



# Sustainability Report

## Kermi Group

### 2024

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## II LIST OF ABBREVIATIONS

NUM	Number
cbm	Cubic meter
CSRD	Corporate Sustainability Reporting Directive
ElektroG	Electrical and Electronic Equipment Act
ESRS	European Sustainability Reporting Standards
GHG	Greenhouse gas reduction rate
IRO	Impacts, Risks and Opportunities
KIM	Kermi Idea Management
KPI	Key Performance Indicator
MWh	Megawatt hour
n.i.	Not identified
t	Ton
tCO <sub>2</sub> e	Ton of carbon dioxide equivalent
FTE	Full time equivalent

# 1 Overview

## Foreword by the Executive Board

We are pleased to present the Kermi Group's 2024 Sustainability Report on the following pages. As sustainable business practices and social responsibility form the foundation of our corporate activities, we would like to use this report to show you how we are implementing our goals, measures, and approaches in the companies of the Kermi Group. We provide you with an in-depth insight into our group. In addition to figures, data, and facts, we would also like to explain our thought processes to you.

This sustainability report provides you with an up-to-date overview of our activities in the areas of social affairs, the environment, and corporate governance. In 2024, we conducted a double materiality analysis for the first time, which forms the basis for the presentation of our key topics. Building on this, we provide you with information on the topics we have identified as material, including relevant key figures and supplementary information. Even though the report does not fully comply with the current European Sustainability Reporting Standards (ESRS) of the Corporate Sustainability Reporting Directive (CSRD), it offers you a transparent and meaningful insight into our performance in the various fields of action.

Special thanks go to our employees, customers, partners, and stakeholders who are walking this path with us. Your commitment, ideas, and trust make our work possible and measurably more



successful. We know that sustainability is not a state, but an ongoing process. With this conviction, we are implementing our ambitions, goals, and measures in a targeted manner – transparently, measurably, and with a focus on sustainable growth.

We would like to thank you very much for your interest and hope you enjoy reading this report.

Kerstin Sticht

Jan Kujaw

Managing Director  
Kermi GmbH

Managing Director  
Kermi GmbH

# 2 Key Topics

## 2.1 General requirements in this area

This chapter provides an introduction to the integration of sustainability within our business model. Since the ESRS 2 standard from the CSRD covers precisely these points, you will find more detailed information on our sustainability strategy and the integration of sustainability into our business model in chapter 3.3.

Sustainability is part of our business strategy. We do not view sustainable behavior as an add-on, but rather integrate it into every decision within our group. In this section, we want to give you a general understanding of this behavior. In doing so, we will address some of the requirements of the ESRS 2 standard.

In the individual departments, the department heads have various tools at their disposal to implement and monitor sustainable measures. Senior management is responsible for monitoring risks, opportunities, and goals in the area of sustainability. This is done with the support of the sustainability managers, who analyze, monitor, and report on these opportunities, risks, and goals. The management ensures the transfer of knowledge through various training opportunities.

The sustainability aspects that we have integrated into our business model are wide-ranging. To provide a better understanding of this, we give you insights into our risks and opportunities within the individual subchapters on our ESG topics, within the IRO disclosures. These are deeply rooted in our understanding of business.

## 2.2 Distribution of responsibilities for sustainability

The topic of sustainability is complex. The primary responsibility for integration lies with senior management. We have both internal and external sustainability managers who have decision-making authority in this area. They are in direct contact with senior management.

## 2.3 Duty of care

Our Code of Conduct forms the basis of our corporate due diligence and is a central element of our actions. The principles and guidelines set out therein are reflected in numerous areas of this sustainability report. To provide a clear overview of the topics covered by our Code of Conduct, we have summarized the most important content here.

Topic	Content
Integrity of business activities	Compliance, corporate governance, bribery, conflicts of interest, data protection, fair competition, intellectual property, and product safety
Responsibility toward investors	Reasonable return
Responsibility towards employees	Respectful cooperation, employee development, discrimination, health, social dialogue
Responsibility towards society	Dialogue, human rights, child labor
Responsibility towards the environment	Environmental protection standards, conservation of resources

## 2.4 Strategy, business model and value chain

Our value chain is divided into eight phases that represent the entire value creation process. In addition to these phases, building management plays a continuous and supportive role across all stages of value creation.



Schematic representation of the value chain at the Kermi Group

## Value chain



The first phase of our value creation is **development**. We have specialized departments in this area that focus on research and further development of the company's respective product groups. By using modern test benches, testing facilities, and quality laboratories, we ensure that every product meets the highest quality requirements before it is added to our portfolio.



The second phase is **procurement and facility management**. Most procurement is coordinated centrally. At the same time, all locations have their own purchasing department so that they can respond flexibly to regional requirements. In this phase, we make key decisions such as supplier selection, supplier evaluation, and contract management. In addition to raw materials and production materials, we also procure energy, services, premises, and infrastructure for our production and logistics. This also includes the provision of important resources such as water. Complaint processing for purchased products is also anchored in this phase. Facility management runs parallel to all phases of the value chain. Due to our internal organizational structure, this function is affiliated with the procurement phase. All key decisions for facility management are made during the procurement process.



The next phase involves **upstream transport**. Our company has its own fleet of vehicles, which we use to collect the necessary materials directly from manufacturers and dealers. If this is not possible, we use external freight forwarders. A key raw material in our production is steel, which we source in various forms. Delivery is by road or by ship, depending on the origin and availability of the suppliers. By combining different modes of transport, we ensure a stable supply while also taking ecological and economic aspects into account as far as possible.



