality assurances and tests
  - Ensuring the availability and accessibility of product- or service-related information such as manuals or product labels
  - Ongoing dialogue with consumers and end-users
  - Solution-oriented consumer and end-user service
  - Continuous communication with management on data protection issues
  - Compliance with and adherence to the GDPR
  - Annual data protection report
- 

Description of actions planned or underway to pursue material opportunities related to consumers and end-users

We pursue the following actions to leverage our material opportunities in terms of product safety, innovation, and longevity, and to secure consumer and end-user trust:

- Smart material selection: Efficient use of resources with high-quality and durable materials and products.
- Product design and development: Our de-

sign ensures safety and ergonomics while maintaining stability and maximizing user-friendliness to prevent accidents.

- **Repair instead of replacement:** We are characterized by a wide availability of spare parts and the repairability of our kitchen systems. We offer a variety of complaint and service options, which we continually expand and improve.
  - **Low complaint rate:** We continuously minimize our complaint rate, primarily through the high quality of our products, which ensures their longevity.
  - **Service offerings:** Additionally, we provide a solution-oriented and top-notch service for our consumers and end-users.
  - **Quality assurance and control and compliance with standards and regulations:** Through active monitoring and feedback, safety checks, our quality management system, and external audits and certifications (e.g., TÜV, ISO), we ensure continuous product safety.
  - **Communication of relevant information:** We ensure the availability of product- or service-related information, such as manuals or product labels, to prevent potentially harmful use of a product.
  - **Marketing:** We focus on responsible marketing and appropriate advertising.
- 

## Metrics and targets

We aim to further strengthen our relationships with consumers and end-users, avoid negative impacts where possible, and maximize opportunities.

To achieve this, we have defined the following result-oriented targets to measure and advance our progress.

### **S4-5 | Targets related to managing material negative impacts, promoting positive impacts, and addressing material risks and opportunities**

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Targets for managing material impacts, risks, and opportunities related to consumers and end-users

- We ensure the highest level of protection for our consumers and end-users' data.
  - We guarantee continuous product safety.
  - We maintain an ongoing dialogue with our consumers and end-users.
- 

Additionally, starting in 2024, we will tie 25% of variable compensation to our "positive rate." See Chapter 01 General Information – Governance for more details. A reduced complaint rate can positively impact consumer and end-user satisfaction.





07

## *Business conduct*

Our management, supervisory and administrative bodies

Strategies and management related to our corporate policy and culture

Metrics and targets



# Geschäftsgebaren

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## Chapter highlights

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### Our administrative, management, and supervisory bodies

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- 3 Supervisory Board members, 4 Advisory Board members, 3 members in the Executive Management
- Regular meetings and coordination among the bodies

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### Strategies, management and actions related to our business conduct

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- Compliance with all relevant legal and regulatory frameworks
- Supplier management
- Close partnerships with 95% of our top suppliers for at least ten years
- Certified wood and forest products
- Grievance management system in accordance with the German Supply Chain Due Diligence Act (LkSG) from 2024
- Compliance principles
- Compliance management system and other management systems
- Whistleblower system
- GDPR compliance
- Risk analyses

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### Metrics and targets

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Metrics and targets related to corruption, bribery, and lobbying

- We have zero tolerance for corruption or bribery in all regions and sectors where we operate.
- No cases of corruption or bribery.
- No lobbying activities and no support for political parties.

Metrics related to payment practices

- Starting in 2024, we will tie 25% of the variable compensation for our N1-level executives and 10% of the variable compensation for our N2-level executives to our "positive rate."
  - We adhere to our standard payment terms regarding cash flows with our suppliers.
-



We view responsible and lawful conduct in all areas of our business as a fundamental requirement for our corporate success, which is why maintaining strong governance structures is crucial for us.

## Our administrative, management, and supervisory bodies

All our business areas contribute their specialized expertise to our corporate sustainable development. The strong reputation of Nolte Küchen is based on our relentless commitment to responsible and lawful conduct. Our administrative, management, and supervisory bodies play the following roles.

### GOV-1 | The role of the administrative, management, and supervisory bodies

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Disclosure of the role of the administrative, management, and supervisory bodies in business conduct

Our Chief Compliance Officer and Corporate Data Protection Officer regularly engage with the executive management in scheduled meetings to discuss matters of business conduct. Additionally, she introduces compliance topics during onboarding sessions for new employees, which occur multiple times a year, and is responsible for highlighting compliance guidelines and ensuring that the latest guidelines are transparently shared with the workforce.

