

SUSTAINABILITY REPORT 2023

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ABOUT US

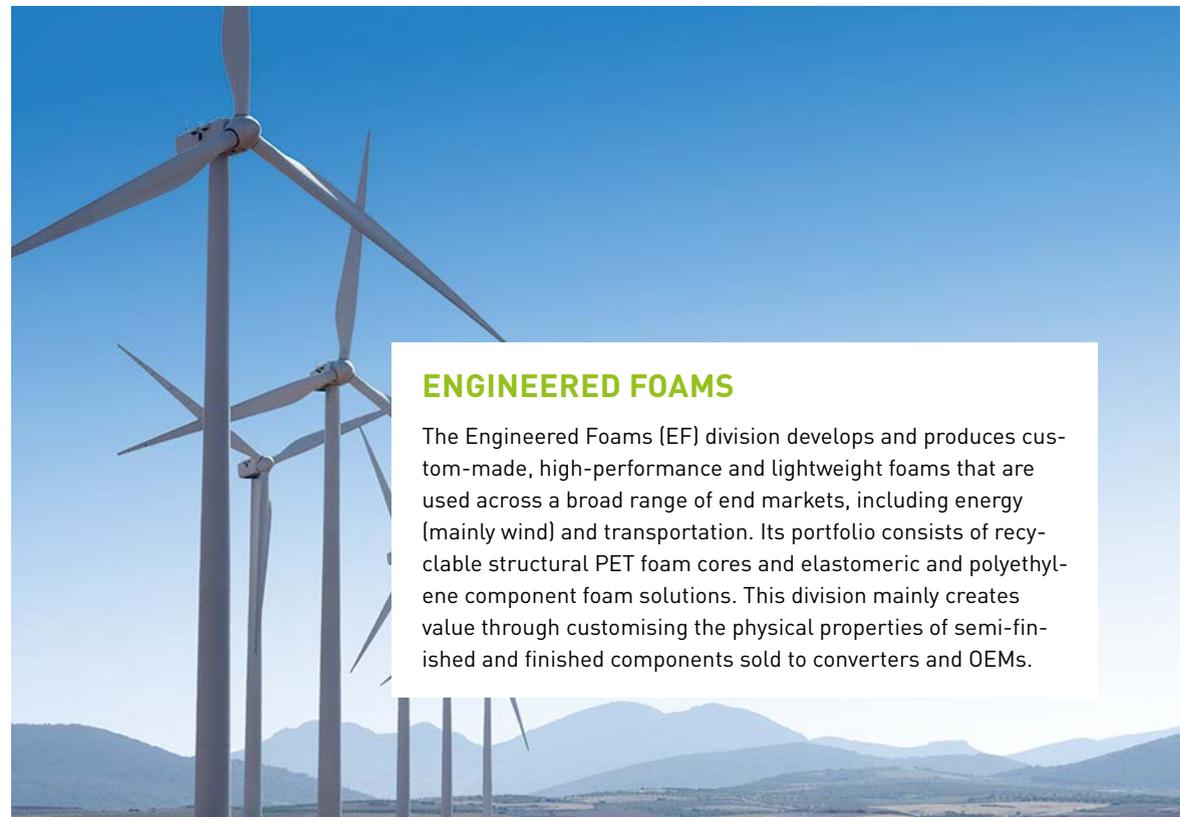
As the inventor of flexible elastomeric foams for insulating technical equipment, Armacell has been making a key contribution to sustainability for decades. By developing innovative and safe thermal, acoustic and mechanical solutions, we have been creating sustainable value for our customers – helping to save energy worldwide. Our product focus is on insulation materials that enhance the energy efficiency of technical equipment, high-performance foams for sophisticated and lightweight applications, recycled PET products and next-generation aerogel technology.

The Armacell Group has two business divisions: Advanced Insulation and Engineered Foams. →



ADVANCED INSULATION

The Advanced Insulation (AI) division provides flexible foam solutions to insulate and protect technical equipment. It mainly creates value by co-designing energy-efficient installations in various end markets, of which commercial, residential, industrial, energy and transport are the most important ones. The division is managed across three regions: Europe, the Middle East and Africa (EMEA), North and South America (AMERICAS), and Asia Pacific (APAC).



ENGINEERED FOAMS

The Engineered Foams (EF) division develops and produces custom-made, high-performance and lightweight foams that are used across a broad range of end markets, including energy (mainly wind) and transportation. Its portfolio consists of recyclable structural PET foam cores and elastomeric and polyethylene component foam solutions. This division mainly creates value through customising the physical properties of semi-finished and finished components sold to converters and OEMs.

OUR VISION



Our vision is to position Armacell as the global leader in providing innovative, technical insulation solutions and components to save energy.

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LETTER FROM THE CEO

DEAR READERS,

We have made significant progress in our sustainability journey to drive energy efficiency and improve people's quality of life. In response to global megatrends and evolving regulations, our dedication to creating positive environmental and social impacts through our products and solutions continues to drive our business.



In April 2024, Laurent Musy joined Armacell as President and CEO.

Delivering relevant solutions for today's world

At Armacell, our sustainability strategy is deeply rooted in our commitment to addressing the challenges posed by today's global megatrends: energy efficiency, urbanisation, renewable energies, lightweighting, acoustic comfort and sustainability. We are dedicated to delivering innovations and solutions that enhance energy efficiency and support the global energy transition.

For example, an ArmaFlex® product saves 140 times more energy in its lifetime than was required to manufacture it. Moreover, in our increasingly urbanising world with substantial ongoing construction work, we help to make green buildings possible through certified Environmental Product Declarations (EPDs) and thus provide customers with the highest level of assurance in our industry. Our lightweighting solutions are focused on PET foams (ArmaPET®) and aerogel technology (ArmaGel®), the world's lowest density solid material with high-level insulation efficiency.

Tracking and reducing emissions

We are committed to reducing our production-related emissions (Scopes 1 and 2) through the continuous improvement of the environment pillar of the World-Class Armacell Mindset (WAM) programme. A key driver of this excellence programme is enhancing our tracking capabilities and reducing these emissions.

One of our primary strategies for cutting production-related emissions is reusing plastic waste. Over the past decade, we have processed over 3 billion PET bottles in our ArmaPET® production facilities. Our rPET-based process reduces CO₂ emissions by up to 37% compared to using virgin resin.

To further improve our emission monitoring, we have adopted a comprehensive approach to achieve greater granularity in our emissions data. This ensures precise and detailed information across the entire value chain, covering Scope 1, 2, and 3 emissions. By doing so, we can clearly track our progress, implement innovative strategies to minimise our environmental impact and set future targets.

Addressing the new regulative environment

Our ongoing efforts to strengthen governance and compliance include proactive preparations for complying with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). This emphasises our commitment to transparently disclosing our sustainability performance and adhering to the EU Taxonomy and the Corporate Sustainability Due Diligence Directive (CSDDD). Our efforts towards sustainability reporting and our employees' dedication to delivering the required data have been recognised by our majority shareholder PAI Partners through their Sustainability Reporting Award.

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Furthermore, our progress includes identifying sustainability-related risks and opportunities. Notably, we have already conducted a comprehensive double materiality assessment, evaluating both the impacts of our operations on the environment and society and how sustainability issues affect our business strategy and financial performance.

Reinforcing our commitments

We have upgraded our Environmental, Health and Safety (EHS) Policy to emphasise our commitment to safety, our zero-accident goal and our environmental responsibility. For example, eight of our plants have now achieved more than 1,000 days without lost-time accidents.

Recognising the importance of sustainable procurement, we have enhanced our policies and internal guidelines to focus more on ESG-related KPIs. This includes better communication of sustainability expectations to our suppliers and the introduction of a new Sustainable Procurement Policy.

Encouraging employee and customer feedback

A key aspect of our sustainability journey is to continuously enhance our relationships with employees, customers, and suppliers. The encouraging findings from our annual employee survey, highlighted by its high engagement index, reflect our

employees' strong motivation and loyalty. Our commitment to improving customer relationships is evident in our annual customer satisfaction survey, which features an impressive net promoter score of 61. This indicates a high willingness among customers to recommend Armacell's products to others.

By integrating ESG topics, we aim to gather valuable feedback. This information helps us understand how our ESG practices are perceived by customers and identify areas for improvement.

Looking ahead

Our sustainability management and reporting priorities for 2024 are clear. We are focused on aligning our strategy with evolving legal requirements, such as the European Green Deal, and supporting international climate targets.

Thank you for your continued interest and support as we progress on our journey towards a more sustainable future.

Yours sincerely,



Laurent Musy

—> » In response to global megatrends and evolving regulations, our dedication to creating positive impacts through our solutions continues to drive our business.

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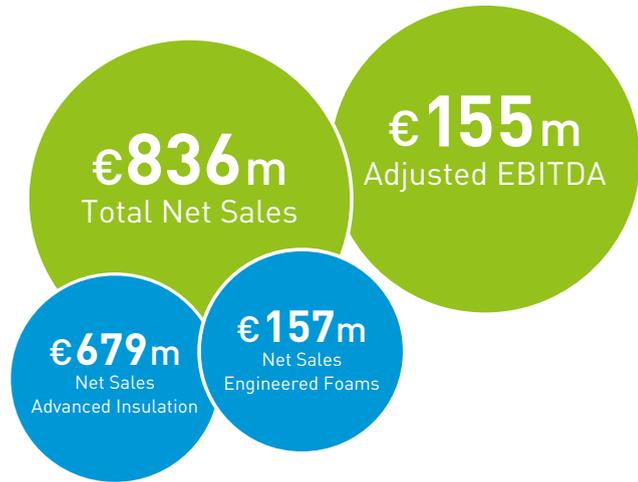
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ACHIEVEMENTS 2023

ENABLING ENERGY EFFICIENCY FOR EQUIPMENT WORLDWIDE



Sustainability Performance



25 plants in **19** countries



3,372 employees worldwide



70+ nationalities



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GLOBAL PRESENCE 2024

- Regional head office
- Centre of excellence
- Manufacturing facility



AMERICAS



EMEA



APAC

CORPORATE

1 LUXEMBOURG – LUX
(Global headquarters)

2 BRAMPTON – CAN
3 CHAPEL HILL, NC – USA
4 CONOVER, NC – USA
5 FLORIANÓPOLIS – BRA

6 MEBANE, NC – USA
7 SPENCER, WV – USA
8 YUKON, OK – USA

9 BEGUR – ESP
10 BURSA – TUR
11 GÖDERSDORF – AUT
12 HIDD – BHR

13 LEINI – ITA
14 MÜNSTER – GER
15 OLDHAM – GBR
16 ØLSTYKKE – DNK

17 ŚRODA ŚLĄSKA – POL
18 THIMISTER – BEL
19 ZRENJANIN – SRB

20 CHEONAN – KOR
21 PANYU – CHN
22 PERTH – AUS
23 PUNE – IND

24 SINGAPORE – SGP
25 SUZHOU – CHN
26 TOKYO – JPN
27 YINGDE – CHN

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EXCELLING IN ENERGY EFFICIENCY

ARMACELL'S DNA – Energy efficiency is a key element of our DNA. Our products and solutions are crucial in effectively and efficiently reducing our customers' energy consumption, and we are committed to minimising our own emissions. Through these efforts, we actively contribute to mitigating climate change and strive for excellence in energy efficiency.



EFFICIENCY

We enable energy savings and provide efficient solutions to meet present and future needs. Across the globe, increasing energy awareness and the growing number of policies aimed at saving energy are driving the demand for high-performance insulation solutions, as insulation materials are seen as one of the most efficient means to this end.



DURABILITY

Our market leadership in insulation materials and high-performance foams is founded on the reliable durability of our products and our commitment to delivering solutions of excellent quality. As our insulation products are long-lasting, they extend the service life of technical equipment and thus measurably reduce CO₂ emissions.



RESILIENCE

What made us strong in 2023 was the resilience of our business model. Our products and solutions are making a difference by enhancing energy efficiency, preventing energy losses, protecting valuable resources, acting as firestops, mitigating noise and vibration, enabling lightweight solutions and improving sustainability.



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OUR MOST VALUABLE ASSET



ARMACELL EMPLOYEES – Dedicated and integrity-driven employees are our most valuable asset at Armacell. The multi-faceted expertise of our highly qualified global workforce is a firm foundation on which our strong market position is based. We prioritise investing in our people and promoting interdisciplinary, cross-site teamwork. In close collaboration with our customers, this enables us to deliver value-adding insulation solutions across the globe.

We engage in open dialogue with our multinational workforce, foster a culture of mutual respect and collaboration and welcome diversity. We work hard to create and uphold a safe and healthy working environment. The core values we all share – customer experience, commitment, empowerment, integrity and sustainability – are detailed in our Code of Conduct, which describes how these values are to be put into practice, defines rules for everyday work, and lays down ethical principles for how we go about our business.

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EVERYDAY INSULATION SOLUTIONS – Saving energy, reducing noise, increasing comfort, improving safety: these are our products’ strengths. Our thermal, acoustic and mechanical insulation solutions are key to a wide range of everyday applications that bring long-lasting added value to people’s lives.

Categorised into ten family brands, these solutions comprise insulation materials for technical equipment, high-performance foams for high-tech and lightweight applications, next-generation aerogel blanket technology and passive fire protection systems. Wherever people work or play, our solutions help to improve the quality of their lives.

LONG-LASTING ADDED VALUE

ArmaFlex®
All closed-cell insulation materials based on elastomeric foam



ArmaGel®
All products based on aerogel technology

ArmaClad™
All cladding solutions

ArmaLight™
All polyethylene-based materials

ArmaComfort™
All insulation products for sound attenuation

ArmaPET®
All PET-based foams

ArmaComp™
All component foams

ArmaProtect™
All fire protection solutions

ArmaFix™
All mounting and fixing solutions

ArmaSound®
All industrial acoustic solutions (incl. energy)

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SUSTAINABILITY IN PRACTICE

To meet strict environmental requirements, the pipes at the Stavanger University Hospital in Norway are insulated against energy losses and condensation by ArmaFlex® Ultima.



PIONEERING PROJECTS – Our top priority is to provide sustainable solutions to our partners and customers in the critical field of energy savings. Our ArmaPET® Eco50 insulation solutions, for example, go beyond mere product performance to enable energy-efficient, sustainable buildings, e.g. those fitted with Myral cladding systems. And products such as lightweight, fire-safe ArmaFlex® Rail insulation and space-saving ArmaGel® insulation are helping to improve the energy efficiency and cost effectiveness of trains, the most eco-friendly means of mass transport.

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The outstanding feature of the BREEAM®-certified distribution centre built in Tilburg for de Bijenkorf, a Dutch department store chain, is its unique sustainable energy concept.



Due to its lightweight properties, recyclability, safety and long-lasting performance, ArmaPET® Struct was used for the front nose of the Chinese bullet train CRH3A.



AP/ArmaFlex rolls serve as an additional sound barrier for Sony's remodeled picture studios.



Myral, an outside wall insulation specialist from France, uses ArmaPET® Eco50 in manufacturing state-of-the-art cladding systems.

ADDRESSING GLOBAL MEGATRENDS

Armacell's energy-saving, fire-stopping and noise- and vibration-attenuating products are addressing six global megatrends with solutions that tackle our planet's most pressing needs.



ENERGY EFFICIENCY

Across the globe, ever-stricter legislative and regulatory requirements for enhanced energy efficiency are driving the demand for Armacell's advanced insulation solutions. As technical equipment is a critical source of energy losses worldwide, its effective insulation is a vital energy-saving opportunity to reduce GHG emissions.



URBANISATION

With estimates suggesting that up to 70% of the world's population will be living in urban areas by 2050, tens of millions move from rural areas to towns and cities year after year. Thus, the need for efficient energy distribution solutions is increasing all the time, and with it, the demand for high-performance insulation products.