**Production** is phase 4 in our value chain. This is where the greatest value is added. Production is largely carried out using automated and manual processes. Each product is tested according to precisely defined criteria during and after production. All production sites are certified according to DIN ISO 9001 (quality management), DIN ISO 14001 (environmental management), and DIN ISO 50001 (energy management). Our production takes place at three different production sites. Internal logistics is also assigned to the production phase.



The next phase of value creation is **downstream transport**. This involves transporting the product to the customer. This includes transporting our products to our customers, who are usually wholesalers. We often combine downstream transport with upstream transport, so that our vehicles pick up new material from suppliers on their way back after delivering finished products.



The sixth phase is **sales**. Here, we follow the three-stage sales principle. We mainly work with wholesalers, who collaborate with installers, architects, and builders to bring our products to end customers. Marketing is also part of sales.



The seventh phase is **service**. Among other things, this ensures that the heat pumps are commissioned at the customer's premises, thus ensuring that the product gets off to a smooth start in use. In addition, we provide our customers with reliable support in the event of complaints during this phase, whether by quickly supplying spare parts or providing expert technical assistance.



The final stage of value creation is **disposal**. Waste generated during production is collected separately as far as possible and then disposed of properly by certified waste disposal service providers. These companies are examined in more detail in the downstream value chain. Our products are almost completely recyclable. The disposal of the products is usually carried out by the end user; this process is also considered separately in our downstream value chain. An exception is manufactured electrical appliances, where we are subject to the requirements of the ElektroG (Electrical and Electronic Equipment Act).

## Upstream value chain



Under the phase **External Input I**, we consider steel production, which is of central importance to our production. Steel is one of the most important raw materials in our production and thus forms a crucial basis for our products. We maintain close and cooperative relationships with our suppliers and production partners in the steel industry. Regular visits and audits by us at steelworks and further processing production sites enable us to continuously monitor quality, sustainability, and security of supply.



The upstream phase **External Input II** comprises other inputs unrelated to steel production. This includes all purchased merchandise and its production.

## Downstream value chain



The downstream phase, **installation**, covers the external commissioning of our products at the customer's site. Here, we support our customers with technical assistance and services to ensure a safe and smooth start to product operation.



Within the **wholesale (resale)** value-added phase, the products are resold by wholesalers. Typically, our products are sold to installers at this stage. This phase is highly relevant, as demand from wholesalers is directly linked to demand from us as manufacturers.



The **end customer phase (operation of the products)** reflects the actual use of our products. Even though no traditional value creation in the sense of production takes place here, this phase is crucial, as the majority of the business benefits are aimed at the use of our products by the end customer.



The **external disposal** phase is part of the downstream value chain. This includes, on the one hand, the proper disposal of production waste generated by our company, which we ensure through professional waste disposal service providers. On the other hand, it concerns the recycling or disposal of products at the end of their service life by our customers. The decision on the further recycling or disposal of recyclable products lies with the customers themselves, who usually use local recycling centers or municipal waste disposal service providers.

## 2.5 Our companies

### Location Plattling

Kermi GmbH  
Pankofen-Bahnhof 1  
94447 Plattling  
Germany

Our site in Plattling (Germany) is currently the largest of our companies, with 1,056 employees. This is where we manufacture our best-selling product, the flat panel radiator. In addition to state-of-the-art production halls, this site also houses several office buildings where management, development, administration, and sales are based. This site is therefore the organizational and operational heart of our company.



### Location Stříbro

Kermi s.r.o.  
Dukelská 1427  
34901 Stříbro  
Czech Republic

With the production of special and designer radiators, our site in Stříbro (Czechia) is a particularly challenging and exciting production facility. We currently employ 604 people here. This is where we manufacture both products customized to customer requirements and radiators from our designer range. In addition to production, we also have our own sales department at this location.



### Location Opočno

PZP HEATING a.s.  
Podzámčí parc. č. 1259/1  
51773 Opočno  
Czech Republic

We currently employ 94 people at our site in Opočno (Czechia). This site is entirely dedicated to the manufacture of heat pumps. The production facility is our newest site and has been equipped with state-of-the-art technology to ensure efficient, resource-saving, and high-quality production.



### Location Wrocław

Kermi Sp. z o.o.  
Graniczna 8B  
54-530 Wrocław  
Poland

With currently 24 employees, Wrocław (Poland) is our smallest location. No production takes place here. This location focuses solely on the distribution of our products.



# 3 Double materiality analysis

The double materiality analysis describes our company's approach to identifying material topics in accordance with the Corporate Sustainability Reporting Directive and serves to establish the European Sustainability Reporting Standards. We conducted this analysis in collaboration with an external consulting firm to ensure an independent perspective and a structured basis for assessing material topics.

To gain a comprehensive understanding of all relevant factors, we began by analyzing the phases of our value creation and our stakeholders. Taking into account location- and company-specific factors, we derived potential and actual impacts, risks, and opportunities (IROs), which were then evaluated as part of a double materiality analysis.

Based on this analysis, our company has a reporting obligation for the following ESRS topics:

- ESRS E1 Climate change
- ESRS S1 Own workforce
- ESRS S4 Consumers and end users
- ESRS G1 Corporate policy
- Company-specific standard: Noise

The results do not provide any information about other sustainability issues that are addressed within our company. These issues will continue to be reviewed and evaluated on an ongoing basis. The analysis will be updated accordingly in the event of fundamental changes.

For this sustainability report, we have decided to initially report on some of the topics identified as material in the double materiality analysis. We are not yet reporting fully on the company-specific standard "noise," as it was first identified as material in 2024. We are currently developing suitable indicators and disclosures with the aim of publishing this standard in full in the 2025 Sustainability Report.

We see the double materiality analysis as an ongoing process that helps us to continuously review and further develop our sustainability strategy. By systematically identifying and evaluating material topics, we ensure that our reporting remains transparent and comprehensible.

