

Sustainability report

(summary of non-financial Group report pursuant to Section 315b of the Commercial Code)

for A.S. Création Tapeten AG

for financial year 2021

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General information

When drawing up the summary of the non-financial Group statement pursuant to Section 315b of the Commercial Code in conjunction with Section 289b and Section 289c of the Commercial Code, A.S. Création was essentially guided by the criteria of the German Sustainability Code (DNK). 14 of the 20 criteria of the German Sustainability Code catalogue are addressed. The topics were selected on the basis of their significance for the business activities of A.S. Création Tapeten AG and their relevance for the key stakeholders of the Group.

Unless otherwise stated, the qualitative statements in this report refer to the Group. The key performance indicators (KPIs), on the other hand, are only provided for A.S. Création Tapeten AG and partly for Profistil OOO, as group-wide data collection for the sustainability report will be implemented gradually in the coming years.

1. Business model

The A.S. Création Group, which is headed by A.S. Création Tapeten AG, comprises the two business divisions of wallpaper and decorative fabrics. The wallpaper division produces and distributes wallpapers and **borders** worldwide and is the larger of the two segments, accounting for 92% of Group sales in 2021. Most of the wallpapers – approx. 74% - are produced in Germany at the parent company A.S. Création Tapeten AG in Wiehl Bomig. In addition, the Belarusian affiliate Profistil OOO is responsible for approx. 26% of the total production volume.

The other operating companies in the wallpaper division are purely distribution and trading companies without their own production facilities. They are headquartered in England, the Netherlands, France and Russia.

The decorative fabrics division deals in curtains and decorative fabrics as well as sun protection products such as pleated blinds, roller blinds and vertical blinds and is headquartered in Germany.

A.S. Création's direct customers take different commercial forms, such as, for example, wholesalers and retailers, specialist stores, discount stores, DIY stores and (online) mail order companies.

A.S. Création's suppliers are based mainly in the European Union (EU). This supplier strategy focuses on security of supply and legal reliability, including with regard to European occupational and social standards.

2. Strategy and materiality assessment

A.S. Création Tapeten AG has significantly intensified its activities in the field of sustainability (known as corporate social responsibility - CSR) in 2021. A Sustainability Officer was appointed with effect from 1 January 2021. This new position, which is assigned to the

Chairman of the Board of Directors, has created the basis for the development and implementation of a comprehensive sustainability strategy for A.S. Création.

On the one hand, 2021 was a year for taking stock of sustainability activities hitherto, i.e. for determining the current state of affairs. On the other hand, the main areas of action for A.S. Création were defined with regard to the different aspects of sustainability (known as ESG criteria - environmental, social and governance)

2.1. Current situation as regards sustainability activities at A.S. Création

In 2021 the CSR measures already in place in the different areas of activity of the company were coordinated, combined and specifically promoted by the Sustainability Officer.

For a neutral evaluation of its current sustainability performance, A.S. Création Tapeten A.G. was assessed for the first time in 2021 by EcoVadis, an internationally renowned provider of sustainability ratings for companies. The assessment provides a detailed insight into environmental, social and ethical risks in more than 200 purchasing categories and over 160 countries. From the comprehensive assessment based on detailed CSR criteria, A.S. Création scored 49 points out of a possible 100. In comparison with the 90.000+ companies that have received an EcoVadis rating, A.S. Création scored in the 53rd percentile, i.e. it performed more strongly than 53 % of the companies assessed. In doing so it achieved the so-called “bronze status” in the EcoVadis assessment framework. The potential areas for improvement identified by the EcoVadis rating will be incorporated into A.S. Création’s sustainability strategy and implementation measures.



In order to actively protect the climate, the emission sources in the company must be identified. Without reliable data, it is not possible to prioritise measures. For this reason, in 2021 A.S. Création Tapeten AG drew up a “corporate carbon footprint” in collaboration with Climate Partner GmbH. The balance sheet was drawn up in accordance with the standards of the internationally recognised Greenhouse Gas Protocol (GHG Protocol) and the emission factors assessed are taken from reputable databases such as ecoinvent or GEMIS.

A.S. Création's top priority was to look in detail at the greenhouse gas emissions associated with its own business activity. For this reason, the corporate carbon footprint included not only the emissions directly produced from heat generation and mobility (Scope 1) and those from externally sourced energy such as electricity (Scope 2), but also indirect, product-related emissions (Scope 3). To measure Scope 3 emissions, all purchased raw materials and the entire logistics chain, including product disposal, had to be recorded, which involved the collection of a very large amount of data. When drawing up the environmental balance sheet the data from 2020 was assessed. Therefore, 2020 is also the base year against which A.S. Création Tapeten AG will measure future improvements and target achievement.