RENEWABLE ENERGIES

Renewable energies are instrumental in the global transition to a low-carbon economy. According to the International Energy Authority, 50% more renewable capacity was added worldwide in 2023 than in 2022. Our products for wind turbines, solar panels and heat pumps are ways in which we are contributing.



LIGHTWEIGHTING

In many industries, lightweighting is a must to reduce CO₂ emissions, meet environmental targets, and use resources more efficiently. According to Germany's Ministry for Climate Action, 100 kg less weight reduces a car's fuel consumption by 0.5 l/100 km and an Airbus A320's kerosene consumption by almost 10,000 l a year.



ACOUSTIC COMFORT & VIBRATION CONTROL

The more urbanised societies become, the more people suffer from excessive noise and vibration. More and more noise pollution regulations require the kind of customised solutions Armacell can provide to enhance acoustic comfort and vibration control.



SUSTAINABILITY

Sustainable development demands an integrated approach that takes environmental concerns, climate mitigation, social development and economic prosperity into account. To this end, Armacell is investing in the development of more sustainable concepts based on alternative materials.

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MATERIALITY ANALYSIS

The basis of our sustainable activities

Our materiality analysis was conducted in accordance with the 2021 GRI Standards and serves as the basis for our sustainability management and reporting, including this report for the 2023 financial year. In addition, we disclose information according to the Sustainability Accounting Standards Board (SASB).

In 2023, we continued to focus our efforts on four areas of commitment. The implementation of the targets within these areas has shaped our business and daily operations. We manage and develop our strategies and measures using specific environmental, social and governance KPIs and targets.

Moving towards a double materiality analysis

As part of Armacell's commitment to sustainability, we align with the extended legal requirements of the European Green Deal, the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD). This includes conducting a double materiality analysis, which is a fundamental aspect of the European Sustainability Reporting Standards (ESRS).

Double materiality refers to the concept of assessing both the impacts of an organisation on the environment and society, as well as the effects of environmental and social issues on the organisation's financial performance. The process of conducting our double materiality analysis involved several key steps to ensure a comprehensive evaluation of our sustainability impacts and risks.



INVESTING IN OUR PEOPLE

- // Providing a safe place to work
- // Fostering equal opportunities to grow and succeed
- // Promoting employee satisfaction and engagement



ENABLING GOVERNANCE

- // Driving compliance and fostering a culture of robust business ethics
- // Ensuring compliance in our value chain
- // Investing in low-impact, durable, high-performance products



PROTECTING OUR PLANET

- // Contributing to transitioning to a low-carbon economy and reducing CO₂ emissions
- // Designing solutions that preserve natural resources
- // Promoting recycling and accelerating our journey towards a circular economy



FURTHERING SUSTAINABLE GROWTH

- // Extending our portfolio of sustainable solutions
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DOUBLE MATERIALITY ANALYSIS

To gain a holistic perspective on our sustainability landscape, we identified and engaged stakeholders from various groups, including Armacell managers responsible for the company's business activities (topic owners), stakeholders from the upstream and downstream value chain, and investors with insights into sustainability-related risks and opportunities.

Our impact materiality assessment was conducted by evaluating the potential materiality of the ten sustainability matters outlined in the European Sustainability Reporting Standards (ESRS). The topics were assessed through questionnaires distributed to our topic owners, as well as through guided interviews with suppliers, customers and investors.

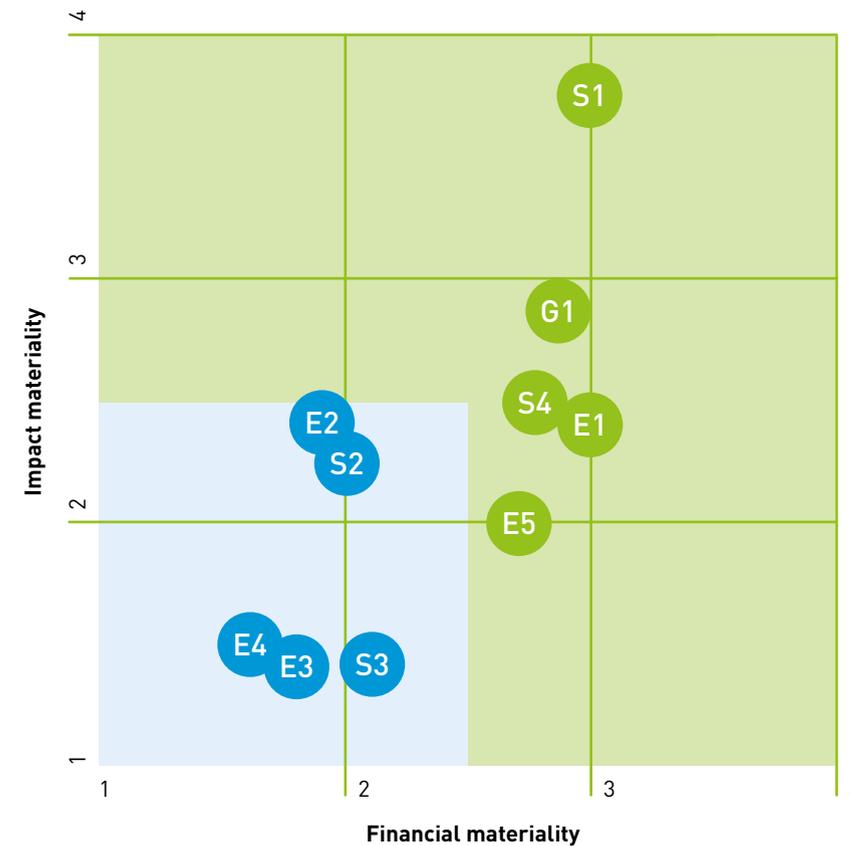
With the financial materiality assessment, we further analysed the risks and opportunities associated with each sustainability matter. These were identified and defined during internal meetings and incorporated into the questionnaires for our topic owners and external stakeholders.

Setting appropriate thresholds was crucial in determining material topics. We established thresholds based on the rating scales of the questionnaires, ensuring alignment with ESRS requirements. Topics with weighted average values above the 50% threshold were considered material, resulting in the identification of five impact and/or financially material risks relating to sustainability matters.

The double materiality analysis showed us that the most significant topics relate to our own workforce, business conduct and climate change, which scored highest in both impact and financial materiality. Resource use, the circular economy, consumers and end-users also emerged as key material topics.

FINDINGS

- Material topics for Armacell**
 - E1** Climate change
 - E5** Resource use & circular economy
 - S1** Own workforce
 - S4** Consumers & end-users
 - G1** Business conduct
- Non-material topics for Armacell**
 - E2** Pollution
 - E3** Water & marine resources
 - E4** Biodiversity & ecosystems
 - S2** Workers in the value chain
 - S3** Affected communities



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INVESTING IN OUR PEOPLE



3,372

EMPLOYEES WORLDWIDE

22.2%

OF OUR WORKFORCE ARE WOMEN

64.4%

ENGAGEMENT INDEX



Armacell is committed to a culture that inspires employees to give their best at work and enjoy long-lasting, meaningful and successful careers. We believe in fairness, equal opportunities and open dialogue – values that support diverse opinions, foster fruitful interactions and enable continuous improvement and innovation.

🚩 GRI 2-7, 2-30, 3-3, 401-1, 403-1, 403-2, 403-5, 403-6, 403-9, 404-1, 404-2, 404-3, 405-1, 413-1

// OUR FOCUS

PROVIDING A SAFE PLACE TO WORK

We uphold stringent health and safety rules to protect our employees from harm, as is reflected in our zero-accident mindset. This enables them to do their work properly and safely.

FOSTERING EQUAL OPPORTUNITIES TO GROW AND SUCCEED

We support our employees' individual professional development at all levels of the company, enhance their skills and promote young talent internally.

PROMOTING EMPLOYEE SATISFACTION AND ENGAGEMENT

Through our culture of dialogue and engagement, we better understand employee experiences, improve our work environment and ensure that everyone is comfortable and motivated.

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PROVIDING A SAFE PLACE TO WORK

AIM FOR ZERO ACCIDENTS

KPI

Lost-time accident frequency rate (LTAFR)

2023 ACHIEVEMENT

0.24 lost-time accidents

2024 TARGET

< 0.24
LTAFR

GRI 305-5, 305-2

Promoting a zero-accident mindset

Armacell continues to work towards its goal of zero accidents and has therefore pursued measures to identify potential hazards, carry out specific risk assessments, mitigate when possible and raise employee awareness of these risks.

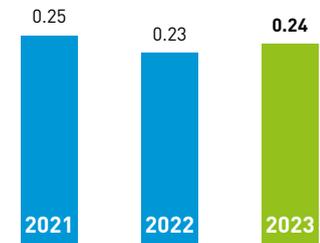
While health and safety are a collective responsibility across the Group, at plant level the highest occupational safety and health standards are upheld and systematically implemented by the plant manager and supported by the local health and safety manager. They also properly monitor and prepare comprehensive reports in the event of an accident.

LTA frequency rate: The frequency rate of lost-time accidents (LTA) within the last three years has averaged 0.24. Although Armacell's target for 2023 was to reduce the accident frequency rate to <0.22, the figure actually remained at 0.24, and we will maintain the same goal in 2024 to take into account the recent acquisitions which are not yet fully at Armacell's standards. In the long term, we will continue to pursue the goal of reducing the accident frequency rate to zero.

LTA gravity rate: Although this figure has remained relatively stable, averaging just over four working days lost per 100,000 working hours, it rose slightly to 4.59 in 2023.

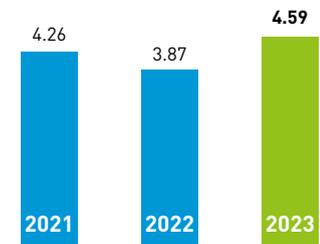
Medical treatment frequency rate: The number of accidents resulting in ≤1 day's absence from work per 100,000 hours worked was 0.44 in 2023, a slight rise from 0.34 in 2022.

LTA FREQUENCY RATE¹



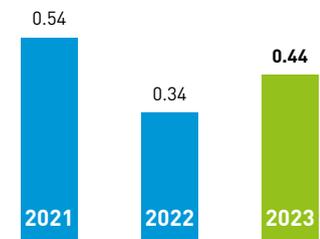
¹ Lost-time accidents (>1 day) per 100,000 working hours.

LTA GRAVITY RATE²



² Number of lost workdays per 100,000 working hours.

MEDICAL TREATMENT FREQUENCY RATE³



³ Number of accidents with absence from work of ≤1 day per 100,000 working hours.

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PROVIDING A SAFE PLACE TO WORK

In the course of 2023, the safety procedures and guidelines that aim to establish uniformly high standards for the entire Group were revised to ensure compliance with international safety requirements. These procedures and guidelines provide a framework for identifying, assessing and mitigating potential safety impacts and ensuring responsible employee management.

'Safety First' is the guiding principle of Armacell's culture en route to our zero-accident goal. All of Armacell's 3,372 employees (except global headquarters and regional office staff) have received safety training, and job-specific safety training is also regularly provided.

At Armacell, all new employees are given specific safety information and training as part of the onboarding process. External employees and contractors are also provided with relevant safety information and guidelines.

Fostering occupational health

As part of our commitment to the safety and well-being of our employees, we have developed an internal excellence programme known as World-Class Armacell Mindset (WAM). This programme promotes continuous improvement in manufacturing and operations, focusing on job risk assessment and health assessment for employees. It also aims to actively reduce noise, dust and chemical exposure, implement health and well-being campaigns, and assess ergonomic risks.

As our manufacturing plants make progress on their journey to excellence, dedicated health, safety and occupational well-being initiatives are being developed in different locations and tailored to our employees' needs.

→ »At Armacell, the well-being of our employees is paramount. We are committed to ensuring that everyone goes home safe and healthy each day, fostering a culture where safety and well-being are our top priorities.

// HIGHLIGHTS

The occupational health and safety management systems at six plants – four in APAC and two in EMEA – are currently certified to ISO 45001, an international standard for occupational health and safety management systems that aims to improve employee safety, reduce workplace risks and create better, safer working conditions across the world. All other plants follow the WAM programme's Safety Pillar, which is aligned with the international standards and requirements laid down by ISO.

In 2023, Armacell received the National Insulation Association (NIA) Platinum Safety Excellence award in the USA. This is the highest recognition the NIA awards for programmes ensuring the well-being and safety of employees in a working environment. In addition to this award, Armacell has been recognised as a 2024 Premier Industry Manufacturer by the NIA.



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GLOBAL SAFETY DAY

Since 2022, Armacell has been organising Global Safety Days twice a year across all our manufacturing plants to promote a culture of safety, allow production teams to revisit safety protocols, and attend several hours of training and practical sessions. In 2023, the event theme was 'Acting together to build a positive health and safety culture'.

During the sessions, teams around the world drew attention to unsafe acts, which account for over 90% of safety incidents at Armacell, and highlighted the importance of awareness and team collaboration to address health and occupational safety. The sessions provided support, tools and information and reinforced safety rules and their importance in maintaining a safe workplace.

8 of our plants

had recorded more than 1,000 days without lost-time accidents (LTAs) by the end of 2023.

// Conover (NC), USA

// Münster, GER

// Hidd, BHR

// Bursa, TUR

// Yindge, CHN

// Cheonan, KOR

// Yukon (OK), USA

// Brampton, CAN



FOSTERING EQUAL OPPORTUNITIES TO GROW AND SUCCEED

PROMOTE LOCAL LEADERSHIP

KPI

Leadership roles staffed locally

2023 ACHIEVEMENT

92% leadership vacancies staffed locally

2024 TARGET

80%

leaders staffed locally



GRI 405-1

Continuing the emphasis on local management and personnel

As a global company with a strong local focus, Armacell strives to hire local employees and management staff, thereby contributing to the local economy and social fabric.

Moreover, by strengthening the company's presence in local markets and enabling a better understanding of local needs, this recruitment strategy is also good for business. We exceeded our 2023 target of filling 80% of management teams locally by achieving a figure of 92%. As we continue to prioritise local teams, we have retained our target of 80% for 2024.

The degree of global diversity already practiced is underlined by the fact that as of 31 December 2023, 3,372 employees representing 70+ nationalities were working for the Armacell Group in 44 countries across four continents. This number includes regular, full-time contracts and apprentices.

Armacell fully appreciates the advantages of a diverse workforce, which include a broader selection of qualified job applicants, a higher level of identification with the company, and differing perspectives towards customers and the markets we target. We strive to develop their talents and further their skills irrespective of gender, social or ethnic origin, sexual orientation, religion, ideology or age. Moreover, we do all we can to cultivate a work climate of mutual respect and trust to ensure diversity is lived out in practice.

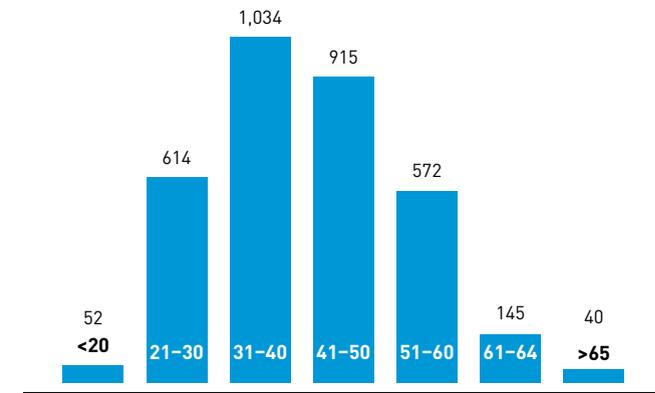
At the end of 2023, 22.2% of our global workforce and 22.2% of our managers were women. The comparative figures for 2022 were 22.4% and 24.6% respectively. Women make up 15.8% of senior leadership and 20% at board level (unchanged from 2022). Despite reorganisation in North America and Europe, we managed to maintain the same proportion of women in global management as before.

We welcome and support an age-diverse workforce that drives our performance, collaboration and knowledge-sharing to foster a strong talent pipeline for our company's long-term success. Overall, 19.7% of Armacell's employees are under 30, while 22.4% of our workforce are over 50.