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Disclosure of the expertise of the administrative, management, and supervisory bodies in matters of business conduct

Our Advisory Board, consisting of five qualified members with a 20% female representation, serves both Nolte Küchen and Express Küchen. This structure ensures that all relevant issues for both kitchen manufacturers are thoroughly addressed and discussed during board meetings. The exchange of responsibilities, tasks, and management strategies to address our material impacts, risks, and opportunities in governance takes place within a well-structured and clearly defined framework:

- Executive management meetings (1 per week)
- Meetings between executive management and all leaders (4 per year)
- Steering and control committee meetings for strategic projects (4-5 per year)
- Advisory board meetings (4-5 per year)
- General meetings (2 per year)
- Works council meetings (2 per month)
- Economic committee meetings (4 per year)
- Meetings between executive management and the works council (2 per month)

Additionally, regular meetings are held to discuss product range development.

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## Strategies and management related to our corporate policy and culture

The foundation for ensuring our responsible and lawful conduct lies in complying with all relevant laws and regulations through effective compliance management, safeguarding data protection, and fostering a corporate culture that ensures the implementation of our sustainability targets.

We strive for maximum transparency regarding our business conduct and corporate culture. To this end, we voluntarily meet disclosure requirements that go beyond materiality, as outlined in ESRS G1, within the framework of our sustainability reporting. This particularly applies to issues related to corruption and bribery.

The strategies and management systems disclosed below serve as a foundation for addressing material impacts, risks, and opportunities related to our business conduct across all areas of our value chain.

## G1-1 | Strategies related to corporate policy and culture

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Existing strategies for managing material impacts, risks, and opportunities related to business conduct

Our management systems and internal tools for overseeing our non-financial matters include the following:

- **Compliance Management System:** Regular analysis and evaluation of compliance risks coordinated by the Chief Compliance Officer. Necessary measures to mitigate risks are integrated into regulations and processes.
  - **Supplier Management:** IT-supported supplier evaluations (including reliability and quality assessments).
  - **Whistleblower System:** Analysis of anonymized reports related to corruption and bribery.
  - **Complaint Management:** Analysis of complaints falling under the Supply Chain Due Diligence Act (LkSG).
- 

Description of how the company builds, develops, promotes, and evaluates its corporate culture

To ensure good governance, our responsible business conduct, as well as the building, development, promotion, and enhancement of our corporate culture, are based on an effective compliance management system.

- It is essential that our organization is equally aware of and responsive to both existing and emerging requirements, and that these are implemented throughout the organization.

- The compliance principles embedded within the Nolte Group serve as a guide for the entire workforce, helping to avoid legal risks and violations, as well as providing a framework for assuming responsibility and practicing compliance. At the start of employment, all employees are informed of the contact details of our Data Protection Officer and Chief Compliance Officer, as well as key compliance topics. Employees receive updates on data protection and other compliance-related issues.
  - In recent years, we have made significant progress in developing our compliance management system and enhancing our focus on cybersecurity.
  - From the production of kitchen furniture in our factories to procurement, supplier management, and personnel management, we rely on internationally and nationally recognized management systems, external certifications, collective bargaining agreements, internal guidelines, and ongoing risk management.
- 

Description of mechanisms for identifying, reporting, and investigating concerns about illegal conduct or behavior that violates the code of conduct or similar internal rules

We have processes in place to prevent and detect misconduct and to address corruption and bribery. In addition to conducting regular risk assessments along our value chain, we implemented and promoted a whistleblower system on our website at the end of 2021. Reported cases are systematically pursued, and employees found to be in violation of compliance principles may face disciplinary actions or criminal sanctions.

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Disclosure of safeguards for reporting irregularities, including whistleblower protection

To protect whistleblowers, reports can be submitted anonymously. We ensure confidentiality in the examination of reported cases.

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The company is committed to promptly, independently, and objectively investigating incidents related to business conduct

We are committed to promptly, independently, and objectively investigating incidents related to our business conduct.