The corporate carbon footprint for A.S. Création Tapeten AG for 2020 shows the following greenhouse gas emissions, converted into CO₂ equivalents (CO₂e):

Emissions	2020	
	in tons CO ₂ e	Share
Scope 1 (heat, cooling, company vehicles)	8,938.60	7.8 %
Scope 2 (electricity)	3,246.06	2.9 %
Scope 3 (purchased goods, logistics, disposal, etc.)	101,568.08	89.3 %
Total emissions	113,752.74	100.0 %
<i>of which site-related emissions</i>	<i>(16,614.70)</i>	<i>(14.6 %)</i>

In addition to the absolute emission values, evaluations of the main emission sources were also carried out. Because of the production materials and consumables used, in manufacturing companies the largest proportion of total emissions is typically accounted for by Scope 3 emissions. This is also the case at A.S. Création Tapeten AG. Accordingly, this area represents the biggest improvement lever as regards to the corporate carbon footprint. The proportion of total emissions accounted for by Scope 3 emissions at A.S. Création Tapeten AG is as follows:

Emissions	2020	
	in tons CO ₂ e	Proportion of total emissions
Purchased goods and services	74,196.53	65.2 %
End-of-life disposal of sold products ¹	19,639.52	17.3 %
Upstream chain of Scope 1 & 2 energy-related emissions ²	3,321.90	2.9 %
Outbound logistics	2,371.16	2.1 %
Remaining items, cumulative (employee commuting, business travel, operational waste, upstream transportation)	2,038.97	1.8 %
Total Scope 3 emissions	101,568.08	89.3 %

The absolute level of emissions in a year is largely determined by the level of the company's business activity in that year. Therefore, changes in emissions can only be meaningfully

¹ This value is hypothetical, as every wallpaper sold is also disposed of at some point. Here the typical disposal route (non-recyclable waste) currently used for the product is assumed.

² The manufacture and supply of the purchased energy sources electricity and gas also generate emissions (known as upstream emissions). This value takes this fact into account.

assessed on the basis of relative KPIs. These are as follows for A.S. Création Tapeten AG for 2020:

KPI	2020 in tons CO ₂ e
Total emissions per employee	237.93
Total emissions per ton of finished product	5.22
Company-related emissions per ton of finished product	0.76
Total emissions per € 100,000 turnover	112.90

Due to the large amount of data collection involved, as explained above, the environmental balance sheet for 2021 has not yet been completed at the time of publication of this sustainability report. Checks are being carried out to see whether the data collection process can be adapted in such a way that the corporate carbon footprint for 2022 can also be presented as part of the Sustainability Report for 2022.

2.2. Key areas of action in the sustainability strategy

Based on a systematic analysis of the business activities along the value chain of A.S. Création, the first step was to define the key action areas for a superior sustainability strategy. In this definition, A.S. Création was on the one hand guided by external frameworks such as the German Sustainability Code (DNK) and the 17 Sustainable Development Goals (SDGs) of the United Nations. In addition, the selection was guided by the pragmatic approach in terms of areas in which A.S. Création as a company can actually bring about significant changes. The following areas of action were identified:

1. Product safety

As wallpapers are used indoors, the product should not only give the consumer a positive feeling of wellbeing, it must also be non-hazardous to health. Therefore, product safety is one of the most important sustainability aspects for A.S. Création. For this reason, A.S. Création is constantly working to further improve product quality and is investing in the research and development of innovative new formulations.

2. Resource utilisation and climate-related emissions

As a manufacturing company, A.S. Création uses natural resources. Raw materials for the production of wallpapers, energy to operate the plants as well as water for cleaning and cooling the technical equipment. Waste is also generated, particularly in the production process. This puts a strain on the earth's limited resources and the resulting greenhouse gases also put a strain on the ecosystem. In this context, A.S. Création aims to save valuable resources, avoid energy consumption and replace fossil fuels by acting efficiently.

3. Working conditions and promotion of young talent

A.S. Création's products are fashionable products that are subject to colour and design trends that differ from country to country. In order to survive in a market that regularly poses major challenges to companies due to changing trends, a team is required that combines technical expertise as well as creativity, inventiveness and the ability to anticipate. As a result, it is not only very important for A.S. Création to create an open and unprejudiced organisational culture that fosters the above-mentioned aspects. Indeed, the personnel policy must also be geared towards inspiring and attracting committed young talent to the company so that the company remains sensitive and open to new developments in the future. For this reason, A.S. Création's sustainability strategy attaches great importance to ensuring health, equal opportunities as well as training and further education and therefore employee satisfaction.

4. Compliance and business ethics

Statutory and legal regulations form the framework within which a company operates. Non-compliance with these regulations can have an adverse economic impact on the company and, in extreme cases, can lead to insolvency. As an internationally operating and listed joint stock company, A.S. Création Tapeten AG is subject to a multitude of regulations, which are steadily increasing in number and complexity. From A.S. Création's perspective, compliance with laws and guidelines is therefore a key aspect of its sustainability strategy. As the decisions and actions of A.S. Création's employees not only have an impact within the company but may also affect people and companies along the supply chain, A.S. Création aims to act in a considerate and far-sighted manner in its business dealings in order to protect people and nature.