Disabilities

Disability data are only partially available, and in most countries where Armacell operates, employees are not required to volunteer such information. We seek to reasonably accommodate employees who report any disabilities and are committed to offering a decent working environment that allows them to perform their work-related tasks.

AGE DIVERSITY



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FOSTERING EQUAL OPPORTUNITIES TO GROW AND SUCCEED

Optimising talent

Through our people management system Workday, we monitor talent management, compensation and recruitment, as well as the training and equal opportunities for development that are equally provided to each and every employee.

Facilitating training

We continue to develop the capabilities and competencies of our people through a wide variety of training programmes. In 2023, 14.4 hours of training per employee were implemented on average (2022: 19.2 hours), covering topics such as anti-bribery or anti-corruption, gender equality, health & safety, responsible purchasing, environmental management, data privacy, IT security and other legal and compliance aspects such as Armacell's Code of Conduct.

Depending on roles and responsibilities, employees take part in training linked to our company-specific WAM programme, which is of crucial importance to all business processes worldwide and has been deployed since 2013.

Developing skills

In line with local employment conditions, job requirements and our employees' own career interests, personal development measures are available to our workforce around the world. Regular training is organised on topics such as product manufacturing, shop floor safety, strategic selling, demand generation and compliance aspects of our business.

As part of our efforts to protect corporate data, employees complete several online and digital courses on how to detect phishing attempts, protect themselves from social engineering threats and manage information security inside and outside the office. They are taught how to recognise and correct inappropriate behaviour, identify suspicious situations and know what to do if something goes wrong. In addition, employees are required to read and sign policies relating to information security, internet access security and the use of mobile and/or personal devices for work purposes.



—> » Armacell employees around the world have access to personal development programmes that are geared towards specific work requirements and individual career interests.

SOPHIE ANCELIN,
CHIEF HUMAN RESOURCES OFFICER

We hire every employee with the long-term in mind and believe that trust-based teamwork paves the way for our success.

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PROMOTING EMPLOYEE SATISFACTION AND ENGAGEMENT

INCREASE PEOPLE ENGAGEMENT

KPI

Employee engagement index

2023 ACHIEVEMENT

64% employee engagement

2024 TARGET

65%

engagement index



Global employee survey

Following the 2022 employee survey, we implemented a series of measures and initiatives in 2023 to address the suggestions for improvement expressed by our employees. By the end of 2023, we had successfully completed 90% of these activities.

As from 2023, our employee survey is being conducted annually to foster increased engagement over the long term. For 2024, our goal is to raise the engagement index from 62.2% in 2022 and 64.4% in 2023 to 65%. A review will take place during the 2024 financial year, accompanied by the findings of a new employee survey. Moving forward, the survey will be conducted biennially to allow sufficient time for implementing and assessing the impact of employee feedback.

Providing annual feedback

An annual feedback process for office staff and production workers strengthens our employees' identification with and engagement for the company and is also evidence of good and effective management practice. In 2023, the coverage rate (including plant workers) reached 98% (2022: 92%). Every year, every Armacell employee attends a dedicated meeting with their manager during which individual goals, achievements and overall performance are reviewed and discussed.

This exchange is also a good opportunity to reflect on mobility aspects, each employee's career development interests or remote, flexible and hybrid working in line with our guidelines for working schemes. In 2024, we are committed to keeping the number of employees receiving annual feedback at a comparably high level across the Group.

—> »Regular performance reviews form the foundation of our personnel's career development strategies.

ArmaWay – engaging employees for continuous improvement

The ArmaWay Award is a sign of our appreciation for the commitment and inventiveness of our employees. The underlying idea is that our employees are the experts in their field and are therefore best placed to drive innovation and improve performance. We distinguish between four categories:

- // APPRECIATE our customers – living a particularly open, appreciative and solution-orientated attitude
- // RAISE our efficiency – improving the performance and quality of our products and services
- // MANAGE our cash – keeping an eye on the economic fundamentals in all optimisation processes
- // ACT to empower our employees – improving everyone's skills to work better, not harder

For the 10th edition of our ArmaWay Awards in 2023, we received 151 project applications across all four categories. The Selection Committee, comprising senior Armacell managers, chose the winning and runner-up projects.

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PROMOTING EMPLOYEE SATISFACTION AND ENGAGEMENT

Maintaining good relations with employees

Labour relations worldwide are guided by country-specific regulations and traditions. We uphold collective agreements in several countries (e.g. in Germany and Spain) and employees are free to join a trade union or other representative bodies across countries according to applicable regulations (e.g. trade unions in Brazil and China). This approach demonstrates our commitment to fostering strong labour relations and supporting the well-being and professional growth of our employees globally.

Strengthening team spirit

We empower employees to positively impact our company and the communities we work in. It was in this spirit that the 10th Global Armacell Day was organised as an annual opportunity to pool our time, shift our energy and use available resources to learn more about Armacell's contribution to a future worth living and to support local projects.

Teams at more than 30 different locations took advantage of Global Armacell Day in September 2023 to address the megatrend of energy efficiency and the important role it plays in tackling climate change and to present or learn about Armacell's leading contribution to this topic.



Across the world, teams engaged in various activities centred around energy efficiency. Visits to customer construction sites and power stations demonstrated hands-on energy-saving applications of Armacell products. In addition, we organised activities to raise awareness of and promote individual solutions for energy conservation. These events included practical tips and daily practices that employees can adopt to save energy. Through workshops, interactive sessions and information material, we encouraged everyone to actively participate in energy-saving efforts, highlighting the significant impact of individual actions on our sustainability goals.



AMERICAS – Employees at the Mebane plant presenting our theme's T-shirts.



APAC – Employees from Suzhou, China celebrating Global Armacell Day.



EMEA – Employees from Münster, Germany, enjoying a BBQ together.

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PROTECTING OUR PLANET



3 bn

RE-USED PET BOTTLES

8,888 t

PRODUCTION SCRAPS RE-USED

25%

OF OUR WASTE CONVERTED TO ENERGY



Armacell stands out as a leading provider of technical insulation solutions that help customers achieve their sustainability goals. Our products help to save energy, reduce emissions, enhance fire safety and achieve acoustic comfort. We evaluate our own production processes and those of our suppliers to make them more sustainable. Our efforts focus on decarbonisation initiatives, internal recycling activities and the increased use of renewable energy sources.

➤ GRI 3-3, 301-2, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5

// OUR FOCUS

CONTRIBUTING TO A **LOW-CARBON ECONOMY** AND LOWER CO₂ EMISSIONS

We are continuously working to reduce our carbon footprint and optimise the energy used for our production processes in order to mitigate climate change.

DESIGNING **SOLUTIONS THAT PRESERVE NATURAL RESOURCES**

We are committed to continuous improvement to reduce negative environmental impacts and preserve resources – both within our organisation and through our business model.

PROMOTING **RECYCLING** AND ADVANCING TOWARDS **CIRCULAR ECONOMY**

Our commitment to protecting the environment and conserving limited resources is reflected in the material and energy recovery from production waste and the use of recycled materials.

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CONTRIBUTING TO TRANSITIONING TO A LOW-CARBON ECONOMY AND REDUCING CO₂ EMISSIONS

REDUCE GHG EMISSIONS

KPI

Production-related greenhouse gas (GHG) emissions

2023 ACHIEVEMENT

-2.5% production-related CO₂e

2024 TARGET

-3%
CO₂e emissions



GRI 305-1, 305-2

As part of Armacell's optimisation processes and thanks to our innovative technologies, we are continuously working towards increasing the range of low-carbon and alternative materials used in our manufacturing processes. Wherever possible, we favour recyclables in our PET and polyethylene (PE) processes, prioritise polyvinyl chloride (PVC)-free products and embrace the use of recycled materials in our flexible elastomeric foam (FEF) lines.

For example, by using recycled PET flakes, our ArmaPET® Struct manufacturing process generates 37% fewer CO₂ emissions than similar processes using a virgin PET raw material base.

In 2023, we recorded 1.09 tonnes of CO₂ emissions per tonne of finished goods compared to a figure of 1.08 tonnes of CO₂ the previous year.

Reducing CO₂ emissions

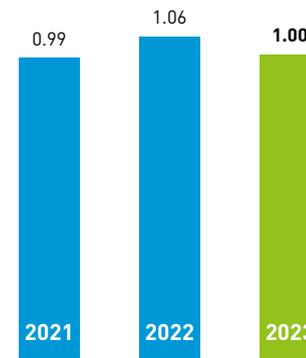
To calculate Armacell's direct and indirect GHG emissions, we utilise the Greenhouse Gas Protocol established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This protocol enables us to maintain a consistent approach to corporate carbon accounting and reporting. Each year, we report on Scope 1, Scope 2 and Scope 3 GHG emissions. Scope 1 covers direct emissions from our own manufacturing operations, while Scope 2 encompasses indirect emissions from the generation of purchased energy. In addition, we gather data across our entire value chain to calculate and report on Scope 3 emissions, which include all other indirect emissions that occur in our value chain.

In 2023, our total Scope 1 emissions stood at 34,246 tonnes of carbon dioxide equivalent (tCO₂e), a standard unit for measuring carbon footprints. The figure was slightly lower than the 34,818 tCO₂e we reported in 2022.

Furthermore, our Scope 2 emissions in 2023 were 49,773 tCO₂e, down from the 56,226 tCO₂e reported in 2022. Our total CO₂ emissions for Scope 1 and 2 were 84,019 tCO₂e in 2023, which was lower than our 2022 figure of 91,045 tCO₂e.

Armacell commissioned an external consultancy firm to recalculate the 2022 Scope 3 emission values. This recalculation significantly improved data quality, increased granularity, and used a more accurate calculation methodology, such as weight conversion factors and detailed emission factors. Consequently, the 2023 Scope 3 emissions have now been adequately calculated and the 2022 values restated.

CO₂ EMISSIONS¹ in tonnes (Scope 1 & 2) per tonne of finished goods



¹ Data covers 17 out of 25 plants.

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CONTRIBUTING TO TRANSITIONING TO A LOW-CARBON ECONOMY AND REDUCING CO₂ EMISSIONS

—→ » To achieve our CO₂ production-related reduction targets, we are working on reducing our energy consumption, avoiding waste and using more renewable energies.

The GHG Protocol categorises Scope 3 emissions into 15 distinct categories. For Armacell, 10 of these categories are relevant. The highest percentage (77%) of our Scope 3 emissions is attributed to category 1 – Purchased Goods and Services (432,139 tCO₂e), which is identified as the most material aspect of our business in terms of carbon emissions.

The total Scope 3 footprint assessment for 2023 is 560,370 tCO₂e, which was less than the 2022 figure of 594,351 tCO₂e.

In adding together Scope 1, 2 and 3 emissions, Armacell's total carbon footprint in 2023 is 644,389 tCO₂e, compared to 685,395 tCO₂e in 2022. This overall reduction reflects our ongoing efforts to implement more sustainable practices and reduce our environmental impact.

Investing in renewable energy sources

As part of our commitment to sustainability, Armacell is increasingly investing in renewable energy sources to reduce our carbon footprint and reliance on non-renewable energy. In 2023, 15% of Armacell's purchased energy was generated from renewable energy sources, and we are working towards ensuring that 20% of our global energy consumption in 2024 will be from such sources.

Proof of our ongoing efforts comes from various locations:

- // Since March 2023, the **Leini** plant in Italy has benefited from 1,130 photovoltaic modules that provide around 20% of the plant's energy needs.
- // In **Hidd**, Bahrain, we source 70% of local energy consumption from renewable sources.
- // At our **Thimister** plant in Belgium, 2,800 solar panels generate 749 MWh of energy to cover 8-10% of the plant's total requirements, with plans for additional upgrades to further increase this capacity.
- // In **Pune**, India, solar panels provide hot water, and 65-70% of the plant's electricity comes from wind power, resulting in a significant 30% reduction in CO₂ emissions.
- // Our **Gödersdorf** plant in Austria has panels on 8,200 m² of roof space that supply nearly 80% of the total energy used in production and office areas.

As we move forward, additional plants will be increasing their use of green energy to meet our manufacturing needs, thus reinforcing our dedication to sustainable energy practices.

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DESIGNING SOLUTIONS THAT PRESERVE NATURAL RESOURCES

REDUCE ENERGY CONSUMPTION

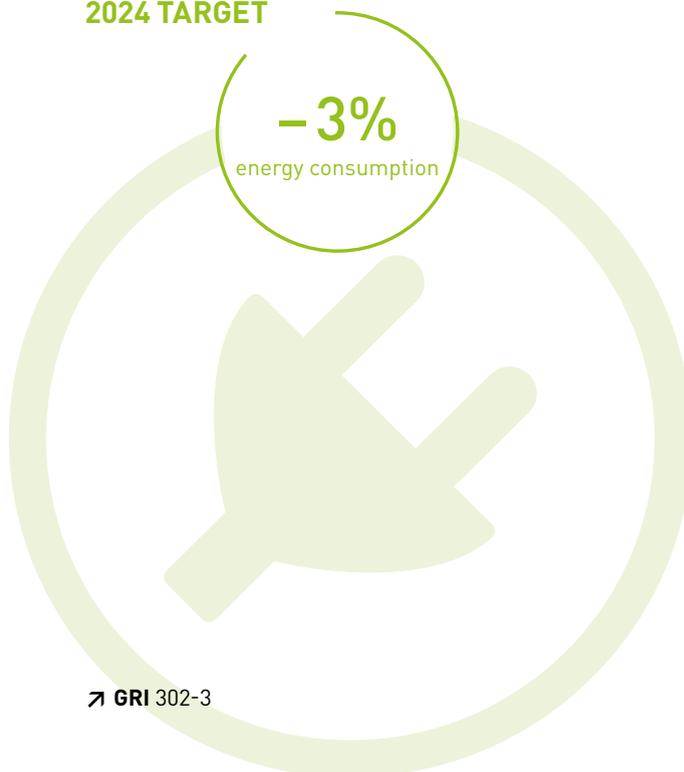
KPI

Production-related energy consumption per tonne of finished goods

2023 ACHIEVEMENT

+1% energy consumption

2024 TARGET



GRI 302-3

Managing our energy consumption

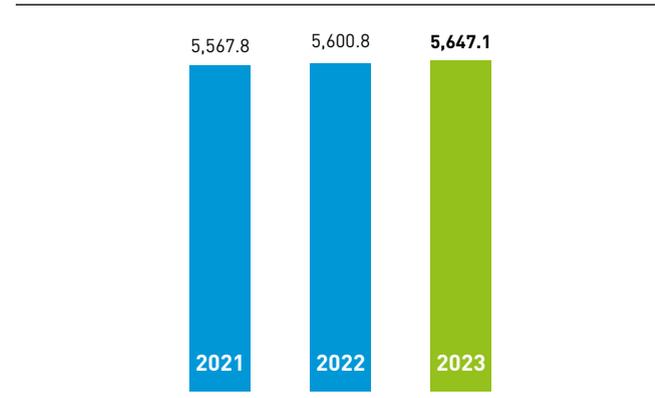
We are continuously striving to optimise our production efficiency, aiming to lower our ecological footprint by focusing on reducing the consumption of resources in our production processes. The total energy consumption in 2023 was 473,138,872 MJ, which was slightly lower than the 2022 figure of 482,097,408 MJ.

Our ongoing optimisation efforts focused on refining production processes, including the reduction of product density and regular test runs. In 2023, these resulted in an increased energy consumption (+1% per tonne of finished goods as compared to 2022). The same is true for gas and electricity consumption.

Managing our gas consumption

Natural gas is another significant energy source for Armacell's production processes. Our gas consumption in 2023 was 17,303,741 m³, which marked a slight decrease from 17,538,481 m³ in 2022. This decline demonstrates our efforts to implementing more efficient practices and technologies.