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Information on principles for training within the organization on business conduct

To ensure lawful and regulation-compliant behavior throughout the company and within our supply chain, we regularly inform and train our employees on relevant compliance topics. We are currently working on expanding our range of training sessions for both managers and all other employees, tailored to the relevance of their specific roles. Our internal Data Protection Officer consistently monitors our adherence to GDPR regulations and, in collaboration with the IT security officer, raises awareness among employees about relevant data protection issues and security risks. This also applies to trainees, who are introduced to the topics of data protection and IT security at the start of their training. Additionally, critical situations related to IT security are communicated through our news channel "Infomanager." All employees have access to company policies via the intranet and can use the Nolte Küchen Messenger App. The app allows employees without a personal computer to view "Infomanager" content on their smartphones and stay informed of all updates.

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Disclosure of functions most at risk of corruption and bribery

Due to our location, close supplier relationships, and thorough risk assessments along our value chain, the risk of incidents related to corruption and bribery is generally considered very low. The areas most likely to be at risk could be procurement and sales.

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To ensure the liquidity and business continuity of our suppliers, we aim to guarantee timely payments.

We ensure the avoidance of payment delays through the structured approach described below. Additionally, we provide further insight into the management of our supplier relationships.

## G1-2 | Management of Supplier Relationships

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Description of the policy to avoid payment delays, especially with SMEs

To avoid payment delays, particularly for small and medium-sized enterprises (SMEs), we have implemented efficient measures. For instance, all agreed payment terms for each supplier are recorded in our SAP system and assigned to the corresponding invoices. To ensure a smooth process, we conduct two regular payment runs per month, enabling us to make payments punctually and reliably. Moreover, we have introduced additional flexibility to handle special cases appropriately. For example, we can make ad hoc payments every Wednesday if the situation requires it.

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Description of approaches to supplier relationships considering supply chain risks and impacts on sustainability issues

We take pride in maintaining close business relationships with 95% of our top suppliers for at least ten years, with minimal turnover. We are committed to a strategic focus on a partnership-based, long-term, and trust-based collaboration throughout our value chain.

Our wood and forestry product chain (Chain of Custody) is certified by SGS, demonstrating that the wood and forestry products we use come from sustainably managed forests.

In our country-level risk assessments, we use recognized indices such as the World Justice Project, the Environmental Performance Index, and the Global Salary Index.

For Nolte and Express Küchen, there are approximately 7 suppliers identified with high-priority country risks, and around 100 suppliers associated with high-priority product group risks for Nolte Küchen. For both groups of suppliers, our internal evaluation threshold has been set very high. There is no material risk associated with these suppliers.

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Disclosure of how social and environmental criteria are considered when selecting contract partners on the supplier side

Compliance with and adherence to the requirements of the German Supply Chain Due Diligence Act (LkSG) supports us in the targeted selection and development of our supplier portfolio based on social and environmental criteria. When quality and cost are equal, we always choose the more sustainable supplier. Additionally, we maintain regular communication with several suppliers regarding sustainability matters to create synergies and learn from each other.

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We proactively implement measures to prevent and detect corruption and bribery, as outlined below.

### **G1-3 | Prevention and detection of corruption and bribery**

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Information on existing processes for preventing, detecting, and handling allegations or incidents of corruption or bribery

We conduct regular audits and risk assessments in which we evaluate our suppliers regarding the legality and quality of delivered raw materials and products (missing parts, delivery delays, contract issues, error reports, return rates, data integration, creditworthiness/risk, and end-user complaints). Additionally, we establish operational responsibilities and provide channels for expressing complaints and reports.

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The investigators or investigative committee are separate from the management chain involved in the prevention and detection of corruption or bribery

Our Compliance Officer is independent of the management chain involved in the prevention and detection of corruption or bribery.

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Information on the procedure for reporting results to administrative, management, and supervisory bodies

While we currently do not have a specific procedure for reporting results to administrative, management, and supervisory bodies, a report was recently presented by our Chief Compliance Officer for the period from January 2023 to December 2023 during a board meeting. This report included information on the conduct and outcome of a compliance risk analysis, the adoption of compliance policies, training measures, our whistleblowing system, and tax compliance.

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Information on how the measures are communicated to those for whom they are relevant (prevention and detection of corruption or bribery)

We inform our stakeholders about the existence of our whistleblowing system through various channels. More detailed disclosures on this are provided in Chapters 04 Own Workforce, 05 Workers in the value chain, and 06 Consumers and End-users.

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## Metrics and targets

We aim to further strengthen our responsible business practices, governance structures, and corporate culture, minimize potential negative impacts, and optimize opportunities.

### Metrics and targets related to corruption, bribery, and lobbying

We have zero tolerance for corruption or bribery in all regions and sectors in which we operate.