At the same time, we use the insights gained to implement targeted measures to improve our environmental, social, and corporate performance. Our goal is to use each report to contribute to greater responsibility, efficiency, and sustainability in all areas of our business.

# 4 Environmental

## 4.1 Overview of the environmental impact of the Kermi Group

Protecting the environment is a top priority for our company. As a provider of technologies based on natural resources, we are aware of our responsibility to use these raw materials sustainably and to design our operating processes in such a way that they protect the environment and climate.

For us, environmental protection is therefore not just an obligation, but a matter of course – a principle that is practiced in all areas of the company. We combine this commitment with ecological responsibility, innovative strength, and the vision of

contributing to a climate-friendly and sustainable future in the long term.

Our integrated environmental management system in accordance with DIN 14001 supports us in implementing these visions.

### Subtopic: Adaptation to climate change

IRO	Description
IRO B11 "Flooding and flood risks in extreme weather conditions"	Extreme weather events such as flooding and heavy rainfall can have a significant impact on our operations. Flooding at our sites as a result of such events can lead to production losses and interruptions in the supply chain. Since extreme weather is difficult to predict, we focus on preventive protective measures and improved risk prevention in order to maintain operations even under exceptional conditions.
IRO DA13 "Heat Waves"	Climate change is causing more frequent and intense heat waves, which puts additional strain on our production and office buildings. The increased demand for cooling and air conditioning not only affects our energy consumption, but also our energy costs. To counteract these developments, we are investing specifically in energy-efficient technologies and sustainable building concepts.
IRO DA332 "Modern Vehicle Fleet"	We regularly renew our vehicle fleet and are increasingly relying on modern, more efficient tractors, semi-trailers, and electric cars. These investments directly contribute to reducing our CO <sub>2</sub> emissions and at the same time strengthen our position as a responsible and forward-looking company.
IRO DB08 "More energy-efficient products"	Intensive research and development work is increasingly producing more energy-efficient solutions that help our customers reduce their energy consumption and CO <sub>2</sub> emissions. This not only has a positive impact on the climate, but also improves our market position and contributes to our long-term economic success.

Subtopic: Climate protection

IRO	Description
IRO B12 "Use of renewable energy sources"	The use of renewable energy sources, as well as our own PV systems, contribute significantly to reducing our energy requirements from fossil fuels and significantly reducing CO <sub>2</sub> emissions. The switch to sustainable energy sources strengthens our independence and gives us a clear competitive advantage.
IRO DA312 "Reduction of CO <sub>2</sub> emissions"	By targeting energy savings in Scopes 1, 2, and 3, we are gradually moving closer to our internal climate goals. In doing so, we are not only making an active contribution to climate protection, but also meeting our customers' growing expectations for climate-conscious business practices.
IRO DB13 "Waste heat utilization for operational processes"	Waste heat is increasingly being fed back into operational processes, thereby helping to reduce operating costs and promote efficient use of resources.
IRO DB16 "Electric Forklift"	In our internal logistics, we rely on climate-friendly solutions through the use of electric forklifts. This significantly reduces CO <sub>2</sub> emissions and underscores our commitment to acting in a resource-efficient and future-oriented manner in all areas of the company.

Subtopic: Energy

IRO	Description
IRO DA22 "Increasing energy efficiency by optimizing the heating system in buildings"	By specifically optimizing our heating systems in buildings, we can significantly reduce energy consumption without compromising the comfort of our employees. The networked control of the individual system components enables heat to be supplied according to demand, reducing consumption and CO <sub>2</sub> emissions at the same time.
IRO DB10 "Increased efficiency through energy management"	Our energy management systems make a decisive contribution to increasing efficiency and reducing costs. Continuous monitoring and optimization of energy use in all areas of operation enables sustainable use of resources, lower operating costs, and reduced environmental impact.
IRO TA09 "Energy efficiency new construction"	We consistently focus on energy efficiency in new buildings. Our new production halls for manufacturing heat pumps, for example, were specifically designed to keep energy consumption to a minimum.

4.2 Key figures in the environmental sector

Key figure	Unit	2024	2023	2022
Total water consumption	cbm	63.576	47.481	84.018
Total waste	t	4.128	2.779	4.424
Percentage of waste recycled	t	2.981	2.059	3.375
Proportion of waste incineration	t	226	157	232
Proportion of waste sent to landfill	t	921	562	817
Total energy consumption	MWh	81.749	75.259	89.804
Total fuel consumption (heat)	MWh	44.241	41.875	45.171
Total fuel (diesel)	MWh	7.913	8.819	13.788
Total power consumption	MWh	29.594	24.565	30.845
Total renewable electricity consumption	MWh	10.577	9.165	11.355
Own electricity production	MWh	3.618	1.443	1.073
Share of own electricity production	%	12,2	5,9	3,9



## 4.3 Climate change

### 4.3.1 Adaptation to climate change

Climate change affects us all – as a society, as a company, and as individuals. In general, we have already taken initial measures in various regions to protect against heavy rain and flooding. The increasingly frequent extreme heat waves are also leading to a significant increase in electricity consumption for cooling our production and office buildings. These events have brought home to us the urgency of climate protection. What we previously knew mainly from global headlines is now also being felt at our own locations. And yet we are aware that the effects in other parts of the world are far more serious. This realization strengthens our resolve to no longer wait, but to take active measures.

We are therefore working intensively on measures to make our locations more resilient to the effects of climate change. At the same time, we do not see adaptation as the only answer—we also want to actively contribute to limiting climate change. Our climate protection and emission reduction initiatives are described in detail in section 5.2.2.