ENERGY CONSUMPTION¹ in GJ per tonne of finished goods

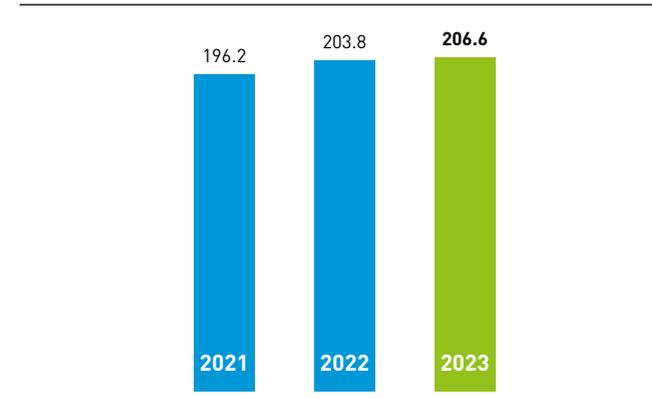


¹ Data covers 17 out of 25 plants.

—> » Armacell is committed to safeguarding the environment. We strive to reduce and mitigate our impact by upholding high standards of environmental responsibility and seeking innovative solutions to enhance energy efficiency and sustainability.

ROBERTO MENGOLI,
CHIEF TECHNOLOGY OFFICER

GAS CONSUMPTION¹ in m³ per tonne of finished goods



¹ Data covers 17 out of 25 plants.

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DESIGNING SOLUTIONS THAT PRESERVE NATURAL RESOURCES

REDUCE WATER WITHDRAWAL

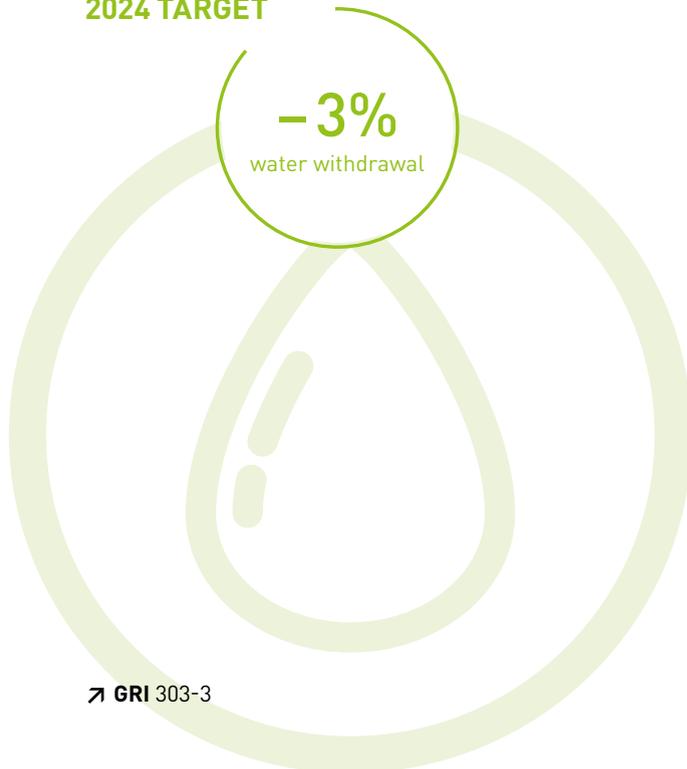
KPI

Production related water withdrawal per tonne of finished goods

2023 ACHIEVEMENT

- 12% water withdrawal

2024 TARGET



Managing our water withdrawal

In the majority of our locations, we use third-party water systems for water withdrawal. In 2023, the total water withdrawal was 143,953 m³, as opposed to 167,946 m³ in 2022. This decrease can be attributed to the restoration of underground piping in some of our plants (- 12% per tonne of finished goods as compared to 2022).

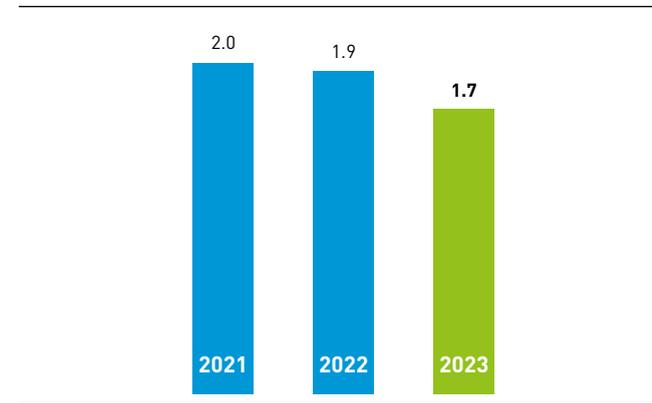
Managing our electricity consumption

Armacell mainly consumes electricity in its production processes. Our total electricity consumption in 2023 was 131,378,844 kWh, down from the 133,866,663 kWh reported in 2022. This reduction reflects our ongoing efforts to improve energy efficiency and optimise production methods.

→ » We prioritise resource savings and promote the adoption of renewable energy sources.

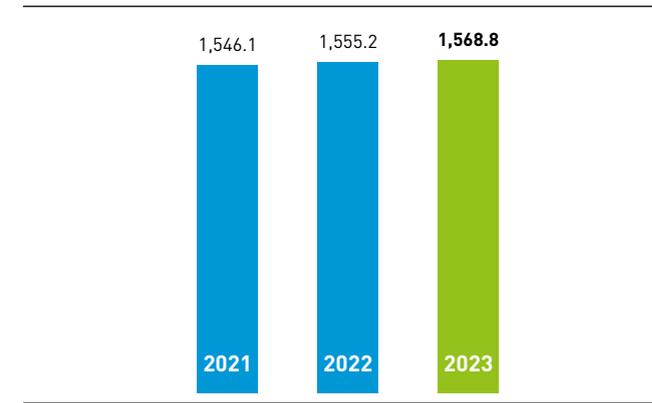
We are committed to continuing these efforts to further minimise our environmental impact.

WATER WITHDRAWAL¹ in m³ per tonne of finished goods



¹ Data covers 17 of our 25 plants. All numbers were restated.

ELECTRICITY CONSUMPTION¹ in kWh per tonne of finished goods



¹ Data covers 17 out of 25 plants.

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PROMOTING RECYCLING AND ACCELERATING OUR JOURNEY TOWARDS A CIRCULAR ECONOMY

IMPROVE WASTE MANAGEMENT

KPI

Production waste recycled and recovered

2023 ACHIEVEMENT

67% of production waste recycled and recovered

2024 TARGET



GRI 306-4

Minimising and recycling waste

As part of the WAM programme's Environmental Pillar, we strive to continuously re-think, avoid generating, reduce and recycle production-related waste – whether it relates to raw materials, equipment or cleaning and maintenance services.

Through initiatives such as re-using powder from dust collectors or insulation scraps from onsite applications as material for acoustics products or implementing a pallet return policy for customers across the EMEA region, we avoid generating waste at our own production sites, reduce negative waste impacts and support the circular economy in our upstream value chain.

In 2023, the total waste Armacell generated amounted to 14,240 tonnes, which was significantly less than the 17,778 tonnes reported in 2022. The total amount of production scraps re-used in finished goods was 8,888 tonnes (2022: 10,042 tonnes). In the elastomeric (EL) process, a small quantity of recycled scraps is currently being reintegrated into the manufacturing process. In the polyethylene (PE) and polyethylene terephthalate (PET) processes, scraps are reground and then utilised in the production process. In addition, we are continuing to expand the use of recycled PET (rPET) for our new products, with 92% of rPET used in ArmaPET production in 2023.

In 2023, 42% of production-related waste was recycled, and 25% of production waste was incinerated and energy recovered, for an improvement on the 2022 figure of 17%. In terms of waste sent to landfills, we reported a total of 3,274 tonnes (23%) in 2023, as opposed to 4,018 tonnes (22.6%) in 2022.

Of the 14,240 tonnes of reported waste (2022: 17,778 tonnes), 1,445 tonnes were hazardous waste (10.1%) and the remaining 12,795 tonnes non-hazardous (89.9%). It is important to note that the classification of hazardous vs. non-hazardous waste varies according to local regulations.

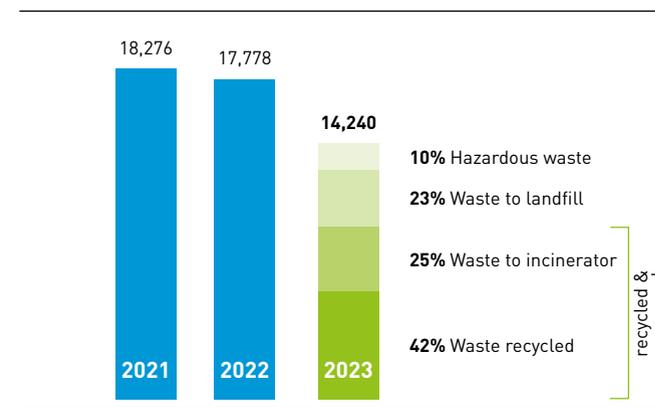
→ »8,888 tonnes of production scraps re-used in finished goods.

Recycled PET foam technology

Waste plastic bottles are repurposed using Armacell's unique recycled PET (rPET) foam technology. By the end of 2023, Armacell's rPET facilities had re-used 3 billion PET bottles and saved more than 135,000 tonnes of CO₂ emissions in the process.

The production capacity at our PET headquarters in Thimister-Clermont, Belgium has been considerably increased in recent years through the addition of two production lines using state-of-the-art technology with ERP and Six Sigma process monitoring systems for full quality control.

GENERATED WASTE¹ in tonnes



¹ Data covers 17 out of 25 plants. All numbers were restated.

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REDUCING OUR IMPACT

Collecting insulation scrap in Pune

The team at Armacell's Pune plant in India has launched a practical initiative to collect and re-use insulation scrap after installation. The initiative first starts by surveying customers to understand how they manage their scraps and communicating with them about its proper handling. The scrap is then collected by our teams and clear procedures are established for sorting and checking the quality of the scrap so the initiative does not impact our products' high standards. Recognising the potential for further impact, the team extended the initiative upstream and are currently collaborating closely with suppliers to develop similar procedures throughout the value chain. This comprehensive approach has demonstrably reduced waste, benefited the circular economy, minimised environmental impact and maximised resource efficiency.

Logistics optimisation in Münster

The ZIP Code Optimisation initiative implemented in our Münster plant underscores Armacell's dedication to mitigating its environmental impact while streamlining operations. By strategically consolidating shipments based on recipients' ZIP codes, we have effectively minimised our reliance on inefficient transportation methods and significantly reduced emissions. This approach entailed categorising customers into their respective ZIP code area, while taking shipment volumes into account and designing delivery schedules to optimise loading days and achieve larger, consolidated deliveries. This initiative has already brought some positive results: a noticeable decrease in small shipments and a corresponding increase in larger, more efficient deliveries.



ENABLING GOVERNANCE



60%
OF SUPPLIERS SIGNED CODE OF CONDUCT

ZERO
TOLERANCE FOR MISBEHAVIOUR

61
NET PROMOTER SCORE



Corporate governance at Armacell encompasses a comprehensive system of rules, policies, and processes designed to uphold human rights, environmental standards, data protection, IT security, intellectual property, consumer-related considerations, working conditions, employment status, and stakeholder engagement. Our day-to-day operations are guided by the Armacell Code of Conduct, serving as the foundation of our corporate ethics. Through this robust governance framework, we strive to meet legal requirements, ensure compliance, and prioritise the safety of our employees and business partners.

➤ GRI 2-6, 2-9, 2-10, 2-12 to 2-21, 2-23 to 2-27, 2-29, 3-3, 205-2, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 418-1

// OUR FOCUS

DRIVING COMPLIANCE AND FOSTERING ROBUST BUSINESS ETHICS

Responsible and ethical behaviour is fundamental to our business activities. All our actions are guided by our Code of Conduct.

ENSURING COMPLIANCE IN OUR VALUE CHAIN

We minimise risks in our supply chain through various mechanisms and measures. Our suppliers undergo regular assessments and audits.

INVESTING IN LOW-IMPACT, DURABLE, HIGH-PERFORMANCE PRODUCTS

We are dedicated to creating sustainable value and long-lasting solutions for our diverse global customer base, thus helping them advance their own sustainability journeys.

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OUR COMMITMENT TO RESPONSIBLE BUSINESS

Armacell's 2024 executive team comprises eleven highly experienced managers representing seven nationalities and a diverse set of skills. Their common purpose is to drive the company's future growth by fostering innovation, encouraging commitment and promoting entrepreneurship.



Adrian Yeandle Chief Legal & Compliance Officer	Wim Van Acker¹ Chief Financial Officer	Guillaume Huguen¹ Chief Strategic Development Officer	Malte Witt Vice President EMEA	Sophie Ancelin¹ Chief Human Resources Officer	Laurent Musy² Chief Executive Officer	Roberto Mengoli Chief Technology Officer	Marc Cangelosi Chief Marketing Officer	Bart Janssen Vice President Engineered Foams & Energy	Liam Douglas Vice President APAC	Ciro Ahumada Vice President AMERICAS
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¹ Member of the Management Board
² Chairman of the Management Board (since April 2024)

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OUR COMMITMENT TO RESPONSIBLE BUSINESS

Decision-making

The 2024 decision-making bodies of Armacell International S.A. consist of the individuals listed below. As those responsible for the long-term success of the Group, they set the strategic goals, establish standards and ensure compliance.

Supervisory Board

- // Mathieu Paillat (Chairman)
- // Laurent Rivoire
- // Marlène Bazouin
- // Jacob Chris Lassen
- // Peter Bason
- // Jørgen Jensen (independent)
- // Patrick Mathieu (independent)

Audit Committee

- // Peter Bason (Chairman)
- // Mathieu Paillat

Remuneration and Nomination Committee

- // Mathieu Paillat (Chairman)
- // Jacob Chris Lassen

Sustainability Committee

- // Jacob Chris Lassen (Chairman)
- // Marlène Bazouin

Management Board

- // [see page 34](#)

Executive Management Team

- // [see page 34](#)

Ownership Structure

Private equity funds managed by PAI Partners have been Armacell's majority shareholder since 28 February 2020. The remaining shares are held by the holding and investment company KIRKBI and Armacell's senior management team.

About PAI Partners

PAI Partners is a pre-eminent private equity firm investing in market-leading companies across the globe. The firm has over €26 billion of assets under management and, since 1994, has completed over 100 investments in 12 countries and realised more than €24 billion in proceeds from 59 exits. PAI has built



an outstanding track record through partnering with ambitious management teams where its unique perspective, unrivalled sector experience and long-term vision enable companies to pursue their full potential – and push beyond.

www.paipartners.com

About KIRKBI

KIRKBI is the Kirk Kristiansen family's holding and investment company founded to promote a sustainable future for the family ownership of the LEGO® brand through generations. Its strategic activities include 75% ownership of the LEGO Group and 47.5% ownership of Merlin Entertainments. The



company's investment activities also include investments in renewable energy, long-term investments in companies such as ISS, Nilfisk, Falck, Armacell and Välinge, and property investments in Denmark, Switzerland, Germany and the UK.

www.kirkbi.com

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OUR COMMITMENT TO RESPONSIBLE BUSINESS

Robust ESG governance structure

To ensure effective governance and realise our principles and policies, we have established a robust structure involving the highest levels of management and implemented it across all Group's activities.