Since we can exclude material risks of corruption and bribery arising from our business activities and there were no cases of corruption or bribery during the reporting period, we have refrained from defining further targets and parameters in this context. Additionally, we do not engage in lobbying or support political parties and organizations; therefore, we do not disclose any targets or parameters here either.

We are a member of the Association of the German Kitchen Furniture Industry (VdDK) and the Association of the Wood and Furniture Industry (VHK). Due to our two locations, we are active in two industry associations where topics such as the transition to a circular economy are addressed in working groups. We also participate in regional associations like the Meller Network and the Herford District Business Location Initiative (IWKH). Furthermore, we are active in the Arbeitsgemeinschaft Die Moderne Küche e.V. (AMK) and the A30 Küchenmeile e.V. (KM), both of which are of great importance to the kitchen industry.

### Parameters related to payment practices

As mentioned in Chapter 01 General Information – Governance, starting in 2024, we will link 25% of the variable remuneration of our N1-level executives and 10% of the variable remuneration of our N2-level executives to our "Good Rate." Furthermore, as outlined below, we adhere to our standard payment terms concerning payment flows with our suppliers.

## G1-6 | Payment practices

Average number of days to pay an invoice from the date the contractual or statutory payment period begins

On average, we take 29 days to settle our invoices from the start of the contractual or statutory payment period, as we primarily work with suppliers of goods who have longer payment terms.

Description of standard payment terms by the main category of suppliers in days

We differentiate our main supplier categories into goods with an average payment term of at least one month and services with an average payment term of 14 days.

Number of pending legal proceedings due to payment delays

There were no legal proceedings for payment delays in the reporting year.

Disclosure of contextual information on payment behavior

The value is derived from the average of payments recorded in our SAP system and their settlement duration in the year 2023.



Sandy fun! Here at the TuRa Löhne beach volleyball facility, volleyball is particularly fun thanks to the volleyball net and wooden cabins from Nolte Küchen.





*Commitment to  
public good*



## Commitment to public good

Our diverse social engagement is a longstanding tradition at Nolte Küchen and has always been a priority. Our support ranges from commitment to our employees, the region, and education, to the protection of children in need and assistance to people in crisis situations. We provide support in the form of monetary as well as in-kind donations, both directly and indirectly. Below, we present our community activities that go beyond our core business.

### **Our supraregional donation projects**

We are deeply committed to supporting people in need. Crises and the resulting drastic changes in living conditions are often unpredictable and therefore require even more attention and assistance. Our motto is: support is given where it is needed.

*” Together we can always  
achieve more. “*

1| We intentionally communicate to our suppliers and business partners that we forgo Christmas gifts and instead suggest the possibility of a donation, for example, to the Children's Hospice Löwenherz.

## Child protection

We are involved with the "Children in Need" Action Group, which supports disadvantaged and needy children in India, Brazil, and the Philippines.



The Karin Nolte Foundation, closely associated with our company, has been supporting children in the region for years. Nolte Küchen actively supports the work of the Karin Nolte Foundation through regular donations. Our employees also engage in various ways. For example, during after-work events and breaks, beverages are regularly provided to all employees on a donation basis. This generates significant donations that are given to various organizations, most often to the Children's Hospice Löwenherz.

In Germany, a child is injured in traffic every 20 minutes, often because they are seen too late or not at all. At Nolte Küchen, we want to counter this sad reality. That's why we decided to equip local kindergartens and the children of our employees with safety vests in 2022 to ensure safer journeys. Our bright yellow safety vests help ensure that children are more visible in traffic and arrive at their destinations safely, day after day. Additionally, the vests are intended to raise children's awareness of traffic safety.

## Training

We are committed to promoting education for the next generation, particularly in the field of craftsmanship. For example, we support the Furniture Technical School (Möfa) in Cologne with regular donations. In the summer of 2022, the cooperation with Möfa was extended until the end of 2024 and enhanced with additional benefits.

Since October 2022, we have further deepened our collaboration with Möfa by becoming a Silver Sponsor. We have also joined the Furniture Industry Teaching Factory, set to open in the fall of 2024, which was a natural decision for us from the beginning. Creating long-term professional success and investing in tomorrow's young talent are fundamental pillars of our corporate philosophy, which is also reflected in our community engagement. Additionally, we regularly support various clubs, institutions, and foundations, such as the Lions Club Löhne, which is dedicated to helping families in need and promoting children and youth in the region.