With the heat pump, we have a product in our portfolio that offers a sustainable and future-oriented alternative to conventional gas heating. Every heat pump sold represents a collective step toward a more climate-friendly future. We are delighted with the increasing demand and greatly appreciate that our customers are consciously choosing environmentally friendly technologies. Their commitment encourages us in our efforts to actively shape the transition to a sustainable energy supply through innovative solutions.

### 4.3.2 Climate protection

One of our business areas is the continuous improvement of our products. We conduct research into efficiency improvements, resource reduction, and generally new, more sustainable solutions in the field of indoor climate and heating systems. This is particularly evident in our increasing expenditure on research and development in the area of sustainable products.

Key figure	Unit	2024	2023	2022
Expenditures in the area of research & development	€	9.846.780	8.006.800	7.720.700

In the reporting year, greenhouse gas emissions along the entire value chain were recorded and analyzed in accordance with GHG Protocol Scopes 1, 2, and 3. We have chosen the production of Kermi GmbH, Kermi s.r.o., and PZP as the system boundaries. Scope 1 includes emissions from fuels and combustibles. Scope 2 includes emissions resulting from the production of purchased electricity. Country-specific emission factors are used (“location-based approach”).

In Scope 3, we considered the categories 3.1 Purchased goods and services; 3.2 Capital goods; 3.3 Upstream fuel and energy-related emissions; 3.4 Transportation (upstream); 3.5 Waste; 3.7 Employee commuting; and 3.9 Transport and distribution (downstream). The emission factors used are taken from UK DESNZ (2023), US EPA (2023), Ecoinvent 3.9.1, and Ecoinvent 3.6, among others.

# SCOPE 1, 2 & 3\*

\*according to Greenhouse Gas Protocol (GHG)

## Scope 1

Scope 1 covers all direct emissions from fuel consumption at production sites. To this end, the respective consumption data for each company was determined, aggregated, and multiplied by specific emission factors.

## Scope 2

Scope 2 includes indirect emissions from externally sourced energy such as electricity and district heating. National emission factors were used to calculate location-based emissions. The share of renewable energies was taken into account based on reported consumption data, including self-generated energy (e.g., photovoltaics).

## Scope 3

Scope 3.1 (Purchased goods and services) covers emissions from purchased materials and components for the product groups radiators and heat pumps. Only production-related goods from Tier 1 suppliers were taken into account. Services and non-production-related products were not included in this accounting year.

Scope 3.2 (capital goods) considers emissions generated during the manufacture of capital goods (machinery, equipment, buildings, vehicles) by Tier 1 suppliers. The cradle-to-gate emissions of the respective capital goods are decisive here.

Scope 3.3 (energy-related upstream chain) includes upstream emissions from the extraction, refining, and transport of fuels, as well as from electricity generation. This is based on energy-related consumption data from production-related sites and country-specific emission factors from current IEA and DBEIS data sets.

Scope 3.4 (upstream transportation) covers all transportation activities of Tier 1 suppliers in connection with the delivery of purchased goods and capital goods. The calculation is based on mass, transportation distance, and the respective emission factors for each mode of transport.

Scope 3.5 (Waste) refers to emissions from the external treatment of operational waste. It is based on the quantities and types of waste as well as specific emission factors for each disposal route.

Scope 3.9 (downstream transport) includes emissions from the transport of sold products to wholesalers or end customers, provided this is carried out by external service providers. The calculation is performed in the same way as for upstream transport.

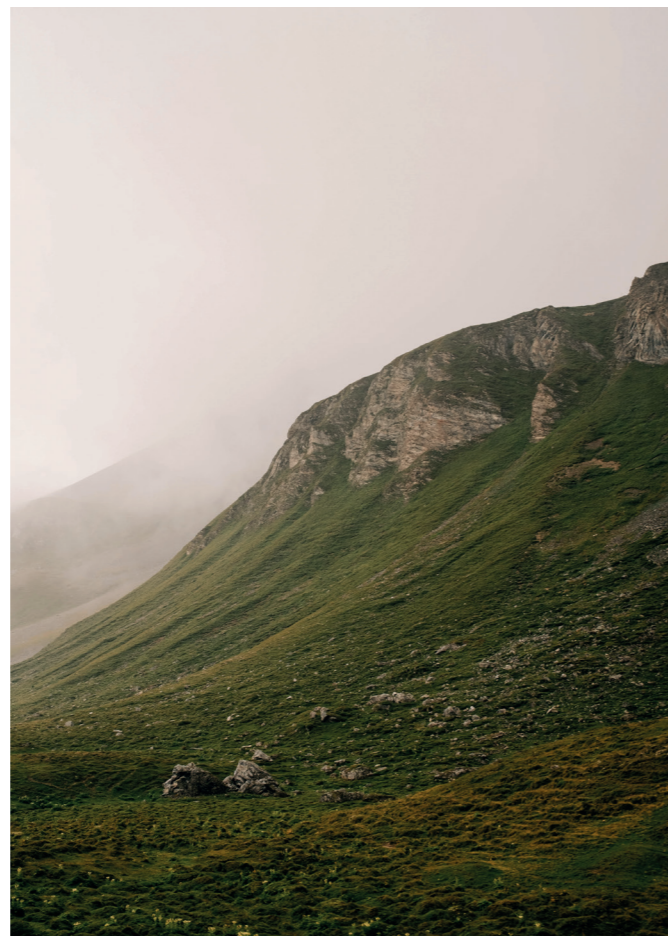
Key figure	Unit	2024	2023
Total GHG emissions	tCO2e	243.813	208.391
Scope 1 + 2	tCO2e	23.564	21.994
Scope 1	tCO2e	11.113	10.874
GHG natural gas	tCO2e	8.980	8.499
GHG diesel	tCO2e	2.133	2.375
Scope 2 (Market based)	tCO2e	11.826	10.569
Scope 2 (Location based)	tCO2e	12.452	11.120
Scope 3	tCO2e	220.249	186.397
Scope 3.1: Purchased goods and services	tCO2e	199.275	171.756
Scope 3.2: Capital goods	tCO2e	1.608	805
Scope 3.3: Energy-related upstream chain	tCO2e	4.359	4.064
Scope 3.4: Upstream transport and distribution	tCO2e	9.351	5.635
Scope 3.5: Waste	tCO2e	989	349
Scope 3.9: Downstream transport and distribution	tCO2e	4.666	3.789

Based on the findings from this scope calculation, we have developed a concrete concept for reducing our impact on the climate. The individual influencing factors were examined in detail. We enlisted the help of an external service provider for this.