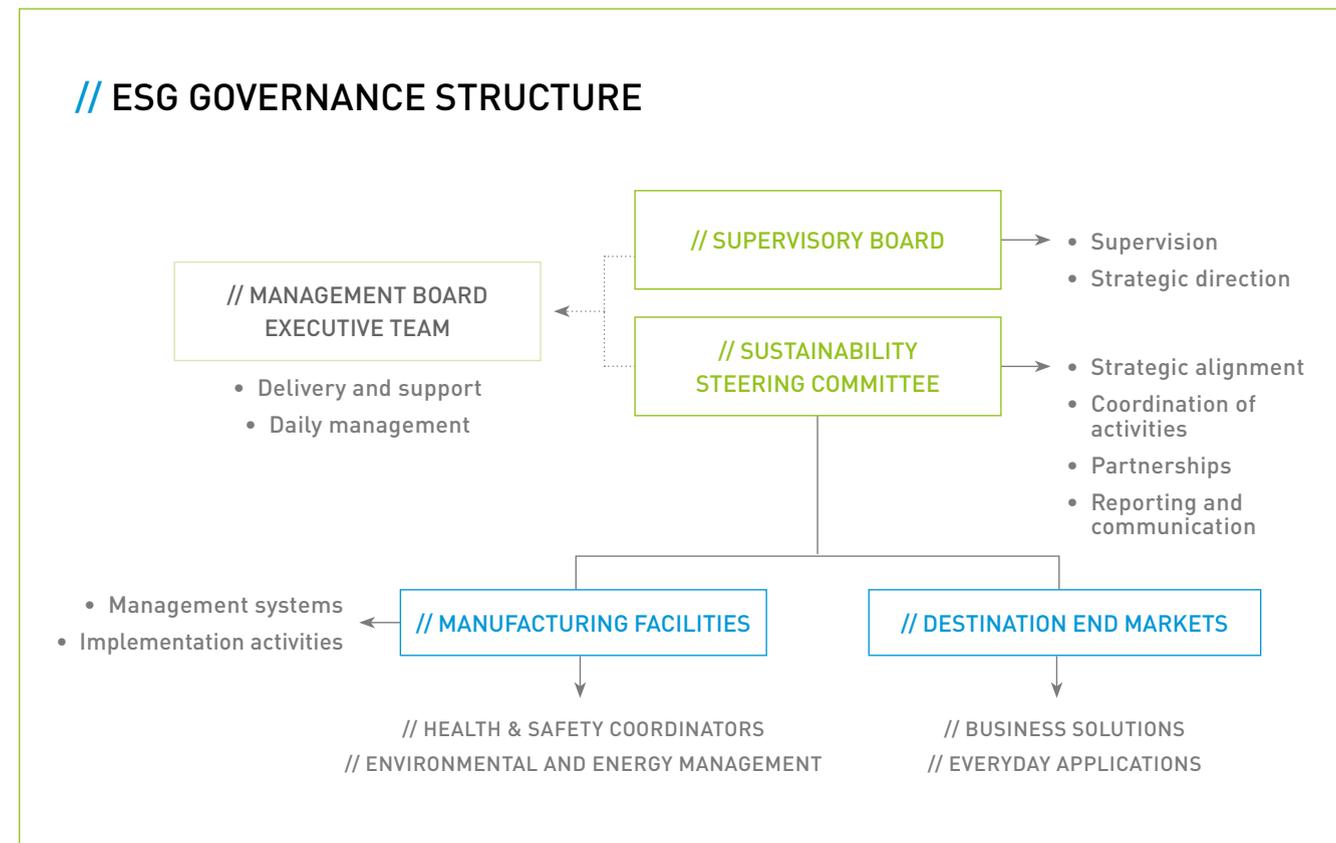
The Sustainability Steering Committee (SSC), comprising members of the executive team and senior managers, has a pivotal role to play by continuously monitoring and upholding Armacell's value system and its principles-based approach to business. The SSC is dedicated to driving compliance and fostering a culture of robust business ethics at Armacell. It identifies new commitment and action areas, develops sustainability focus fields and measures, enhances the scope and standards of annual ESG reporting, maintains effective ESG communications and positively influences stakeholder opinions.

→ » Armacell promotes a culture of sustainability throughout the organisation.

Furthermore, sustainability is a key responsibility of Armacell's top-most governance body. The Supervisory Board is primarily responsible for providing input on the strategic direction of the company, supporting major sustainability projects and the process of setting effective sustainability metrics. In addition, the Board oversees the management of impacts associated with Armacell's sustainable development. It also fosters the exchange of ideas and opinions and facilitates access to expert knowledge and stakeholder consultation.

Selected members of the Supervisory Board serve on the Sustainability Committee, the Audit Committee and the Remuneration & Nomination Committee. This integrated structure ensures a constant and transparent flow of communication, provides strategic direction on sustainability metrics and enables effective management of impacts relating to Armacell's sustainable development.

For example, the Remuneration & Nomination Committee oversees the process of nominating and selecting candidates for key positions within the Armacell Group. This committee is also responsible for overseeing Armacell's remuneration policy and setting targets for performance-related pay. Armacell does not disclose overall compensation ratios due to the different nature of the variable incentives across its global footprint.



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DRIVING COMPLIANCE AND FOSTERING A CULTURE OF ROBUST BUSINESS ETHICS

FOSTER ROBUST BUSINESS ETHICS

KPI

Code of Conduct compliance training

2023 ACHIEVEMENT

100% of new joiners trained

2024 TARGET

100%
of new joiners trained

GRI 205-2

Engaging employees on our sustainability journey

At Armacell, we are accountable for our results and the manner in which they are achieved. As a global leader in high-performance insulation materials, we maintain long-standing commercial relationships along our value chains with suppliers, service providers, customers, distributors, contractors, installers and communities in more than 100 countries. We recognise our social responsibility in all our locations and aim to contribute to the quality of life of our employees, business partners and the surrounding communities.

Based on our values of Commitment, Empowerment, Integrity and Sustainability, the Armacell [Code of Conduct](#) defines the rules for our daily work, both internally and externally, and shows how they are to be implemented. The Legal & Compliance team revised the Code of Conduct in 2023 to expand the scope of the internal rules, standards and procedures. Special attention was paid to the inclusion of human rights principles (freedom of

expression, safe and healthy working conditions, non-discrimination in employment status, freedom from slavery, etc.), which are considered relevant to both Armacell's workforce and its business operations.

Armacell's compliance-related training

To ensure our employees have access to the latest information and act in accordance with our high standards and expectations, we provide mandatory training courses at all levels of the organisation. For example, new recruits are instructed in the content of the Armacell Code of Conduct and our data protection rules. As part of the onboarding process, all employees must acknowledge our policies on anti-bribery and anti-corruption, sanctions, data protection, fair competition and anti-money laundering. We also conduct risk-based training sessions across the entire Group. It is worth noting that there were no instances of non-compliance with laws and regulations, and no fines or non-monetary sanctions in 2023.

// REPORTING WRONGDOING AND ILLEGAL PRACTICES

Armacell has an [online whistleblower portal](#) that is available to all employees and third parties via our website. Reports submitted through this secure communication platform are anonymous and handled exclusively and strictly confidentially by the Armacell Group's Integrity Committee. The system's anonymous privacy function has been certified by an independent body. In 2023, Armacell recorded a total of 19 cases reported across seven categories. All the cases were investigated, some with the help of an external consultant, and all were closed within a reasonable timeline.

As expected, 2023 brought an increase in the total number of cases reported over 12 months. This points to an increased level of awareness among Armacell's employees and is a result of the regular training opportunities being conducted to encourage the identification and reporting of violations or inappropriate behaviour.

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PROTECTING OUR BUSINESS, REPUTATION AND CUSTOMER DATA

MITIGATE IT RISKS

KPI

Critical security incidents

2023 ACHIEVEMENT

Zero critical IT incidents

2024 TARGET

ZERO
critical incidents



➤ GRI 418-1

Ensuring cyber security

Protecting our IT infrastructure is fundamental for Armacell and its customers. The Armacell Group Cyber Security Policy guides employees and business partners on safeguarding data, securing IT infrastructure and mitigating risks. The policy aims to prevent cyber attacks, data theft, and protect our business processes.

We prevent unauthorised data access and breaches by using advanced threat detection and machine protection software across all servers and devices. In 2023, as in the previous year, there were no substantiated complaints regarding breaches of customer privacy, leaks, thefts or data losses.

Mitigating security risks

Just like its manufacturing peers, Armacell faces digital disruption risks. A global governance body, including corporate and local IT teams, safeguards our IT systems and data through defined security measures and best risk management practices.

Our security management system identifies, reviews and addresses external and internal threats and vulnerabilities to mitigate risks, thus ensuring the continuity of operations. In 2023, we documented over 285,000 internet threats, with 104,000 specifically related to communications. Among these, 200,000 were instances of phishing.

Mandatory cyber security training

Security-conscious employees are crucial for protecting Armacell's data. Our employees complete compliance courses on detecting phishing attempts, protecting against social engineering and managing information security. They learn to recognise and correct inappropriate behaviour, identify suspicious situations and respond effectively. In addition, employees must read and sign policies on information security, internet access security and the use of mobile or personal devices for work purposes.

// ARMACELL GROUP CYBER SECURITY POLICY



Provide guidance to employees and business partners



Secure IT infrastructure by powerful software and machine protection across all devices and servers



Prevent cyber and malware attacks through data protection and training

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ASSESSING ESG RISKS

Creating a robust ethics culture and a strong governance framework are critical mitigation measures to reduce the risk of compliance breaches that may cause reputational or financial harm.

Armacell pays specific attention to emerging developments regarding environmental, social and governance (ESG) issues. As part of our latest risk assessment update finalised in January 2024, we analysed a number of ESG-related risks in the context of existing and future regulations and included them in our governance approach.

—> »Strong governance is the backbone of Armacell's operations. We are committed to applying policies that ensure transparency and accountability at all levels, reinforcing our dedication to ethical practices, regulatory compliance and ESG-related risks.

ADRIAN YEANDLE,
CHIEF LEGAL & COMPLIANCE OFFICER



ENSURING COMPLIANCE IN OUR VALUE CHAIN

PERFORM SUPPLIER AUDITS

KPI

Suppliers audited across regions

2023 ACHIEVEMENT

9 supplier audits

2024 TARGET

10

supplier audits



GRI 308-1, 414-1

Determining and assessing suppliers' level of compliance

At Armacell, we maintain a rigorous approach to evaluating supplier compliance. Our stance against unlawful payments and practices, including corruption, bribery, kickbacks and money laundering, is irrefutable. We are unwavering in our commitment to adhering to anti-corruption laws and regulations across all the regions we operate in, and we expect our suppliers to share this commitment.

Aligned with our dedication to ethical business conduct, the Armacell Supplier Code of Conduct rooted in the principles of the United Nations Global Compact defines the standards for environmental responsibility, human rights and labour practices that all our suppliers and subcontractors must uphold.

To ensure transparency and alignment with our expectations, we have disseminated the Supplier Code of Conduct to all our suppliers, regardless of their services. By the end of 2023, approximately 60% of our suppliers had signed the document. Our aim is to elevate this figure to 80% by the end of 2024 as a demonstration of our dedication to fostering a compliant and responsible supply chain.



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ENSURING COMPLIANCE IN OUR VALUE CHAIN

ASSESS SUPPLIER COMPLIANCE

KPI

Raw material supplier self-assessments

2023 ACHIEVEMENT

42% of suppliers assessed

2024 TARGET

50%

suppliers assessed



➤ GRI 308-1, 414-1

Performing supplier audits

We conduct supplier audits based on selection factors such as supplier size, volume and type of business conducted with Armacell and geographical considerations. In 2023, we exceeded our target by conducting nine supplier audits across our main operating regions and gained valuable insights into operational practices and standards in our supply chain. Moving forward, we plan to increase the audit frequency to ten in 2024, as these audits play a crucial role in ensuring the integrity and alignment of our supply chain.

Selecting suppliers

Our supplier self-assessment questionnaire now includes additional ESG-related questions. Alongside inquiries into human trafficking, forced labour, child labour and anti-discrimination policies, we assess the extent of our suppliers' environmental and sustainability practices as well as their internal controls and compliance with anti-bribery and anti-corruption laws. Completion of this assessment is essential for suppliers aiming to partner with Armacell, as it ensures alignment with our ethical standards.

—> » Our sustainable procurement practices are essential to our mission of driving sustainability throughout our supply chain. We are committed to promoting responsible sourcing and fostering long-term partnerships built on trust and shared values.

GUILLERME HUGUEN,
CHIEF STRATEGIC DEVELOPMENT OFFICER

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INVESTING IN LOW-IMPACT, DURABLE, HIGH-PERFORMANCE PRODUCTS

Energy efficiency, urbanisation, renewable energies, lightweighting, acoustic comfort and vibration control and sustainability are the global megatrends Armacell's product portfolio is strategically designed to address [see page 14](#). We capitalise on the business opportunities opening up through these megatrends. At the same time, we strive to reduce our ecological footprint and maximise the long-term benefits of our products for our customers.

We are committed to advancing the sustainability agenda across all areas of our value chain. To achieve this, we engage with our customers on ESG topics in order to understand, address and meet their evolving expectations.

Sustainable procurement and packaging practices

Our global sourcing strategy is focused on the local or regional procurement of materials. We prioritise suppliers based on the quality, availability and pricing of their raw materials, while also considering short transport distances to minimise the environmental impact. In our efforts to enhance the sustainability of our products' entire life cycle, we are taking a critical look at our

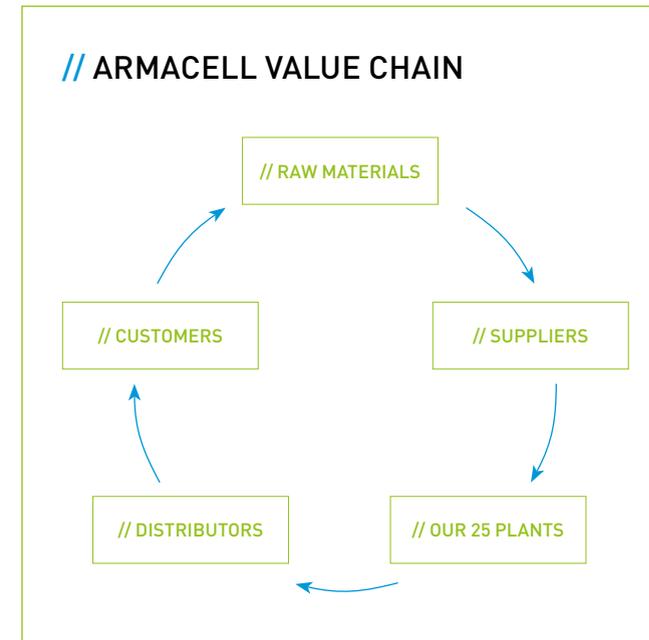
packaging. At some sites in Europe, ArmaFlex® family products are already being packaged in recyclable cardboard boxes and transported on reusable pallets. The cardboard boxes are generally recycled through our partner Interzero's dual system.

Optimised production processes

We integrate sustainability at every level of our production, promoting waste recycling, responsible resource consumption, increased use of renewable energy, and reduced CO₂ emissions. For example, 99.8% of polyethylene process scrap is recycled and reintegrated into the production process at our Środa Śląska plant in Poland.

Overall value for customers

Our primary objective is to create long-lasting value for our customers and provide societal and ecological benefits across various industries. High levels of customer satisfaction form the foundation for durable business relationships and are key to Armacell's sustainable growth. We specifically conduct annual customer satisfaction surveys to obtain feedback on our products and performance, especially with respect to ESG criteria. In 2023, we achieved a Net Promoter Score (NPS) of 61, reflecting a strong willingness among our customers to recommend Armacell's products to others.



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FURTHERING SUSTAINABLE GROWTH



28%
PRODUCTS WITH EPD¹

300+
ACTIVE PATENTS

100%
rPET IN ARMAPET EC050



Ever since Armacell invented flexible elastomeric foam for equipment insulation, we have consistently focused on creating innovative, durable and safe thermal and mechanical solutions. These efforts are designed to generate sustainable value for our customers as well as for commercial and industrial systems.

➤ GRI 3-3, 201, 201-2, 302-5, 3-3, 416, 416-1, 416-2

// OUR FOCUS

EXTENDING OUR PORTFOLIO OF SUSTAINABLE SOLUTIONS

We aim to ensure our customers can easily and verifiably recognise the sustainability benefits of our products from purchasing through to recycling.