5. Economic success

Economic success is, of course, one of the key prerequisites for the survival of a company. Only a very good financial position enables the long-term financing of investments and expenditures that are necessary to ensure the future viability of a company in the sense of a sustainable existence. Ecology and economy must therefore go hand in hand. Without sustainable economic success, the long-term implementation

of improvements in the area of CSR will not be possible. A.S. Création is convinced that environmentally responsible action and economic success are not mutually exclusive and that they will be interdependent in the medium term. Therefore, we at A.S. Création consider it our responsibility to establish the issues of profitability and sustainability as two sides of the same coin, both in our corporate strategy and in our internal operating processes. We want to raise awareness within the company through communication and action.³

2.3. Risk assessment

For the key sustainability aspects listed in section 3.2, a risk assessment was carried out in accordance with Section 315c of the Commercial Code in conjunction with Section 289c (3) of the Commercial Code. This assessment examined whether material risks arise from the business activities of A.S. Création or in connection with the business relationships, products and services of A.S. Création that are very likely to have a serious negative impact on the key sustainability aspects of A.S. Création. No reportable risks were identified.

3. Product safety

As wallpapers are used indoors, the wallpapers produced by A.S. Création should not only give the consumer a positive feeling of well-being, they must also be non-hazardous to health. To achieve this goal, A.S. Création attaches high priority to certifications, inspections and measurements.

3.1. Raw materials used

At A.S. Création, the safety of all raw materials and chemicals used is of utmost importance. We comply with the strict statutory regulations for interior products and even go beyond them in many areas. The consistent observance of and compliance with these norms and standards is regularly reviewed by internationally accredited testing institutions. A.S. Création therefore offers its customers a safe and healthy product that can be used with confidence to decorate walls in sensitive living areas.

In order to achieve further improvements in this area, a project was launched in 2021 with the aim of phasing out the use of phthalates in the production of wallpapers. This project was successfully completed in January 2022. The technical conversion process will take place in the first half of 2022 so that from June 2022 the wallpapers produced by A.S. Création Tapeten AG will contain no phthalates.

³ Points 1-4 of the materiality assessment are addressed and specified in the following sections. Point 5 "economic success" is already addressed in detail in the annual business report and is therefore not mentioned again here.

3.2. Certifications

The production of all wallpapers manufactured by A.S. Création is subject to the relevant valid EN or DIN standards. For example, all wallpapers produced by A.S. Création bear the required CE mark in accordance with EN 15102. This serves as evidence that A.S. Création wallpapers meet the criteria defined by the European Union (EU). These also include the fire safety criteria in accordance with EN 13501-01. Particularly in the Belarusian production facility, the so-called "GOST" marking, which defines the criteria for wallpapers in the Russian economic area, is an important requirement.

In order to provide its customers with a level of safety that goes beyond the legal requirements, A.S. Création is also committed to meeting the technical, health and environmental requirements of Gütegemeinschaft Tapete e.V., which are documented in RAL-GZ-479⁴. Furthermore, the product-related ambient air emissions (known as VOC) of all A.S. Création wallpapers comply with the requirements of the German AgBB⁵ regulations as well as the lowest emission class "A+" according to the corresponding French regulations.

Moreover, wallpapers produced by A.S. Création in 2021, regardless of the site where they were produced, are certified with the FSC seal, which guarantees the use of wood and paper products from responsibly managed forests. Through its work, the Forest Stewardship Council (FSC) contributes to the maintenance of the forest ecosystem and thus also protects animal and plant species threatened with extinction.⁶

In order to continue to meet these high quality standards, the quality management team monitors compliance with the relevant standards, norms and specifications. Accordingly, the quality management system in accordance with ISO 9001:2015 implemented both at the production facility in Germany and at the production facility in Belarus is of material importance for A.S. Création.

4 Gütegemeinschaft Tapete e. V. has drawn up quality and testing regulations for wall coverings which, in addition to technical quality requirements, contain further requirements and tests, with regard to the health and environmental safety of wall coverings. (Source: https://www.tapeten.de/media/tapete_ral-gz_479_ausgabe_06.14_01_1.pdf)

5 Committee for the Health-related Evaluation of Building Products

6 Due to a decision by the Forest Stewardship Council of 8 March 2022, all FSC certificates in Belarus will be withdrawn from 8 April 2022 until further notice, as the established control mechanisms can no longer be maintained due to the tense political situation.

3.3. Research and development

Wallpaper is a fashionable product that is subject to constant trend changes. Accordingly, a large part of the product development process at A.S. Création is devoted to the development of new designs and new surface structures and is, in this sense, primarily a creative process.

In addition, A.S. Création engages in a wide range of research and development activities in the true sense of the word, which are coordinated by the company's own laboratory. In addition to the development of new formulations for the paints and plastisols used, new raw materials available on the market are tested for their suitability for wallpaper production and collaborations with external partners are implemented with the aim of developing new raw materials. One example of these collaborations is the development of an alternative raw material to PVC that can be processed in A.S. Création's existing production processes. For this purpose, A.S. Création has entered into various collaborations. One result is, for example, a PVC-free vinyl wallpaper whose coating is not based on organic solvents and plasticisers. This makes it possible to further reduce the VOC emissions and environmental impact generated by the wallpaper. The corresponding wallpaper collection was presented to customers in autumn 2021 under the name "d'éco".