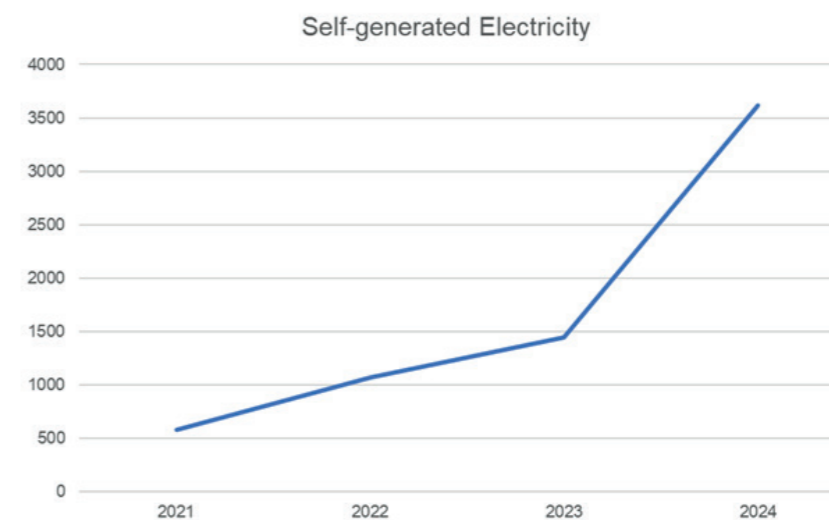
The concept envisages the following measures:

1. By 2030, our electricity consumption should be covered entirely by sustainable sources.
2. By 2030, our car fleet should consist entirely of electric vehicles.
3. Our gas consumption for heating is to be completely replaced by alternative heating methods, such as heat pumps and bio-power plants, by 2030.

With this package of measures, we are underlining our commitment to climate protection and sustainability and are focusing specifically on transforming our operational processes towards a climate-friendly future.



### 4.3.3 Energy



The topic of energy has already been addressed in previous chapters in the context of climate protection. However, due to its high relevance, we would like to provide a separate overview of our energy consumption in 2024.

By systematically recording and analyzing our energy flows, we can identify potential savings and derive targeted measures to increase efficiency. Our certified energy management system in accordance with DIN ISO 50001 is par-

ticularly helpful in this regard. This year, we are particularly pleased with the increase in our self-generated electricity. This is generated by PV systems on our roofs. The increase can be explained by the purchase and installation of additional PV systems.

Our energy goal at the Plattling site is to continuously reduce our energy consumption by 1.3% per year while also contributing to the reduction of CO<sub>2</sub> emissions.

Key figure	Unit	2024	2023	2022	2021
Total energy consumption from renewable sources	MWh	10.577	9.165	11.355	10.985
Consumption of self-generated renewable energy	MWh	3.618	1.443	1.073	576
Fuel consumption from natural gas	MWh	44.241	41.875	45.171	57.715
MWh of own energy generation	MWh	3.618	1.443	1.073	576

# 5 Social

## 5.1 Overview of the social commitments of the Kermi Group

People are at the heart of our company—they are what make our products possible. That is why we place particular emphasis on the social integration of our employees and promote a working environment that supports commitment, diversity, and personal development. Safety is our top priority: we rely on comprehensive training, preventive measures, and continuous improvement of our safety standards to prevent accidents at work and ensure a safe working environment.

In addition to our responsibility for our own employees, we also take responsibility for people in our supply chain. As part of our procurement practices, we place particular emphasis on social

standards – especially when purchasing steel, our key raw material. We are working to create transparency, disclose social standards, and ensure that fair working conditions are maintained throughout the supply chain. To this end, we have a Supplier Code of Conduct that ensures, among other things, working conditions, health and safety, and ethical business practices among our suppliers. We consistently refuse to work with suppliers who do not comply with these standards.

In the course of the double materiality analysis, we identified two topics in the social area as material for us. One is our own workforce and the other is consumers. In total, we were able to identify 29 material IROs in the area of our own workforce. Some of these are presented below as examples.



Topic: Own workforce  
Subtopic: Working conditions

IRO	Description
IRO B082 "Reducing hazardous substances"	One aspect is the reduction of hazardous substances in our operational processes. Through the conscious handling and consistent reduction of chemical and potentially harmful substances, we minimize risks to people and the environment and prevent potential environmental damage and workplace accidents.
IRO B10 „Work life balance“	More flexible working time models pose challenges for our shift systems. In order to still meet production requirements, we offer our employees in shift systems other incentives that help them achieve a better work-life balance.
IRO DA10 "Skills shortage I"	The current shortage of skilled workers makes it difficult for us to recruit qualified employees on the labor market. Longer recruitment times or increased staff turnover can place additional strain on the existing team and impair productivity. To counteract this, we invest specifically in training and development measures, promote employee retention, and design attractive workplaces in order to attract and retain skilled workers in the long term.