SUSTAINABLE INSULATION PRODUCTS

You can find Armacell products almost everywhere in the background of people's lives because they enable the desired sustainability effects there.

MAINTAINING THE HIGHEST PRODUCT QUALITY STANDARDS

Our certified quality management system ensures compliance with both national and international requirements. We drive innovation in product performance through testing and research.

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¹ Environmental Product Declaration

EXTENDING OUR PORTFOLIO OF SUSTAINABLE SOLUTIONS

EXTEND SUSTAINABLE PRODUCT PORTFOLIO

KPI

Environmental Product Declarations (EPDs)

2023 ACHIEVEMENT

28% of our product portfolio with EPDs

2024 TARGET



The global construction sector is one of the most resource- and energy-intensive industries and a leading source of greenhouse gas (GHG) emissions. Around half of all raw materials consumed globally are used to build or maintain buildings; 35-40% of GHG emissions result from the construction, operation or demolition of buildings.

Besides offering high-quality products and solutions, we provide our customers with the knowledge, assistance and support they need for more sustainable installation and application, e.g. through time-saving help in obtaining green or wellness building certification, practical calculation tools, various training measures or a Building Information Modelling (BIM) plug-in.

Supporting green building standards

Our products create added value by saving energy. Furthermore, presenting EPDs for our core products provides third-party verification, documents the environmental characteristics of our products and makes our production processes more transparent.

Our products and solutions are aligned with the world's leading sustainability, green and wellness standards for planning projects, infrastructure and buildings. To understand and manage the life cycle of our products and solutions, we became the first manufacturer of flexible technical insulation materials to carry out comprehensive life cycle assessments (LCAs) back in 2015. Based on these LCAs, we publish various environmental product declarations (EPDs) certified by the Institut Bauen und Umwelt (IBU).

An EPD entails an analysis of the raw materials used, the resources consumed, packaging, transport, disposal and waste data. Our EPDs are crucial for green and sustainable buildings, as they enable constructors, architects, designers, specifiers, wholesalers, retailers, real estate developers and property owners to meet the requirements of industry rating and certification schemes, such as LEED®, BREEAM®, the Home Quality Mark (HQM) and DGNB (linked to the German Sustainable Building Council).

// PROCESS OF EPD CREATION



Selection of specific Product Category Rule (PCR) for the studied product



Conducting a Life Cycle Assessment (LCA) study according to the PCR, ISO14025 and EN 15804



Creation of the Environmental Product Declaration (EPD) document



Verification by programme operator



Submission and publication of EPD

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EXTENDING OUR PORTFOLIO OF SUSTAINABLE SOLUTIONS

Our EPDs are available for download on the UL SPOT® green products online database. Housing more than 130,000 products, SPOT is the largest credible sustainable product database with solutions for architects, manufacturers, retailers and professional purchasers. In 2023, 28% of our products featured LCAs and EPDs, and we are targeting 40% for 2024.

Providing practical support for customers

Through our compliance cards, we offer valuable assistance to designers, architects, engineers, consultants and developers by providing clear information about which features of our insulation products and solutions are of relevance to each certification scheme's specific categories. The respective requirements are listed in detail, along with how each product achieves compliance. This saves the construction community time and effort in applying for the LEED®, BREEAM® or WELL Building Standard certification (for more information [see page 57](#)). Our compliance cards also confirm that materials used in our production were sourced responsibly and in accordance with ISO 14001 standards for an effective environmental management system.

We also offer a TIPCHECK programme, which was launched by the European Industrial Insulation Foundation (Eiif) with the aim of providing tools and solutions to save energy and reduce CO₂ emissions. TIPCHECKs identify areas with the highest energy-saving potential while offering a rapid payback time.

—> »Our EPDs and conformity cards connect the characteristics of our insulation products and solutions to specific categories of the leading certification systems.

MARC CANGELOSI,
CHIEF MARKETING OFFICER



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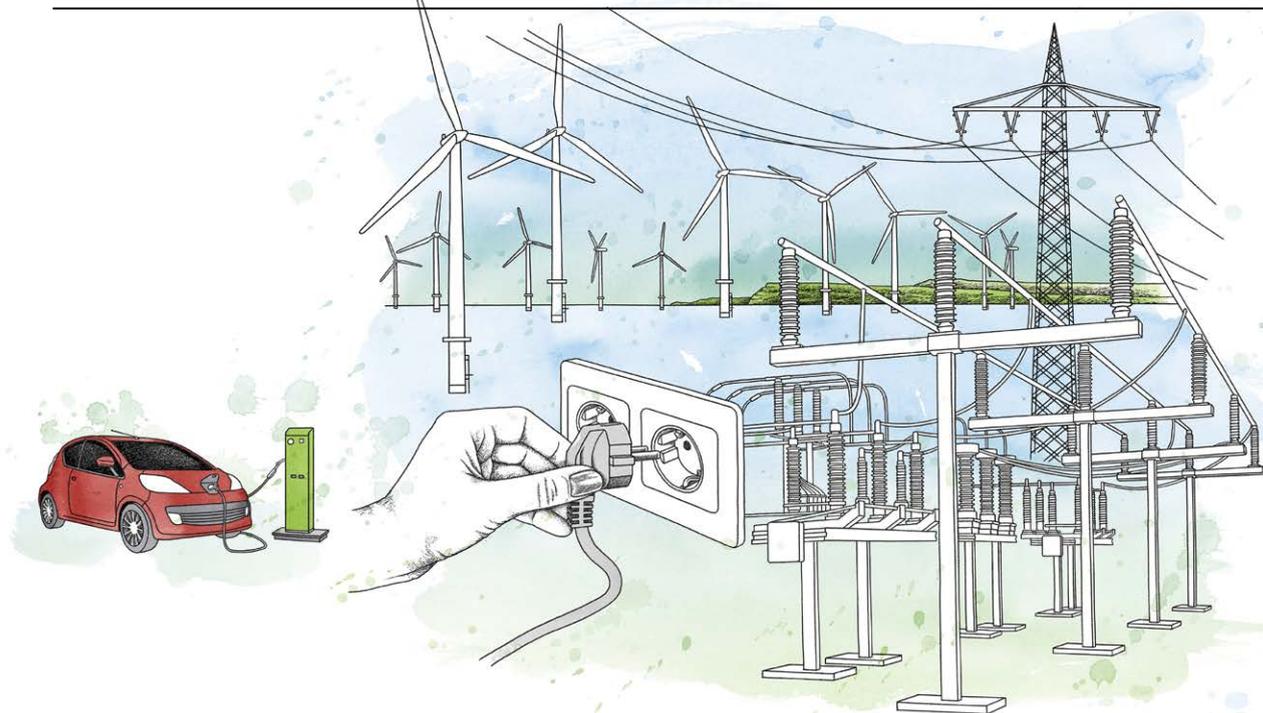
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SUSTAINABLE INSULATION PRODUCTS

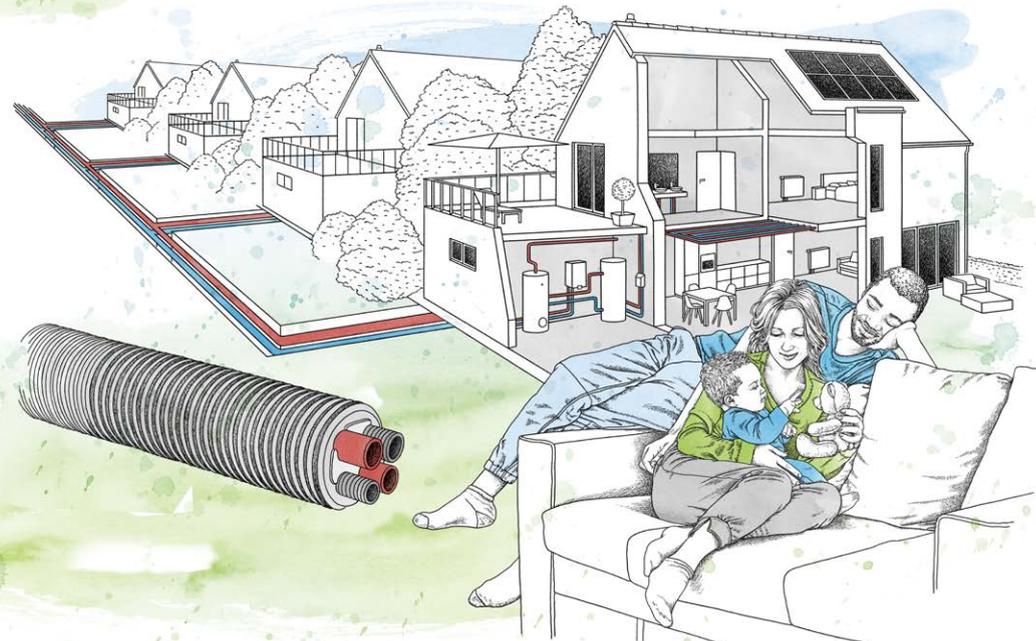


// SUSTAINABILITY

When it comes to mitigating climate change, we take our role seriously. For instance, our rPET products made from recycled plastic bottles are used in sandwich constructions for the rotor blades of wind turbines. Over the years, they have helped to generate wind power equivalent to the output of more than a hundred standard 500 MW coal power plants.

// DISTRICT HEATING

District energy systems include highly insulated underground thermal piping networks that transmit steam or hot water to heat and cool multiple buildings and improve their energy efficiency. Pre-insulated pipes are one of the technical prerequisites for energy-efficient local district heating systems, in which renewable energy sources such as solar power, geothermal and waste heat are increasingly replacing gas-powered heating systems.



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SUSTAINABLE INSULATION PRODUCTS

// HYGIENE

At Armacell, we offer products and solutions in full compliance with strict hygiene and safety requirements. By partnering with us, hospitals and healthcare facilities benefit from top-class indoor air quality, high energy efficiency, acoustic comfort, fire safety and reliable equipment.



// ACOUSTIC COMFORT

Armacell's best-in-class equipment insulation and acoustic solutions save energy, help to reduce operating costs and contribute towards a safer and more comfortable hospitality sector.

// LIGHTWEIGHTING & SAFETY

By saving weight in making trains, planes and cars, we help to reduce fuel consumption. Thanks to our acoustic insulation products, travel is less noisy. And equally important, by using our low-smoke passive fire protection, transportation is a lot safer for all of us.



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MAINTAINING THE HIGHEST PRODUCT QUALITY STANDARDS

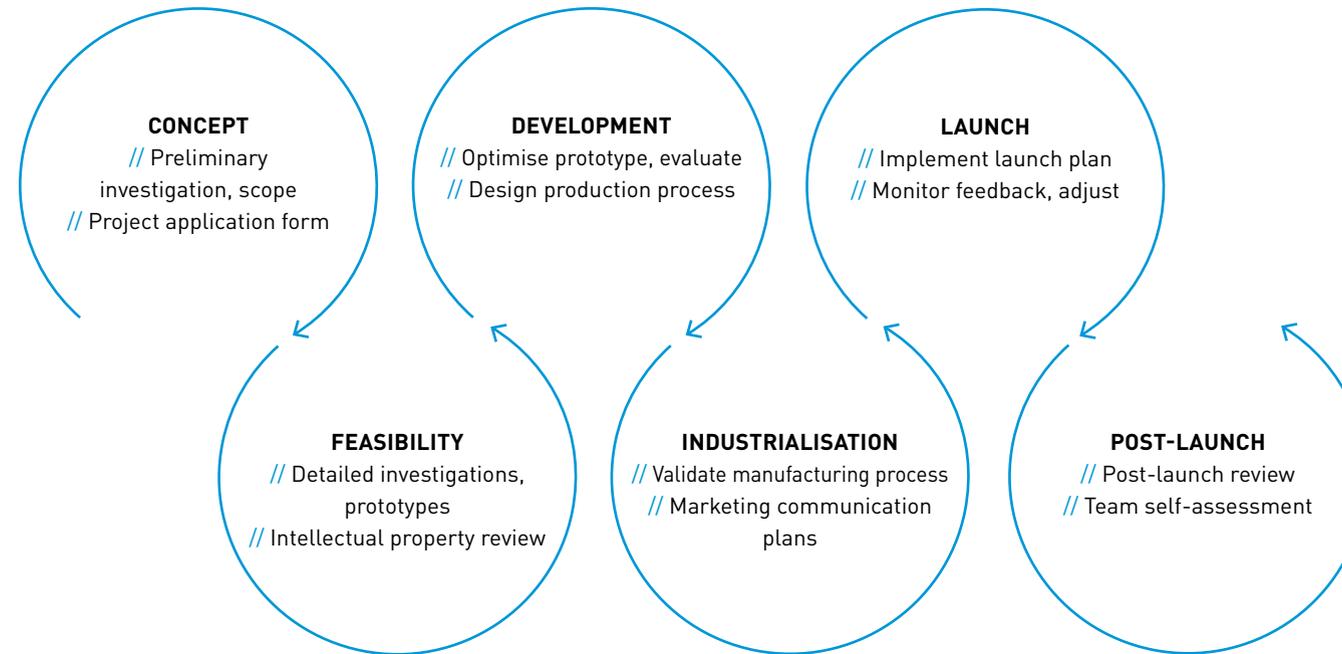
We proactively develop and commercialise more sustainable products while supporting innovative research and development (R&D). By building on the foundations of long-lasting quality and innovation, our growth strategy has proven both successful and sustainable.

Our Global Product Conformity department oversees the entire development process, which includes selecting and specifying raw materials, formulating recipes, creating product specifications with corresponding test requirements, and obtaining necessary certifications and approvals.

Testing for quality

Our product innovation centres in Münster (Germany), Panyu (China), Mebane (USA) and Thimister (Belgium) play a key role in the final assessment of product quality. To ensure high and consistent testing standards globally, the Global Product Conformity team standardises and benchmarks test methods and provides training courses on statistical control and various testing methods. The different product properties tested include mechanical, physical, chemical properties and fire performance.

All our products undergo assessments for health, safety and environmental impacts. Both raw materials and finished products are regularly analysed to ensure they do not contain declarable components above the respective threshold values. In addition, material safety data sheets are created for market-available products. Armacell uses verifiably registered and approved substances and mixtures that comply with the European Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH). In 2023, there were no incidents, fines, penalties or warnings of non-compliance with industry regulations, standards or applicable laws regarding the health and safety impacts of our products and solutions.



Investing in R&D

Building on more than 300 active patents across 50 patent families, we aim to reinforce our position as a technology leader by continuing to invest in research and new technologies that, for example, expand the temperature range, enhance the energy efficiency and increase the versatility of our products.

Our innovative achievements in reducing energy losses, conserving key resources, improving acoustic comfort and vibration control, and minimising fire and smoke risks are our response to global megatrends and align with the United Nations Sustainable Development Goals (SDGs) and the UN Global Compact (UNGC).

Contributing to industry standards

We are a founding member of CEFEP, the industry association for FEF and PEF insulation, and EiiF, the European Industrial Insulation Foundation. We are represented on the European Committee for Standardisation (CEN) Technical Committees e.g. CEN/TC 88, responsible for the standardisation of thermal insulating materials for buildings, and CEN/TC 351, focusing on indoor air, soil, surface water and ground water emissions. We are also an active and voting member of several key ASTM committees, e.g. the Thermal Insulation Committee (C16) and the Fire Standards Committee (E5), and of several ASHRAE standards and technical committees, and actively participate in technical information committees of the U.S. National Insulation Association (NIA).

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ARMAPET ECO50: FIRST- EVER EPD FOR PET-BASED INSULATING FOAM

- // Independently verified EPD compliant with ISO 15804 and ISO 14025
- // Insulating foam made from recycled plastic bottles
- // Enabling green building construction and helping to reduce greenhouse gas emissions

ArmaPET® Eco50 is the latest insulating solution for energy-efficient green buildings. Made from recycled PET and foamed into a lightweight but robust board, ArmaPET Eco is used in building envelopes, roofs, floors and internal partitions, as well as in load-bearing applications such as under-slab insulation, both in the construction of new buildings and renovation of older ones.