A.S. Création will continue to expand its research and development activities in the coming years, focusing on the development of sustainable wallpapers and the reduction of overall emissions.

4. Resource utilisation and climate-related emissions

4.1. Raw material management

As a manufacturing company, the area of raw material management is of fundamental importance. A.S. Création requires very good raw materials to produce visually impressive, high-quality, durable wallpapers that are safe for customers.

A.S. Création's two-pronged sustainability strategy aims to reduce the environmental impact of the raw materials used. Firstly, it aims to reduce the amount of raw materials by increasing material efficiency. This includes, for example, reducing the rejection rate in production. Secondly, it aims to improve the quality of the raw materials used with regard to their environmental impact.

A.S. Création has established a continuous improvement process (CIP) in its corporate organisation, which is designed to increase occupational health and safety, improve product quality and realise cost savings through efficiency gains. At the production facility in Germany, the rejection rate in 2021 was maintained at the previous year's level, although there were strong fluctuations in capacity utilisation as a result of the coronavirus pandemic, which had an adverse impact on the rejection rate. At the production facility in Belarus, the rejection rate was significantly down on the previous year.

In 2021, a start was made on systematically reviewing the materials currently used in order to determine whether more sustainable alternatives exist. This involves, for example, using recycled raw materials instead of the original raw materials or switching from fossil-based materials to bio-based alternatives. This review has led, for example, to the use since 2021 of shrink films with a higher recycled content at A.S. Création Tapeten AG and to a switch to biodegradable variants for wrapping films.

4.2. Waste management and circular economy

In the daily operation of a production company, waste inevitably accumulates. One source of waste in wallpaper, for example, is the so-called start-up rolls. This is the waste that accumulates until the printing system is adjusted so that the various printing inks are exactly matched to each other and together produce the desired design in the desired colour. Border offcuts also account for a significant proportion of waste. As the printing systems cannot print right to the edge of the paper or non-woven fabric, unprinted areas remain at the borders. These are cut off after printing so that the finished wallpaper rolls can be hung next to each other. These two waste sources together with wallpapers disposed of, due, for example, to quality defects, make up what we define as "pure wallpaper waste". In addition, wallpaper production generates waste in the form of surplus inks and plastisols as well as residues from the cleaning of printing tools. Finally, cardboard packaging and typical production waste, such as filter materials and municipal waste, also contribute to the total amount of waste generated. Hazardous waste plays a minor role in wallpaper production. In 2021, only 0.46% of the total waste generated by A.S. Création Tapeten AG is classified as hazardous waste in accordance with the Waste Catalogue Ordinance (AVV). This waste consists of absorbent and filter materials that are contaminated with oils.

With regard to the sustainability strategy, waste management has two main goals. On the one hand, to reduce the amount of waste generated and, on the other hand, to recycle as much of the unavoidable waste as possible. In this way, A.S. Création helps to promote the circular economy within the meaning of the German Closed Cycle Management Act and to achieve objective No. 4 "Transition to a circular economy" of the EU Taxonomy regulation.

Waste intensity in relation to the total amount of waste generated was as follows in 2021:

Waste intensity (total) (in kg per ton of finished product)	2021 kg	2020 kg	Change
Production facility in Germany	305.90	289.90	5.5 %
Production facility in Belarus	131.87	169.00	-22.0 %

One indicator for the promotion of the circular economy is the proportion of waste that is reused. In this context, A.S. Création is researching the best solutions for the recycling of the "pure wallpaper waste". In 2021, new solutions were found for the re-use of wallpaper waste in collaboration with waste management companies. One example is the use of separated so-called "cast paper" as a raw material in the production of corrugated cardboard.

In 2021, A.S. Création Tapeten AG recycled 60.2% (previous year: 83.7%) of the pure wallpaper waste. This fall is attributable to the fact that recyclers accepted lower volumes of waste in 2021 than in 2020.

In order to convert the pure wallpaper waste into a genuine recycling product in the long term, a research project was launched in the spring of 2021 in collaboration with a local university, which is expected to run until autumn 2022. As part of the Master's programme in "Renewable Energies", students are researching material and raw material technologies for recycling wallpaper waste.

4.3. Water management

The water used at A.S. Création Tapeten AG is mainly used for production purposes. Of the total water consumption in 2021, 77.5% was used for cooling towers, 3.2% for the cleaning of printing tools, 0.7% for colour mixing and 18.6% for sanitary facilities and other uses.

Water intensity in 2021 was as follows:

Water intensity (in m ³ per ton of finished product)	2021 m³	2020 m³	Change
Production facility in Germany	0.98	0.87	12.3 %
Production facility in Belarus	0.49	0.55	- 10.9 %

The higher water intensity at the production facility in Germany is due to maintenance and repairs on the cooling towers during 2021. In 2022, new cooling towers will be installed there, which will have a higher efficiency level and should significantly reduce the water intensity.