## Our commitment to the region

We maintain a socially responsible set of values throughout the company and beyond. As a significant employer in the Herford district, we are committed to regional engagement. In 2023, we organized a tree-planting campaign in the Teutoburg Forest near Tecklenburg, with the support of Nolte employees. Around 1,400 young trees (Douglas fir, European larch, spruce, and American red oak) were planted. To contribute to biodiversity and species conservation locally, we installed beehives on our premises, which are cared for by one of our production employees, a hobby beekeeper in his spare time. We also maintain relationships with the city, local press, and mayor through various events. For instance, we provide our premises and kitchens for cooking events with the local newspaper "Neue Westfälische," readings, or the literature and music festival.

To raise awareness of sustainability in our region, we organized a sustainability festival in the summer of 2023 under the motto "Green Up Your Life." Creative DIY workshops, lectures with tips for more sustainability in everyday life, live music, and food trucks attracted many guests to the NOLTE FORUM.

In 2023, our regional donations focused on supporting children and sports. We participate in reading sponsorships and support early childhood education projects such as traffic education coloring books. In sports, we sponsor various local sports clubs around Löhne and Melle. For example, TuRa Löhne received a set of jerseys for its teams and recently benefited from a professional beach volleyball facility.

We consider it natural to support sports events like the Spatzenberg Run or the Widufix Run, the latter of which even helps create additional training positions in the region. We also have a trusting partnership with professional athletes Marcus Ehning and Johannes Lochner, wholeheartedly supporting their sporting ambition and performance. Additionally, we support employees engaged in volunteer work through material donations, financial contributions, or leave allowances, such as those volunteering for the fire department.

## Closing words

The challenges we face are significant, but they are not insurmountable. They present an opportunity for us to strengthen our commitment to sustainability and confidently take on a leading role. While we look back with pride at our achievements so far, we are equally aware that there is still much work to be done to achieve our targets for a more sustainable future. Together with each individual, we aim to grow further and continuously improve. The trusted partnerships we rely on, the innovations we release each product year, and the successes we have already achieved show us that change is possible when we act together.

We recognize that our journey is far from over. At the same time, we are firmly committed to fulfilling our responsibilities and continuously striving to find sustainable solutions. We will continue to rely on the expertise of our employees, the support of our partners, and the trust of our customers.

Your support and interest give us the motivation for the next steps on our journey. Because only together can we create a better, more sustainable world for future generations.

If you are interested in finding out more about sustainability above and beyond the coverage provided our sustainability report, we recommend taking a look at our website: [www.nolte-kuechen.com/company/sustainability](http://www.nolte-kuechen.com/company/sustainability)





Nolte Küchen's bees have been providing us with delicious honey on company premises since 2023.



## List of abbreviations

<b>OIM</b>	Occupational Integration Management
<b>CSRD</b>	Corporate Sustainability Reporting Directive
<b>DGM</b>	Deutsche Gütegemeinschaft Möbel e.V.
<b>DNK</b>	German Sustainability Code
<b>DSGVO</b>	General Data Protection Regulation
<b>EBR</b>	European Works Council
<b>ESG</b>	Environmental, Social und Governance
<b>ESRS</b>	European Sustainability Reporting Standards
<b>GHG Protocol</b>	Greenhouse Gas Protocol
<b>ICE</b>	Ideas Management
<b>ILO</b>	International Labor Organization
<b>IWKH</b>	Initiative Wirtschaftsstandort Kreis Herford e.V. (Initiative of the Herford district as a host to business and industry).
<b>KMU</b>	SME
<b>LkSG</b>	German Act on Corporate Due Diligence Obligations in Supply Chains
<b>LTIR</b>	Lost Time Injury Rate
<b>PMO</b>	Project Management Office
<b>SCE</b>	Societas Cooperativa Europaea
<b>SDG</b>	Sustainable Development Goals
<b>SE</b>	Societas Europaea Works Council
<b>GHG emissions</b>	Greenhouse gas emissions
<b>VdDK</b>	Verband der Deutschen Küchenmöbelindustrie (Association of the German Kitchen Furniture Industry)
<b>VHK</b>	Verband der Holz- und Kunststoffindustrie (German Wood and Plastics Industry Association).
<b>PEFC</b>	Programme for the Endorsement of Forest Certiification Schemes
<b>FSC®</b>	Forest Stewardship Council®

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