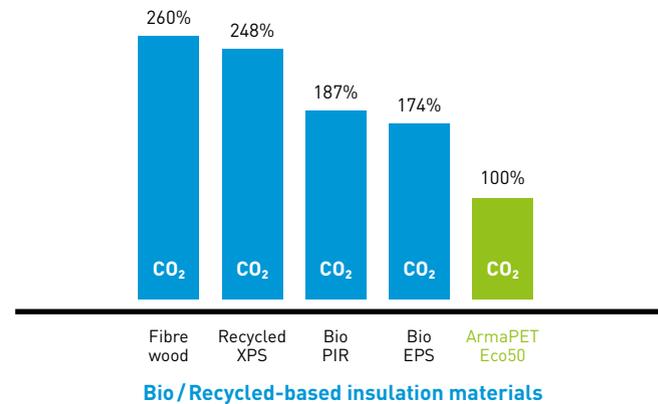
Certified by the Institut Bauen und Umwelt (IBU), this EPD provides a transparent, and third-party verified life cycle assessment (LCA) of the environmental impacts of ArmaPET Eco50. It gives detailed information, including detailed data and figures on the extent to which the product contributes to the greenhouse effect, acidification, over-fertilisation, smog and depletion of the ozone layer. The information provided is based on the ISO 14025 standard as well as the EN 15804 + A2 standard for construction products. The declaration is a cradle-to-grave EPD and registered on the IBU database system.

ARMAPET ECO50: FIRST-EVER EPD FOR PET-BASED INSULATING FOAM

ArmaPET® Eco50, a low-density foam made from recycled plastic bottles, contributes to the sensible use of plastic waste and makes it possible to construct buildings that are more energy-efficient and have a reduced environmental impact throughout their long service life. In addition to having a resource-efficient raw material base, ArmaPET Eco50 is 100% recyclable at the end of its life cycle. In plastic waste terms, this is probably its greatest benefit.

ArmaPET Eco50 performance

Compared to various eco-friendly materials based on their bio/recycled-based insulation capabilities, ArmaPET Eco 50 is the top performer. Data calculated based on LCA modules A to D emphasises our dedication to sustainability by showcasing how our product excels in utilising renewable and recycled materials to achieve superior insulation properties. The Global Warming Potential (GWP) of the entire life cycle of Eco50 is 23.2 Kg CO₂e/m³, a very low value compared to other eco-friendly materials.



→ »Its greatest benefit in terms of plastic waste is that installation waste and demolition scrap management are easier than for the main competing materials. ArmaPET Eco50 contains no substances that could negatively impact its disposal or recycling scenarios.

BART JANSSEN,
VICE PRESIDENT ENGINEERED FOAMS & ENERGY

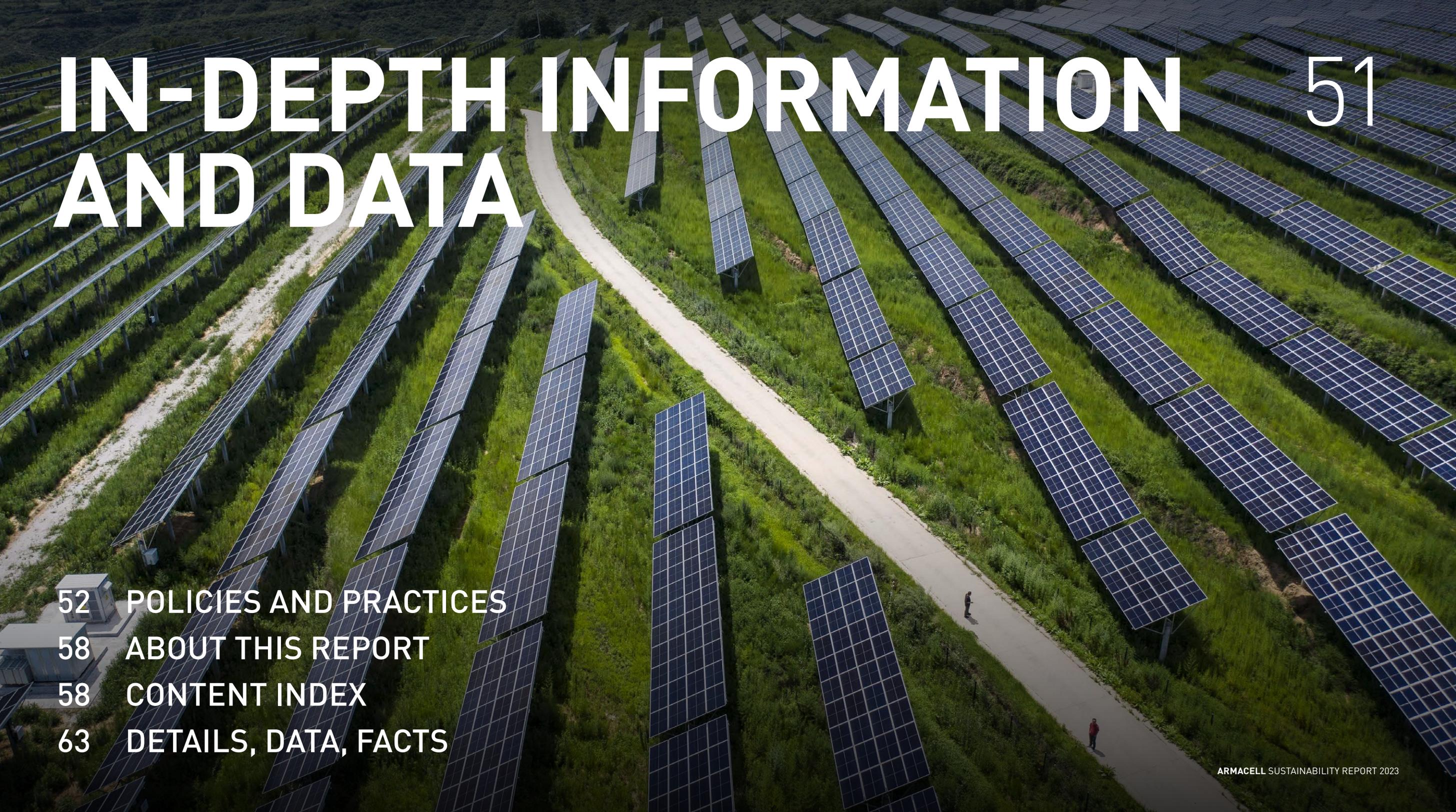


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UNITED NATIONS GLOBAL COMPACT

Armacell has been participating in the United Nations Global Compact (UNGC) since 2006, when we formally joined the initiative.

As part of our culture of robust business ethics, we have thus incorporated The Ten Principles of the UNGC into our strategies, policies and procedures. This allows us to monitor and guard Armacell's value system and principles-based approach to doing business.



// HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

The Armacell Code of Conduct, which applies throughout the Armacell Group, defines the rules for our everyday work and includes our support for the Universal Declaration of Human Rights (UDHR). Our Sanctions Policy safeguards fundamental values, including human rights.

Principle 2: and make sure they are not complicit in human rights abuses.

As in previous years, Armacell has not been subject to any investigations, legal cases or incidents involving human rights violations.

// LABOUR

Armacell supports the internationally recognised labour rights promoted by the International Labour Organization (ILO). As in previous years, Armacell has not been subject to any investigations, legal cases or incidents involving labour rights protection for any of the mentioned labour principles.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

We uphold the above-mentioned principles in our operations. Armacell firmly disassociates itself from and will not do business with any organisation that uses forced labour or child labour. We have informed all our suppliers worldwide about our support for and compliance with the UNGC's Principles. Step-by-step, we are asking them to sign our Supplier Code of Conduct to confirm they comply with the Principles, especially in eliminating all forms of forced and compulsory labour and abolishing child labour. We also perform supplier audits and will continuously monitor and review our suppliers' compliance.

Principle 6: and the elimination of discrimination in respect of employment and occupation.

Please see the 'Investing in our people' chapter and 'Enabling governance' chapter on [pages 18–25](#) and [pages 33–42](#) for our undertakings and their outcomes.

// ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

Principle 9: and encourage the development and diffusion of environmentally friendly technologies.

Please see the 'Protecting our planet' chapter on [pages 26–32](#) for our undertakings and their outcomes. In the 'Furthering sustainable growth' chapter on [pages 43–50](#), we explain how our product portfolio and strategies are linked to these environmental principles.

// ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Across all our business activities, we are committed to acting responsibly. We enacted an Anti-Corruption Policy that reflects our commitment to integrity. A key priority in our compliance efforts is the prevention of bribery and corruption, where we operate a zero-tolerance policy.

At Armacell, we have a global Anti-Money Laundering Policy to heighten staff awareness of the need to ascertain the identity of the businesspeople they are dealing with and to be on their guard for any potential money-laundering activity.

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Five of the UN Sustainable Development Goals (SDG) are intrinsically linked to our business, and we focus on them because our activities can have the biggest impact here. How Armacell contributes to SDG 8, 9, 12, 13 and 14 is outlined below.

8
DECENT WORK AND
ECONOMIC GROWTH



DECENT WORK AND ECONOMIC GROWTH

Sustainable economic growth is key to tackling poverty and raising living standards. Decent work for all is a means to that end. Armacell is committed to upholding labour rights within its organisation and also engages closely with suppliers on these topics to ensure decent working conditions. A decent job is a safe job. Armacell's Environment, Health and Safety Policy and its promotion of a zero-accident mindset help employees to go home from work safe and healthy. The downward trend in group-wide occupational safety statistics has continued, with the frequency rate of lost-time accidents (LTA), for instance, scoring an average of 0.24 between 2020 and 2023.

9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE



INDUSTRY, INNOVATION AND INFRASTRUCTURE

Increasing resource and energy efficiency is an economic and environmental challenge. Innovation and technological progress are the prerequisites for developing sustainable solutions. Armacell has an outstanding record of innovation and investing in creating lasting value for its customers. Our innovation focus is geared to the goal of sustainable growth and developing solutions that benefit people and our planet. Under the brand name ArmaProtect™, Armacell offers a wide range of firestop systems that are key to avoiding the propagation of fire and smoke in buildings. Duly certified to international fire resistance tests and safety standards, they provide fire ratings up to 240 minutes.

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION



RESPONSIBLE CONSUMPTION AND PRODUCTION

Worldwide consumption and production rest on the use of the natural environment and resources in a way that continues to have destructive impacts on the planet. As a leading provider of technical insulation solutions that reduce resource consumption by enhancing energy efficiency, Armacell's commitment to quality enhances its products' sustainability and safety while its production, product performance, materials and technology innovations are driving responsible resource use. For example, assuming a service life of 20 years for cold applications and/or 30 years for hot applications, 140 times more energy is saved in an ArmaFlex® product lifetime than required to manufacture it.

13
CLIMATE
ACTION



CLIMATE ACTION

Armacell's insulation products are an effective means of supporting global efforts to address climate change, as they enhance the energy efficiency of technical equipment and reduce CO₂ emissions in many industries. ArmaFlex® materials protect all kinds of technical equipment against energy losses, e.g. HVAC ducts, hot and cold water pipes, plumbing and refrigeration systems. ArmaComp Ensolute® and ArmaComp Monarch® – just two of Armacell's high-performance, custom-engineered Component Foams products – are supporting the lightweighting revolution in the automotive industry, expected to end sales of combustion engine vehicles by 2035 and significantly advance on the road to climate neutrality.

14
LIFE
BELOW WATER



LIFE BELOW WATER

Plastic waste is seriously impacting the world's rivers, lakes, seas and oceans. Armacell's pioneering rPET technology is helping to reduce this plastic waste by re-using PET bottles and contributing to a circular economy in plastics. Our high-performance structural rPET foams manufactured from recycled plastic bottles are used as a core material in many composite sandwich structures. By re-using PET bottles rather than producing foam from virgin resources, we have already saved over 135,000 tonnes of CO₂ emissions. What's more, Armacell products use verifiably registered and approved substances and mixtures and fully comply with the EU's REACH regulation to protect human health and the environment.

The United Nations' 17 Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for everybody. They address global challenges and call on individuals, companies and organisations around the world to play their part in achieving these global goals by 2030. For more information on the SDGs, please visit: www.un.org

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MEMBERSHIPS, PRINCIPLES AND GUIDELINES

// MEMBERSHIPS

We actively contribute to moving towards a sustainable society. To save resources and protect the planet, we firmly believe in collaboration and support valuable initiatives that help to create the society of tomorrow.

Contributing to industry standards

We are a founding member of CEFEP, the industry association for FEF and PEF insulation, and EiiF, the European Industrial Insulation Foundation. We are represented on the European Committee for Standardisation (CEN) Technical Committees e.g. EN/TC 88, responsible for the standardisation of thermal insulating materials for buildings, and CEN/TC 351 focusing on indoor air, soil, surface water and ground water emissions. We are also an active and voting member of several key ASTM committees, e.g. the Thermal Insulation Committee (C16) and the Fire Standards Committee (E5), and of several ASHRAE standards and technical committees, e.g. for Mechanical Insulations Systems and Custom Engineered Refrigeration Systems. Last but not least, we actively participate in technical information committees of the U.S. National Insulation Association (NIA).

// PRINCIPLES & GUIDELINES

Certifications and international standards we follow.

ISO 9001

This standard is based on a number of quality management principles, including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. A total of 20 of our plants have an ISO 9001 certification.

ISO 14001

This standard sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organisation can follow to set up an effective environmental management system.

In all, 12 of our plants have management systems certified to the international environmental management standard ISO 14001.

ISO 45001

This standard refers to requirements for an occupational health and safety (OH&S) management system and gives guidance for its use. It enables organisations to provide safe

and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving their OH&S performance.

The occupational health and safety management systems of six plants (i. e. four in APAC and two in EMEA) are currently certified to ISO 45001 and the remaining plants follow the WAM Safety Pillar, which is aligned to the international standards and requirements imposed by ISO.

ISO 15804 and ISO 14025

ArmaPET® Eco50 presented the first-ever environmental product declaration (EPD) for PET-based insulating foam, compliant with ISO 15804 and ISO 14025.

World-Class Armacell Mindset (WAM)

WAM is a principle-driven excellence programme that integrates recognised international standards into Armacell's manufacturing, sales and marketing processes to eliminate non-value-added tasks and losses and deliver an exceptional customer experience (for more information [see page 55](#)).

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MEMBERSHIPS, PRINCIPLES AND GUIDELINES

World-Class Armacell Mindset (WAM)

Since its launch in 2013, Armacell's excellence programme has encouraged a global mindset of continuous improvement at all levels of the company. Based on world-class manufacturing, a collection of concepts that sets standards for manufacturing and operation, the World-Class Armacell Mindset (WAM) aims to improve the daily performance through constant, structured and objective analysis.

In the two already existing areas of WAM Manufacturing and WAM Sales & Marketing, this programme contributes to consistency in standards and sustains the implementation of improved processes.

// WAM Manufacturing is based on the systemic identification of losses and non-value-added tasks at Armacell's multi-technology sites.

// WAM Sales & Marketing focuses on the competencies, behaviour and expertise of Armacell's commercial teams and aims to create a world-class customer experience.

For WAM Manufacturing, in 2023, Panyu and Pune confirmed their Silver level, while five Armacell production facilities (Suzhou, Münster, Środa, Spencer and Conover) confirmed their Bronze level.

For WAM Sales and Marketing, in 2023, seven commercial teams achieved or confirmed the Silver level (Canada, China, Germany, Iberia, India, Nordics and USA) while ten commercial teams achieved or confirmed Bronze.

All participants, without exception, progressed in improving their processes, marketing and sales skills, and execution. In all, 18 countries or sub-regions were audited in 2023.

The WAM Internal Process Excellence (WAM IPE) programme was further launched in 2022 to ensure our internal processes become more user-friendly, more efficient, and more controlled.