4.4. Energy management

The primary energy sources at both the production facility in Germany and the production facility in Belarus are natural gas and electricity. Natural gas is needed to operate the thermal exhaust air purification system and simultaneously generate the required process heat. The largest consumers of the electricity used are the production facilities as well as compressed air and refrigeration.

With regard to energy sources, a holistic energy strategy ensures efficient energy use. Therefore, A.S. Création Tapeten AG uses thermal exhaust air purification systems with integrated energy carrier conversion systems. This means that the energy from the thermal exhaust air purification systems can be used, for example, to dry the inks in the printing process. This is done via efficiently designed heat exchangers. This simultaneously saves energy, reduces emissions and minimises the remaining waste heat potential.

As part of A.S. Création Tapeten AG's energy management system, certified in accordance with ISO 50001:2018, this energy strategy is enhanced by continuously recording and analysing energy consumption values. In order to monitor progress as regards energy optimisation, quarterly energy reports are prepared with regard to the German production facility. In addition to a detailed analysis of KPIs with a particular focus on energy intensity and emissions, these reports also include an evaluation of the measures implemented in the past business year. Implementation and progress (effectiveness checks) are monitored and managed by the energy manager. The energy reports also describe concrete action and investment plans for the next business year and provide an overview of strategic energy goals in connection with compliance with the energy programme.

The production facility in Belarus has a similar energy coupling strategy as the production facility in Germany. Although no certified energy management system has been implemented at the production facility in Belarus, the facility has an energy officer who is responsible for monitoring and managing consumption data and for reporting it to the local authorities. The energy officer regularly communicates with A.S. Création Tapeten AG on energy-related issues.

Energy intensity in 2021 was as follows:

Energy intensity (in kWh per ton of finished product)	2021 kWh	2020 kWh	Change
Production facility in Germany	2,631.17	2,440.97	7.8 %
Production facility in Belarus	4,118.85	4,218.71	-2.4 %

Energy intensity was lower at the production facility in Germany in 2021, as the lockdowns imposed in connection with the coronavirus pandemic led to very strong fluctuations in demand and thus to a very uneven utilisation of production capacities over the course of the year, as well as to an overall fall in production volume. As production facilities have the

highest energy efficiency when working at consistently high capacity, energy intensity at the facility in Germany increased.

In Belarus, a less complex and thus lower-maintenance energy coupling system is used. Here, the heat generated from thermal exhaust air purification is used to heat the production and administration buildings through the use of heat exchangers. However, there is no heat transfer medium in service that can convert the waste heat into process heat. Ink is dried by direct heating with gas burners, which explains the higher energy intensity.

4.5. Climate-related emissions

Climate change is one of the greatest challenges of our time. In its 17 goals for sustainable development (SDGs), the United Nations emphasises in Goal 13 ("Take urgent action to combat climate change and its impacts") the special responsibility of private sector companies in the fight against climate change. A.S. Création is aware of this responsibility and will significantly intensify its activities to reduce climate-related emissions in the coming years, thus helping to comply with the Paris Climate Accords and to limit global warming to a maximum of 1.5 degrees.

By preparing the first corporate carbon footprint for the year 2020 during 2021 (see section 3.1), A.S. Création has laid the foundation for identifying the main levers that can lead to a significant reduction in emissions. Based on this, A.S. Création will now develop a long-term action plan that will include ambitious interim targets with regard to reducing emissions. As indirect, product-related emissions (Scope 3) account for the majority – about 89% - of A.S. Création Tapeten AG's total emissions, the most important goal is to reduce the climate impact of the wallpapers themselves. It is planned to publish this catalogue of measures and targets as part of the next Sustainability Report.

As the 2020 corporate carbon footprint shows, around 14.6% of A.S. Création Tapeten AG's emissions are attributable to so-called site-related emissions. These are the emissions that are mainly combined in Scope 1 and Scope 2, i.e. the emissions resulting from self-generated heat, mobility, purchased energy, operational waste and what are known as "upstream emissions"⁷. The aim is to reduce the site-related emissions per ton of finished product by 20% from 0.76 tCO₂e in 2020 to 0.61 tCO₂e in 2022 - regardless of the long-term target and action plan yet to be drawn up. A.S. Création Tapeten AG has already taken a significant step towards achieving this target in 2021 by sourcing all its electrical energy from renewable sources. This energy comes from hydropower plants and is certified according to the criteria of TÜV SÜD/EE00 classification. Therefore, as regards energy consumption, all electrical energy has been carbon-neutral since the beginning of 2021. For 2022, corresponding hydropower-based electricity capacities have already been secured to cover the anticipated electricity demand.

⁷ The manufacture and supply of the purchased energy sources electricity and gas also generate emissions (known as upstream emissions). This value takes this fact into account.

Although attention is focused on the major emission drivers, consideration is also given to smaller potential improvements that can be implemented without major outlay. For example, energy-efficient cold-air hand dryers are being installed in the washrooms at A.S. Création Tapeten AG, replacing the paper towels previously used. This measure will save around two tons of CO₂ every year.