Subtopic: Equal treatment and equal opportunities for all

IRO	Description
IRO TB10 "Continuing education"	In order to be prepared for innovative technologies in the long term and to retain highly qualified specialists within the company, we invest specifically in training and continuing education programs. By promoting existing employees, we ensure production stability and strengthen the performance of our company in the long term.
IRO TC07 "Equal treatment and equal opportunities for all"	Close cooperation with schools and educational institutions enables us to spark an interest in technology among young talent at an early stage. This not only supports the recruitment of future skilled workers, but also strengthens our employer branding and secures the long-term future of our company.
IRO TC08 "Inclusion of people with disabilities"	We assume social responsibility through targeted cooperation with institutions for employees with disabilities. In this way, we make an important contribution to the people in our region.

Topic: Consumers and end users  
Subtopic: Personal safety of consumers and / or end users

IRO	Description
IRO DA031 "Supplier Performance II"	Consistently high material quality leads to lower scrap rates and reduced rework. This increases the efficiency of our production processes, lowers production costs, and ensures high customer satisfaction. Fewer complaints not only mean direct cost savings, but also strengthen trust in our brand and contribute to positive brand value. In addition, by minimizing scrap and rework, we also contribute to resource conservation and the sustainability of our products.

Subtopic: Information-related impact on consumers and / or end users

IRO	Description
IRO TA10 „Service“	Reliable, high-quality service is a key part of our responsibility to our customers. Our comprehensive service network ensures that questions and concerns are dealt with quickly and competently. The high availability of services contributes significantly to customer satisfaction. An effective range of services not only strengthens confidence in our products, but also supports long-term customer loyalty and reinforces the value of our brand.

## 5.2 Key figures in the social sector

Key figure	Unit	2024	2023	2022
Turnover rate	%	7,80	10,40	n.i.
Total number of employees	FTE	1.778	1.742	1.840
Total number of employees: Men	NUM	1.459	1.467	1.499
Total number of employees: Women	NUM	319	275	341
Total number of employees: Diverse	NUM	0	0	0
Total number of employees: under 30	NUM	264	250	334
Total number of employees: 30 - 50	NUM	765	789	847
Total number of employees: over 50	NUM	749	703	658
Average number of training hours per employee	%	24	23	23
Percentage of people in your own workforce who are covered by the company's health and safety management system based on legal requirements and/or recognized standards or guidelines	%	100	100	100
Number of deaths resulting from work-related injuries and work-related illnesses	NUM	0	0	0
Number of reportable workplace accidents	NUM	41	29	25
Rate of reportable workplace accidents	%	2,31	1,66	0,83
With regard to the company's employees, the number of days lost due to work-related injuries and fatalities resulting from occupational accidents, work-related illnesses, and fatalities resulting from illnesses. Current at Kermi: rate in relation to 200,000 working hours.	NUM	830	871	n.i.
Absence rate	%	5,70	6,40	n.i.

## 5.3 Own workforce

### 5.3.1. Working conditions

We offer our employees secure employment with great future potential. We place great importance on internal training and opportunities for advancement.

Our working hours vary depending on the employee's area of work. In production and related fields (maintenance, logistics), we work in a shift system, which ensures the delivery reliability of our products. Here, we have fixed working hours that must be adhered to. In addition, we give our employees the freedom to organize their own working hours.

We have various options for our workforce to make suggestions and raise issues. First, we are in regular contact with our employees. We conduct performance reviews, which also provide an

opportunity for complaints and suggestions. We also have an anonymous complaint system where employees can point out improvements and grievances. Our third model is an internal suggestion scheme called KIM. Here, all employees can submit specific suggestions on important topics. These are then reviewed by so-called KIM experts for their usefulness and feasibility. Every month, the best suggestions are announced publicly and awarded prizes.

The health and safety of our employees is our top priority. Every employee in our company has a right to physical and mental well-being. We create and promote working conditions that protect and maintain both physical and mental health in the long term. We are not prepared to compromise in this area. Our safety standards are regularly reviewed and further developed, and we involve our employees in this process. In addition, we provide various programs and support services that help our employees recognize stress early on and actively promote health.



### 5.3.2 Equal treatment and equal opportunities for all

We actively oppose all forms of discrimination. Our actions are based on our Code of Conduct, which is binding for all employees and stipulates an absolute ban on discrimination. In addition, we have a policy on protection against sexual harassment, bullying, and discrimination in the workplace, in which we clearly outline how we proceed in such cases. Diversity and mutual respect are central components of our corporate culture and shape our daily interactions. In addition, we ensure that all employees receive equal pay for equal work through a transparent and fair remuneration system. In this way, we promote equal opportunities, fairness, and trust within our company.

Through further training and skills development, we promote professional qualifications among our employees. Our goal here is individual skills development. In doing so, we focus specifically on the strengths of our employees. We show them clear career prospects and open up internal opportunities for advancement.

### 5.3.3 Other work-related rights

We reject any form of child labor, forced labor, or other human rights violations. This principle applies throughout our entire value chain. Within our company, our Code of Conduct applies; outside our company boundaries, we have laid down these issues in our Supplier Code of Conduct.

We protect the confidential and personal data of our employees and prevent unauthorized disclosure or access to this data. Access to this data is strictly regulated. Employees who have access rights are trained in the handling of personal data.

## 5.4 Consumers and end users

### 5.4.1 Information-related effects for consumers and / or end users

Due to our three-stage distribution concept, we rarely come into contact with the data of the end users of our products. Nevertheless, the protection of all personal data is an important basis for our business activities. We ensure that this data remains protected from access by unauthorized persons.