// WAM MANUFACTURING PRINCIPLES

01

Safety is a core value built into everything we do.

02

No standard means no improvement.

03

The voice of the customer is present everywhere in the business.

04

Our target is zero losses.

05

A rigorous application of tools and methods.

06

Use visualisation to spot any abnormality and share information.

07

Aim for development on the floor.

08

Best practices are shared and adopted across the business.

09

The involvement of people is essential for success.

10

Create a sense of urgency.

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- // Global Reporting Initiative (GRI) Standards
- // Sustainability Accounting Standards Board (SASB)
- // Ten Principles of the United Nations Global Compact
- // United Nations Sustainable Development Goals (SDGs)
- // Armacell Anti-Corruption Policy
- // Armacell Anti-Money Laundering Policy
- // Armacell Code of Conduct
- // Armacell Cyber Security Policy
- // Armacell Data Protection Policy
- // Armacell Environment, Health and Safety Policy
- // Armacell Human Rights Policy
- // Armacell Risk Policy
- // Armacell Sanctions Policy
- // Armacell Supplier Code of Conduct
- // Armacell Sustainable Procurement Policy

// SAFETY STANDARDS

Safety standards

Supporting our mission to develop innovative and safe thermal, acoustic and mechanical solutions, as well as our zero-accident mindset, health and safety considerations are deeply integrated into our products and day-to-day operations.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)

This is a regulation of the European Union (EU) adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

RoHS (Restriction of Hazardous Substances Directive)

The RoHS EU Directive aims to prevent the risks posed to human health and the environment related to the management of electronic and electrical waste by restricting the use of certain hazardous substances which can be substituted by safer alternatives.

CE marking

The Conformité Européenne (CE) Mark is defined as the EU's mandatory conformity marking for regulating the goods sold within the European Economic Area. It indicates compliance with European health, safety and environmental

protection standards. Armacell is the first manufacturer of technical insulation materials to provide CE-certified products and has had this conformity marking for ArmaFlex® products since 2012.

UL (Underwriters Laboratories) classified mark

ArmaFlex® Ultra with FlameDefense™ technology is the first flexible elastomeric foam insulation UL Classified as to UL 723.

ASTM certification

ASTM International, formerly known as the American Society for Testing and Materials, is an international standards organisation that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems and services.

Platinum Level Safety Excellence

Armacell in the USA confirmed the Platinum Level in the 2023 National Insulation Association (NIA) Safety Excellence Award in the associate (manufacturer) category. NIA's Safety Excellence Award is the only national award for outstanding safety performance in the U.S. mechanical insulation industry.

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MEMBERSHIPS, PRINCIPLES AND GUIDELINES

// GREEN BUILDING INITIATIVES

Our compliance cards for selected products and contributions to BREEAM and LEED categories, as well as the GREENGUARD Gold certification mark for low-chemical emissions, the German DGNB certification system and the WELL Building Standard certification, help designers, architects, engineers and developers make the right choice.

GREENGUARD GOLD

This standard is designed to define low-emitting materials suitable for environments where people, particularly children and sensitive adults, spend extended periods of time in places like schools and healthcare facilities. GREENGUARD certified products are screened for more than 10,000 volatile organic compounds and face annual re-certification and regular monitoring to maintain credentials.

Most of Armacell's insulation products are certified under this programme and bear the GREENGUARD Gold certification mark. These include:

- | | |
|------------------------|-------------------------|
| // AP ArmaFlex | // NH ArmaFlex |
| // ArmaFlex® Shield CX | // Arma-Chek Silver 350 |
| // ArmaFlex® Ultra | // Tubolit |
| // ArmaFlex® UT | // AP/CoilFlex |

LEED®

Leadership in Energy and Environmental Design (LEED) is the most widely used green building rating system in the world. It provides a framework for healthy, highly efficient and cost-saving green buildings.

BREEAM®

Building Research Establishment Environmental Assessment Method (BREEAM®) is a leading science-based suite of validation and certification systems for a sustainable built environment.

LEED and BREEAM include:

- | | |
|---------------------------|------------------------|
| // AF/ArmaFlex | // ArmaFlex® ACE Plus |
| // ArmaFlex® SE | // ArmaFlex® Protect |
| // ArmaFlex® SF990 | // ArmaFlex® Ultima |
| // ArmaFlex® Ultima SF990 | // NH/ArmaFlex Smart |
| // HT/ArmaFlex | // NH/ArmaFlex Smart C |
| // SH/ArmaFlex | // Tubolit DG Plus |
| // AF/ArmaFlex Evo | |

WELL Building Standard®

Taking a holistic approach, this is a performance-based system for measuring, certifying and monitoring features of the built environment that impact human health and well-being.

- | | |
|---------------------|------------------------|
| // AF/ArmaFlex | // ArmaFlex® SF990 |
| // AF/ArmaFlex Evo | // NH/ArmaFlex Smart |
| // ArmaFlex® Ultima | // NH/ArmaFlex Smart C |
| // ArmaFlex® SE | |

DGNB

The Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) is a joint project of Germany's Ministry of Transport, Building and Urban Development (BMVBS) and the German Sustainable Building Council (DGNB). The non-profit association aims to promote change in the building and property market, promoting quality as the foundation for responsible and sustainable action. Its main principles revolve around a holistic understanding of sustainability, encompassing environmental, economic and sociocultural factors.

- | | |
|-----------------------------|-----------------------------|
| // NH/ArmaFlex Smart | // Tubolit DG Plus |
| // NH/ArmaFlex Smart C | // Tubolit Split & DuoSplit |
| // ArmaComfort™ AB Alu | // Tubolit DG |
| // AF/ArmaFlex Evo | // Tubolit DG B1 |
| // ArmaFlex® Ultima | // Tubolit S |
| // ArmaComfort™ AB Plus | // Tubolit S Plus |
| // ArmaComfort™ AB Alu Plus | // Tubolit AR Fonowave |
| // AF/ArmaFlex | // Tubolit AR Fonoblok |
| // HT/ArmaFlex | // Tubolit ARS |
| // SH/ArmaFlex | // Tubolit DHS Quadra |
| // ArmaSound® RD 240 | |
| // ArmaFlex® Protect | |
| // ArmaComfort™ AB | |
| // ArmaFlex® SE | |

// ECOLABELS AND DATABASES

Based on its life cycle assessment, ArmaFlex® Ultima has been listed and accredited by leading green building eco databases, such as Sundahus, Byggvarubedomningen, Nordic Swan Ecolabel and Minergie-Eco. These databases assist stakeholders in the construction sector in selecting products that meet strict environmental, health, quality and social requirements.

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Armacell International S.A. (referred to as Armacell or Armacell Group) is the inventor of flexible elastomeric foams for equipment insulation.

The majority shareholders of Armacell are private equity funds managed by PAI Partners. The remaining shares are held by the holding and investment company KIRKBI and Armacell's senior management team.

Armacell has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards. The report also uses the 2023 SASB Construction Materials Industry Standard for disclosure to investors and the financial community. The content index covers all the information provided in the report, even if the available information on the individual indicators does not fully meet the requirements. Armacell is working intensively on collecting data and facts more comprehensively and reporting in accordance with the GRI Standards in the near future.

This Sustainability Report is complemented by the content of our Annual Report 2023. The latter provides extensive insights into the development of the company, its strategic approach, and how business and sustainability are connected.

The annual report can be downloaded from our website:

<https://www.armacell.com/investors/annual-report-2023>

Further information on current sustainability projects can also be found on our website:

<https://www.armacell.com/sustainability>

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¹ Armacell made minor restatements of information during this reporting period: for more information and data [see page 65](#).

² This report has not been subject to external assurance. Armacell will successively introduce such a process with the next reporting year in preparation for the obligations of the Corporate Sustainability Reporting Directive (CSRD).

³ At Armacell, there are no employees who work for our company without having an employment relationship with our company.

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305-1	Direct (Scope 1) GHG emissions	27, 65	EM-CM-110a.1	7, 8	12.4, 13.1, 14.3
305-2	Energy indirect (Scope 2) GHG emissions	27, 65		7, 8	12.4, 13.1, 14.3
305-3	Other indirect (Scope 3) GHG emissions	27f, 65		7, 8	12.4, 13.1, 14.3
305-5	Reduction of GHG emissions	27f, 65	EM-CM-410a.2	8, 9	13.1, 14.3

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306-2	Management of significant waste-related impacts	31f			12.4, 12.5
306-3	Waste generated	31, 65	EM-CM-150a.1	8	14.1
306-4	Waste diverted from disposal	31, 65	EM-CM-150a.1	8	12.4
306-5	Waste directed to disposal	31, 65	EM-CM-150a.1	8	14.2
GRI 308: Supplier Environmental Assessment [2016]					
3-3	Management of material topics	40f			
308-1	New suppliers that were screened using environmental criteria	40f		8	
308-2	Negative environmental impacts in the supply chain and actions taken	66			
GRI 401: Employment [2016]					
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401-1	New employee hires and employee turnover	64		6	8.6
GRI 403: Occupational Health and Safety [2018]					
3-3	Management of material topics	19 – 21			
403-1	Occupational health and safety management system	19 – 21			8.8
403-2	Hazard identification, risk assessment, and incident investigation	19f			8.8
403-5	Worker training on occupational health and safety	29, 64			
403-6	Promotion of worker health	21			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41			
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3-3	Management of material topics	23, 37f			
404-1	Average hours of training per year per employee	23		6	8.2, 8.5
404-2	Programmes for upgrading employee skills and transition assistance programmes	23			8.2, 8.5
404-3	Percentage of employees receiving regular performance and career development reviews	24, 64			

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GRI 405: Diversity and Equal Opportunity [2016]					
3-3	Management of material topics	23			
405-1	Diversity of governance bodies and employees	18, 22, 64		6	8.5
GRI 407: Freedom of Association and Collective Bargaining [2016]					
3-3	Management of material topics	40f, 52			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	40f		1, 3	8.8
GRI 408: Child Labour [2016]					
3-3	Management of material topics	40f, 52			
408-1	Operations and suppliers at significant risk for incidents of child labour	40f		1, 5	8.7
GRI 409: Forced or Compulsory Labour [2016]					
3-3	Management of material topics	40f, 52			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	40f		1, 4	8.7
GRI 413: Local Communities [2016]					
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GRI 414: Supplier Social Assessment [2016]					
3-3	Management of material topics	40			
414-1	New suppliers that were screened using social criteria	40		2	8.8
414-2	Negative social impacts in the supply chain and actions taken	66		1, 2	8.8
GRI 416: Customer Health and Safety [2016]					
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416-1	Assessment of the health and safety impacts of product and service categories	44f, 48	EM-CM-410a.1		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	48, 66			
GRI 418: Customer Privacy [2016]					
3-3	Management of material topics	38			
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// ARMACELL ESG ROADMAP 2023–2024

Pillar	Goal	2023 Achievement	2024 Target
People	Aim for zero accidents	0.24 lost-time accident frequency rate	<0.24 lost-time accident frequency rate
	Promote local leadership	92% leaders staffed locally	80% leaders staffed locally
	Increase people engagement	64% employee engagement index	65% employee engagement index
Planet	Reduce GHG emissions	–2.5% CO ₂ e emissions	–3% CO ₂ e emissions
	Reduce energy consumption	+1% energy consumption	–3% energy consumption
	Reduce water withdrawal	–12% water withdrawal	–3% water withdrawal
	Improve waste management	67% waste recycled and recovered	70% waste recycled and recovered
Governance	Foster robust business ethics	100% of new joiners trained	100% of new joiners trained
	Mitigate IT risks	Zero critical IT incidents	Zero critical IT incidents
	Perform supplier audits	9 supplier audits	10 supplier audits
	Assess supplier compliance	42% suppliers assessed	50% suppliers assessed
Growth	Extend sustainable product portfolio	28% products with EPDs	40% products with EPDs

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// INVESTING IN OUR PEOPLE

	Reference/KPI	2021	2022	2023
LTA Gravity Rate ¹	total number of lost workdays per 100,000 working hours	4.26	3.87	4.59
LTA Frequency Rate ¹	lost-time accidents (>1 day) per 100,000 working hours	0.25	0.23	0.24
Medical Treatment Frequency Rate ¹	total number of accidents leading to an absence from work of ≤1 day per 100,000 working hours	0.54	0.34	0.44
Employees trained on safety measures	total number	2,378	2,335	2,295
Employee feedback process	% of total employees	> 90	> 90	> 95
New employee hires	total number	692	846	767
Employee turnover	% of total employees	19.8	22.0	22.8

¹The data covers 23 out of 25 plants.

Age groups 2023	20 and under	21 – 30	31 – 40	41 – 50	51 – 60	61 – 64	65 and over	Headcount
Total number of employees ²	52	614	1,034	915	572	145	40	3,372
Employees in% ²	1.5	18.2	30.7	27.1	17.0	4.3	1.2	100

²Includes regular employees, fixed-term contracts and apprentices not on leave.

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// PROTECTING OUR PLANET¹

	Reference/KPI	2021	2022	2023
Energy consumption	in MJ total consumption	488,200,145	482,097,408	473,138,872
	in GJ per tonne of finished goods	5.56	5.60	5.65
Electricity consumption	in kWh total consumption	135,562,804	133,866,663	131,378,844
	in kWh per tonne of finished goods	1,546	1,555	1,568
Renewable energy electricity production	in MWh	749	749	753
Renewable electricity purchased	in MWh			15,030
Gas consumption	in m ³ total consumption	17,205,361	17,538,481	17,302,741
	in m ³ per tonne of finished goods	196.2	203.8	206.6
CO ₂ e Scope 1	in tCO ₂ e	31,470	34,818	34,246
CO ₂ e Scope 2	in tCO ₂ e	55,155	56,226	49,773
CO ₂ e Scope 1 & 2	in tCO ₂ e	86,625	91,045	84,019
CO ₂ e Scope 3	in tCO ₂ e		594,351 ²	560,370
Water withdrawal	in m ³ total withdrawal	175,001	167,946	143,953
	in litres per tonne of finished goods	2.00	1.95	1.72
Waste	total in tonnes	18,276	17,778	14,240
hazardous	in tonnes	499	620	1,445
non-hazardous	in tonnes	17,777	17,158	12,795
recycled	in tonnes	11,072	10,042	5,993
	%	61	56	42
to landfill	in tonnes	4,248	4,018	3,274
	%	23	23	23
to incinerator	in tonnes	2,734	3,058	3,526
	%	15	17	25

¹ Armacell has 25 plants in total; this number includes latest acquisitions and workshops/training centres. The reporting scope covers 17 out of 25 sites. Not included are smaller and recently acquired plants in China (Yingde), Denmark (Ølstykke), Italy (Leini), Germany (Friesenhofen is out of the scope and Münster North), Austria (Gödersdorf) and Serbia (Zrenjanin), and the two workshops/training centres in Japan (Tokyo) and Singapore. Also not included is Atlanta due to the relocation of the line in Mebane.

² Armacell commissioned an external consultancy firm to recalculate the 2022 Scope 3 emission values. This recalculation significantly improved data quality, increased granularity, and used a more accurate calculation methodology. Consequently, the 2022 values were restated.

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// ENABLING GOVERNANCE

	Reference/KPI	2021	2022	2023
Employees acknowledge code of conduct	total number	3,269	3,390	3,372
	%	100	100	100
Non-compliance with laws & regulations	total number	0	0	0
Fines or non-monetary sanctions	total number	0	0	0
Complaints concerning customer privacy	total number	0	0	0
Raw materials suppliers confirming code of conduct	%	10	22	60

// FURTHERING SUSTAINABLE GROWTH

	Reference/KPI	2021	2022	2023
Products non-compliant with regulations and/or voluntary codes	total number	0	0	0
Total number of finished goods (in tonnes)	total number	87,683	86,076	83,743

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stock.adobe.com (clsdesign)
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Front page: [Manhattan, New York City, USA](#)

Illustrations

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