5. Working conditions and promotion of young talent

It is essential for the sustained success of A.S. Création that the right employees work for the company. This means that A.S. Création has a team that combines professional expertise as well as creativity, inventiveness and foresight and is committed to the success of the company. It is therefore of great importance to create an open and unprejudiced organisational culture that fosters the above-mentioned aspects and to gear the personnel policy towards inspiring and attracting a sufficient number of junior staff to the company.

5.1. Occupational health and safety

A safe working environment, which takes into account the health-related concerns of the employees, fosters their motivation and commitment. At A.S. Création Tapeten AG, occupational health and safety is the responsibility of the Occupational Health and Safety Committee, which is chaired by the Occupational Health and Safety Officer and complemented by representatives of the Human Resources department, the specialist departments and the works council as well as the head of production and logistics. All issues related to occupational health are discussed in this committee. These include risk assessments, acute problems, training and testing strategies and general improvement measures.

Regular mandatory examinations are also conducted for employees with an increased risk potential, e.g. hearing protection tests for production staff. In addition, regular examinations, such as eye tests for employees who work with VDUs, are offered on a voluntary basis.

During the coronavirus pandemic, there was a considerable expansion in occupational safety and health protection measures. Examples of this included split production shifts and the vaccination campaign organised by the company. Complex organisational measures enabled a contactless transfer between the production shifts, therefore significantly reducing the risk of a cross-shift chain of infection. A.S. Création Tapeten AG also arranged a total of 303 vaccination appointments in the period from June 2021 to February 2022. This laid the foundation for the fact that the percentage of fully vaccinated or recovered people at A.S. Création Tapeten AG as of the end of February 2022 is 87.5%, which is much higher than the general population average.

At A.S. Création Tapeten AG, the following two KPIs are used for the field of occupational health and safety:

- the internationally used "Lost Time Injury Frequency Rate" (LTIFR), which maps the number of lost time injuries for each 1 million hours worked (definition: total number of lost time injuries x 1.000.000 / total hours worked)
- the proportion of sickness absences accounted for by lost time injuries, which reflects the number and severity of workplace accidents

These KPIs were as follows at A.S. Création Tapeten AG in 2021:

	2021	2020	Change
Lost Time Injury Frequency Rate	50.91	27.96	82.1 %
Percentage of absences accounted for by lost time injuries	0.521 %	0.287 %	0.234 percentage points

The increase in both KPIs was analysed by the Occupational Health and Safety Committee. It was found that the increase in the number of workplace accidents (the KPI LTIFR) was mainly due to an increase in accidents on the way to or from work (known as commuting accidents). The increase in the second KPI (percentage of absences accounted for by lost time injuries) was also not caused by accidents at the production facility, but by a single commuting accident that led to a particularly long period of incapacity for work.

5.2. Training and further education

In 2021, on average, the large majority - 69.0% (previous year: 70.3%) - of the employees of the A.S. Création Group were employed in Germany. Therefore, the consequences of the demographic change in Germany, in particular the rising median age and the increasing competition for good junior staff, will pose particular challenges to A.S. Création. Accordingly, the commitment to training and further education is key to the sustained development of A.S. Création.

In-company training plays a particularly important role in this respect. Trainees not only identify closely with the company and the products, but as the "mouthpiece" of the younger generation they can voice their own ideas and attitudes and thus keep both A.S. Création and the product – wallpaper - "young". This applies in particular to the field of sustainability.

Every year, A.S. Création trains young people in thirteen different commercial and industrial professions. In order to continue to be perceived as an attractive, reliable employer and training company, A.S. Création must be present, transparent and accessible for young people. Measures implemented in this regard include:

Regular participation in careers fairs and close collaboration with schools help to establish constant contact with schoolchildren in the region. A.S. Création offers taster courses and internships, which give interested students the opportunity to gain an insight into different trades. The possibility of a dual curriculum studying programme on completion of training makes the prospect of training at A.S. Création even more attractive.

The website "Azubi-Blog – von Azubis für Azubis"⁸ [trainee blog – by trainees for trainees] was launched as an trainee-only project to provide interested parties from outside the company as well as the trainees themselves with a comprehensive insight into the different trainee courses, internships and activities as well as events involving A.S. Création. Trainees independently contribute new posts to this blog with authentic insights into daily life at A.S. Création from the trainees' perspective. In 2021, the trainee blog widened its scope to the social media platforms Instagram⁹ and TikTok¹⁰. These feature, for example, new video formats such as interviews with the trainees or short videos of the working day.

In order to meet the goal of securing the next generation of employees, trainee levels should be at least 7% per year. Last year, the trainee levels were 6.8% (previous year: 6.5%).