In addition, we take responsibility towards our end users by providing them with transparent and comprehensive information about our products. This includes, in particular, information on installation, operation, energy efficiency, product safety, sustainability, and proper disposal. Each of our products is delivered with detailed operating instructions to ensure safe and efficient use. For individual inquiries, our customers also have access to a service hotline where they can contact our specialist staff directly. In addition, we provide all relevant product information in digital form on our website at any time.

Even before the purchase, we ensure that interested parties have access to all the important information they need to make an informed and responsible purchasing decision. We stand behind the quality and sustainability of our products with complete conviction and therefore do not shy away from comparison with other suppliers. In this way, we create transparency, promote trust, and support the sustainable use of our products.

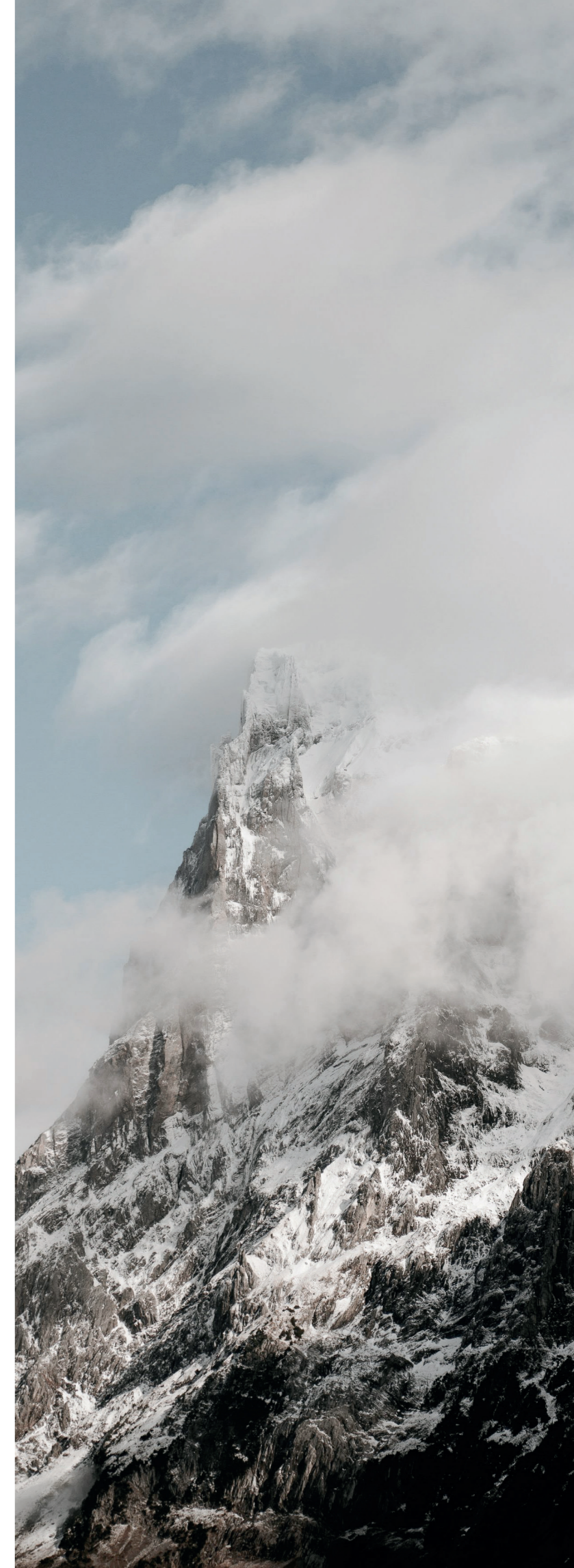
### 5.4.2 Personal safety of consumers and / or end users

The health and safety of end users is a key priority in the design of our products. We develop the highest quality and safety standards, which must be adhered to during the production and assembly of our products. In doing so, we take into account all relevant standards, norms, and guidelines. We also design our products in such a way that accidents, misuse, or the risk of injury can be largely ruled out.

### 5.4.3 Social inclusion of consumers and/or end users

We are aware of our responsibility to ensure the social inclusion of our end users. We strive to make our products accessible to all customers, regardless of their personal characteristics. We take care to provide information about our products and services in a way that is accessible and easy to understand.

As part of our marketing strategies, we ensure that all customers are addressed equally and that no one is excluded from our communication measures. Our advertising is designed to support informed purchasing decisions.



# 6 Governance

## 6.1 Overview of business practices

Our business activities have a direct impact on our stakeholders. Within the double materiality analysis, we have identified an interactive influence here. These are key factors influencing our business activities.

We have already listed various influencing factors in the previous chapters. Our business activities are shaped by the areas of environment and social

described above. To make this possible, we have assigned overarching topics to the area of governance. Within the framework of corporate governance, we ensure that our company is managed responsibly in these areas by administrative, executive, and supervisory bodies.

In the area of governance, we have identified corporate policy as a relevant topic. We have identified a total of 16 significant IROs. Some of the IROs are presented below as examples.

### Management of supplier relationships, including payment practices

IRO	Description
IRO DA17 „Number of suppliers“	Over-reliance on a small number of suppliers carries risks, particularly in the event of natural disasters, political uncertainty, or supply bottlenecks. Such disruptions can lead to production delays or shutdowns and have a negative impact on customer satisfaction. We therefore aim to diversify our supplier base in order to minimize risks and ensure long-term security of supply.
IRO DA32 „Consistent and reliable payment practices (to suppliers)“	By setting clearly defined payment terms and consistently avoiding late payments, we not only secure the trust of our partners, but also promote stability in procurement and production processes. This reliability creates long-term relationships and strengthens our joint competitiveness.
IRO DB02 „Consistent and reliable payment practices (by customers)“	Payment terms and appropriate security instruments help to minimize financial risks and ensure stable liquidity. Reliable payment behavior on both sides creates a solid foundation for sustainable business relationships and guarantees the continuous quality and availability of our products.