5.3. Equal opportunities

A.S. Création is committed to gender equality and encourages work-life balance. With regard to gender equality, A.S. Création Tapeten AG analyses the trend as regards the proportion of women in the total workforce as well as the proportion of women at the first and second management levels below the Board of Directors. A.S. Création Tapeten AG has set itself the target of increasing the proportion of women at the first management level to 10% and at the second management level to 30% by 31 December 2026. These KPIs were as follows at A.S. Création Tapeten AG in 2021:

⁸ azubiblog.as-creation.de

⁹ https://www.instagram.com/azubiblog_ascreation/?hl=de

¹⁰ https://www.tiktok.com/@azubiblog_ascreation?lang=de-DE

	31.12.2021	31.12.2020	Change
Percentage of women in the workforce	24.0 %	23.8 %	0.2 percentage points
Percentage of women at the 2nd management level	20.0 %	20.0 %	unchanged
Percentage of women at the 1st management level	7.1 %	7.1 %	unchanged

Another aspect of equal opportunities is to provide employees with physical disabilities with the best possible support. At A.S. Création Tapeten AG, this role is fulfilled by the representative body for disabled employees, which works closely with the Human Resources department to promote the integration of severely disabled people into the company.

6. Compliance and business ethics

Compliance with laws, rules and internal regulations is ingrained within A.S. Création Tapeten AG's workforce. The Head of Compliance and the Information Security Officer report directly to the Board of Directors and manage the establishment and development of the compliance structure in the A.S. Création Group.

6.1. Compliance

For A.S. Création, the focus in the area of compliance is on the following issues:

- Compliance with the legal requirements at the production facilities, in particular in the areas of workplace and production safety as well as energy and environmental requirements, is a basic prerequisite for sustainable production. For the production facility in Germany, the list of applicable laws and regulations is updated every six months in collaboration with an external specialist company (known as a schedule of legal provisions). The Head of Compliance is responsible for monitoring compliance with the regulations included in the schedule of legal provisions in collaboration with the site manager, the technical representatives and the heads of department.
- Working with business partners with a particular focus on (i) antitrust and competition law, (ii) combating corruption and (iii) other aspects of interactional fairness.
- Compliance with legal requirements in trade, focusing on (i) the Money Laundering Act and (ii) international trade law requirements regarding restricted party screening.

- Creating awareness among employees as regards (i) the handling of company information, i.e. the protection of business and trade secrets, (ii) the handling of stock market-related company information and (iii) conduct in the event of a conflict of interest.

In 2021, there were no known breaches in connection with compliance issues.

6.2. Responsible information management

The issues of IT security and data protection have become increasingly important in recent years and are now among the core issues in internal risk management.

A.S. Création's information security policy contains the principles of IT security and directives for the areas of information security and data protection. In order to continuously raise awareness and train employees in these two areas, an e-learning platform was introduced in 2021, through which all employees of the A.S. Création Group who work with computers participate in training courses. These training courses are mandatory and cover security issues such as how to work with websites, e-mails and data carriers and are designed to raise the employees' awareness of cyber risks and data protection issues.

In addition, the IT structure at A.S. Création is regularly inspected for weaknesses in order to maintain a high level of information security.

6.3. Data protection

Data protection in each Group company is the responsibility of a Data Protection Officer. This is coordinated by A.S. Création Tapeten AG's Data Protection Officer, who is also responsible for the group-wide development of data protection. In 2021, a data protection audit was conducted at A.S. Création Tapeten AG by an external auditor, who confirmed that A.S. Création Tapeten AG has a good level of data protection. The implementation of the findings and recommendations of the audit at the companies of the A.S. Création Group will be completed in 2022.

6.4. Business ethics

To implement Directive (EU) 2019/1937 on the protection of persons who report breaches of EU law, a digital whistle-blower system¹¹ was implemented for the A.S. Création Group at the end of 2021. Employees of A.S. Création and business partners can use the system to report actions by employees of a company belonging to the A.S. Création Group that are contrary to laws, standards or A.S. Création policies. The use of a

¹¹ <https://as-creation.whistleblower-system.de/>

digital whistleblowing system ensures that the identity of the person making the report and the content of the report are kept confidential.

7. Report according to the EU Taxonomy Regulation

Pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments (known as the Taxonomy Regulation or EU Taxonomy Regulation), A.S. Création Tapeten AG is obliged to provide information on how and to what extent the company's activities are associated with economic activities that are classified as environmentally sustainable economic activities under the EU Taxonomy Regulation.

A.S. Création Tapeten AG is a non-financial company and must therefore disclose the following:

- the share of sales revenues generated from products or services associated with economic activities that are classified as environmentally sustainable and
- the proportion of capital expenditure (known as CapEx) and the proportion of operating expenditure (known as OpEx) relating to assets or processes associated with economic activities that qualify as environmentally sustainable.

The classification as "environmentally sustainable" is based on Article 3 and Article 9 of the EU Taxonomy Regulation. According to Article 3 of the EU Taxonomy Regulation, an economic activity is considered environmentally sustainable if it contributes substantially to one of the six environmental objectives set out in Article 9 and does not significantly harm any of the other objectives. In addition, minimum standards with regard to occupational health and safety and human rights standards must be met.