## Corporate culture

IRO	Description
IRO TA16 „Fewer new buildings“	The current market situation in the new construction sector is characterized by high costs and rising interest rates. This development is leading to a noticeable decline in demand for new construction projects and is having a direct impact on the order situation in the industry. A decline in new construction also means fewer sales opportunities and potential revenue losses for us.
IRO TB06 „New hall in a better location“	With the construction of our new PZP Heating heat pump factory, we are creating the ideal conditions for future growth. The modern infrastructure and industrial environment enable more efficient production and improved logistics processes. By further developing our production facilities, we are not only increasing productivity, but also the profitability and competitiveness of our company.

## 6.2 Corporate policy

### 6.2.1 Corporate culture

Our corporate culture forms the foundation of our business activities. It promotes a working environment in which openness, fairness, and mutual appreciation are practiced. Through transparent communication and recognition of individual achievements, we create a climate in which our employees are intrinsically motivated to contribute to the achievement of our common goals. This trusting cooperation not only strengthens the working atmosphere, but also forms the basis for sustainable economic success. As a traditional company with many years of market experience, we understand our responsibility towards our employees, partners, and society.

We specifically promote social projects and are committed to the region. In this way, we not only strengthen the social environment in which we operate, but also our employees' identification with the company. Our corporate culture thus combines economic success with social responsibility and legal integrity. It is the basis for sustainable growth, innovative strength, and the trust of our stakeholders.

### 6.2.2 Management of relationships with suppliers, including payment practices

The relationship with our suppliers is an essential component of our business success. Long-term, trusting cooperation is important to us in this regard. Our Supplier Code of Conduct ensures that our suppliers adhere to the same principles as we do. To this end, we evaluate our suppliers based on quality, sustainability, and compliance criteria. We are aware of the complex interactions involved in our relationships with our suppliers.

As part of our payment practices, we are committed to reliable, predictable, and fair payments. This not only strengthens the stability of our own supply chains, but also helps to ensure the solvency of our suppliers vis-à-vis their partners. In this way, we strengthen our upstream value chain.



# 7 Outlook

We plan to publish a comprehensive sustainability report in accordance with the CSRD in 2025. This report will expand and supplement the statements made and KPIs presented in this report with the ESRS standards. From 2026 onwards, we plan to have our sustainability reports verified by an independent body in accordance with the CSRD. This is the only way we can convince our stakeholders of our commitment to transparency. We are aware that the legal situation in some areas has not yet been conclusively clarified. Nevertheless, we are not letting these uncertainties slow us down: we are continuously working to optimize our strategies and consistently implement our sustainability goals.

Our approach follows four different principles:

## Holistic

We focus on holistic systems whose components are optimally coordinated with each other. From heat generation and heat and energy storage to heat distribution, ventilation, and cooling in all types of buildings.

## Energy efficient

All our products are designed for energy efficiency. Either on their own or as part of a sustainable overall system in which efficient products can reach their full potential.

## Open

Our products and the systems they form fit into private and commercial buildings and are open to components from other suppliers, for example to increase self-sufficiency.

## Simple

All our products are designed from the outset to be easy to install, use, and maintain.

## III Appendix

### Glossary

**Code of Conduct** Set of rules that defines the ethical principles and guidelines for behavior for all employees of our company.

**Compliance Adherence** to legal regulations, internal guidelines, and ethical standards within the company in order to minimize legal risks and ensure responsible conduct.

**Corporate Governance Structures**, processes, and rules that ensure responsible and transparent corporate management. It encompasses the relationships between administrative, management, and supervisory bodies as well as stakeholders in order to promote sustainable and compliant behavior.

**CSRD Corporate Sustainability Reporting Directive** – European directive that requires companies to report comprehensively on sustainability aspects.

**DIN ISO 14001** International standard that defines requirements for an environmental management system in order to systematically reduce environmental impact.

**DIN ISO 50001** International standard for energy management systems that promotes the efficient use of energy resources and systematically reduces energy consumption.

**DIN ISO 9001** International standard for quality management systems that ensures that products and services meet defined quality requirements.

**Three-stage distribution principle** Distribution structure in which products are supplied by the company via wholesalers to installers and architects, who ultimately pass them on to end customers.

**Electrical and Electronic Equipment Act** Regulates the environmentally sound disposal and return of electrical and electronic equipment.

**European Sustainability Reporting Standards** Binding standards for reporting on sustainability within the framework of the CSRD.

**IRO** Describes the impacts, risks, and opportunities of a company on its environment and the impacts, risks, and opportunities of the environment on the company.

**Scope 1** Direct greenhouse gas emissions originating from company-owned or controlled sources, e.g., from the combustion of fuels in production facilities or company vehicles.

**Scope 2** Indirect greenhouse gas emissions resulting from the purchase of energy such as electricity or district heating. These include emissions generated during the production of externally purchased energy, but not direct emissions within the company itself.

**Scope 3** All other indirect greenhouse gas emissions along a company's value chain that are not covered by Scope 1 or Scope 2. These include, for example, emissions from the production of purchased goods, the transport of materials, the use of sold products, and the disposal of waste.

**Scope calculation** Systematic recording and classification of greenhouse gas emissions along the value chain in Scope 1, Scope 2, and Scope 3 emissions.

**Supplier Code of Conduct** Code of conduct for suppliers that ensures their compliance with ethical, social, and environmental standards.

**Tons of carbon dioxide equivalent** Unit of measurement for the uniform representation of different greenhouse gases, in which their climate impact is converted to the effect of carbon dioxide.

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