The six environmental objectives defined in Article 9 of the EU Taxonomy Regulation are:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Articles 10 and 11 of the EU Taxonomy Regulation stipulate that in 2022 only the first two objectives (climate change mitigation and climate change adaptation) must be reported on.

In a supplementary delegated regulation (2021/2139 of 4 June 2021), the EU Commission has determined, by means of what are known as "technical screening criteria", the conditions under which an economic activity can be considered as contributing significantly to climate change mitigation or climate change adaptation and whether that economic activity prevents significant harm to any of the other environmental objectives. Activities that are described in the technical screening criteria are referred to as "taxonomy-eligible". Activities that fulfil the described technical criteria are "taxonomy-aligned".

- Turnover

In 2021, A.S. Création Tapeten AG's turnover was € 96,108,000.

The economic activity "manufacture of wallpaper" as defined in NACE code 17.24 is not described in the technical screening criteria. Therefore, A.S. Création's economic activity is not taxonomy-eligible and cannot therefore be taxonomy-aligned in the sense of the above definition. Accordingly, the proportion of A.S. Création Tapeten AG's turnover derived from ecologically sustainable products and services is 0% in the financial year 2021.

- Capital expenditure (CapEx)

Annex I No. 1.1.2.1. (1) of Delegated Regulation 2021/4987 defines capital expenditure (CapEx) as *"additions to tangible and intangible assets during the financial year considered before depreciation and revaluations, including those resulting from revaluations and impairments for the relevant financial year and excluding fair value changes."* According to IFRS 16.53 (h), leases must also be taken into account. A.S. Création Tapeten AG's capital expenditure (CapEx) within the meaning of this definition was € 3,875,000 in 2021.

Environmentally sustainable capital expenditure (CapEx) within the meaning of the EU Taxonomy Regulation is investment in assets that are associated with taxonomy-aligned economic activities or that are part of a plan to expand taxonomy-aligned economic activities. This also includes investments directed towards low-carbon performance within 18 months or towards reducing greenhouse gas emissions.

The Board of Directors estimates that € 156,000 or 4.0% of A.S. Création Tapeten AG's total capital expenditure (CapEx) in the financial year 2021 could be classified as environmentally sustainable within the meaning of the EU Taxonomy Regulation. These related to activities that fall within the scope of the following articles of the EU Taxonomy Regulation or one of its delegated acts:

- Article 10 (1) c) of the EU Taxonomy Regulation
- Delegated Regulation (EU) 2021/2139 - 8.1. data processing, hosting and related activities.

- Operating expenditure (OpEx)

Annex I No. 1.1.3.1. of Delegated Regulation 2021/4987 defines operating expenditure (OpEx) as *"direct, non-capitalised costs that relate to research and development, building refurbishment measures, short-term leasing, maintenance and repair, and any other direct expenditure relating to the day-to-day maintenance of tangible fixed assets."* € 2,985,000 of A.S. Création AG's total operating expenditure in the financial year 2021 were operating expenses (OpEx) within the meaning of the EU Taxonomy Regulation.

Environmentally sustainable operating expenditure (OpEx) within the meaning of the EU Taxonomy Regulation is expenditure for assets or processes that are associated with taxonomy-aligned economic activities or that are part of a plan to expand taxonomy-aligned economic activities. This also includes the acquisition of (services) from taxonomy-aligned economic activities and measures promoting low-carbon performance within 18 months and reduced emission of greenhouse gases. The Board of Directors estimates that € 497,000 or 16.6% of A.S. Création AG's operating expenditure (OpEx) in the financial year 2021 could be classified as environmentally sustainable operating expenditure (OpEx) within the meaning of the EU Taxonomy Regulation. These related to activities that fall within the scope of the following paragraphs of the EU Taxonomy Regulation or one of its delegated acts:

- Delegated Regulation (EU) 2021/2139 - 4.25 Generation of heat/cold from waste heat
- Delegated Regulation (EU) 2021/2139 - 5.5 Collection and transport of non-hazardous waste in source-segregated fractions
- Delegated Regulation (EU) 2021/2139 - 7.3 Installation, maintenance and repair of energy-efficient equipment
- Delegated Regulation (EU) 2021/2139 - 8.2 Data-driven solutions to reduce greenhouse gas emissions
- Delegated Regulation (EU) 2021/2139 - 9.1 Market-oriented research, development and innovation

In summary, the share of environmentally sustainable economic activities according to the EU Taxonomy Regulation at A.S. Création Tapeten AG in the financial year 2021 is as follows:

	2021
Turnover	
Total	€ 96,108.000
(of which environmentally sustainable)	(€ 0 i.e. 0.0 %)
Capital expenditure (CapEx)	
Total	€ 3,875,000
(of which environmentally sustainable)	(€ 156,000 i.e. 4.0 %)
Operating expenditure (OpEx)	
Total	€ 2,985,000
(of which environmentally sustainable)	(€ 497,000 i.e. 16.6 %)

Gummersbach, 14 March 2022

A.S. Création Tapeten AG

Board of Directors

Krämer

Suskas