

# Engineering Excellence

2025 ESG Strategy



kap

# CONTENTS

<b>ABOUT KAP</b>	<b>3</b>
------------------	----------

<b>FOREWORD</b>	<b>4</b>
-----------------	----------

<b>KAP 2025 ESG* STRATEGY</b>	<b>5</b>
-------------------------------	----------

Sustainability Management	7
---------------------------	---

Ethics & Compliance	9
---------------------	---

People	11
--------	----

Environment	13
-------------	----

Products	16
----------	----

Supply Chain	17
--------------	----

<b>PUBLICATION DETAILS</b>	<b>18</b>
----------------------------	-----------

\* ESG = Environmental Social Governance

# ABOUT KAP

KAP AG is a mid-sized industrial holding company. Our strategic focus is on profitable segments in attractive markets offering sustainable growth potential. With our long-term segment strategy, we are systematically driving forward the establishment and development of high-margin industrial segments as market leaders. We offer an optimal mix comprising the flexibility of a mid-sized company and the economies of scale of an international group listed on the stock exchange. This approach benefits our segment companies, our customers, our shareholders and all other stakeholders. Specifically, KAP AG focuses on four distinct operating segments: flexible films, engineered products, surface technologies and precision components. KAP portfolio products, processes and applications include extrusion coatings, technical textiles, surface technology and processes, as well as precision components such as plastic gears or plastic-metal composite parts.

Further information on the business model can be found in the current non-financial report or annual report and on our website.

[www.kap.de](http://www.kap.de)

# FOREWORD

DEAR BUSINESS PARTNERS, DEAR STAKEHOLDERS, DEAR EMPLOYEES,

We are aligning our business activities to sustainable value creation, thereby assuming responsibility for future generations. Sustainability is integral to KAP – which is why, with this KAP 2025 ESG Strategy, we are committing to responsible corporate governance that pays equal attention to the triad of value creation and environmental and social issues. For us, responsibility and integrity are the basis for the trust placed in us by our stakeholders: customers, business partners, our employees, society and our shareholders.

“In 2021, we demonstrated once again that we continue to refine KAP’s approach to sustainability every year.”

ECKEHARD FORBERICH  
Member and Spokesman  
of the Management Board

various dimensions of sustainability and give their full support to the strategy’s implementation.

Yours sincerely,



Eckehard Forberich  
Member and Spokesman  
of the Management Board

We are doing a lot in the area of sustainability to act more sustainably and socially as a company. This is reflected in the present ESG strategy. We started developing the strategy back in 2021. We executed in-depth analysis and extensive structuring processes to assign goals to all material topics, underpin these with measures and make them measurable with key performance indicators (KPIs). This is our contribution towards broad-based and multidimensional societal change for sustainability in business.

With the present KAP 2025 ESG Strategy, we want to further advance our commitment and have anchored the topic in our business model. We have set ourselves ambitious goals in the five thematic areas that are material for us, derived concrete measures and defined measurable KPIs. In doing so, we act out of conviction and aim to continuously improve our sustainability performance. KAP AG’s Management Board and Supervisory Board attach high priority to the

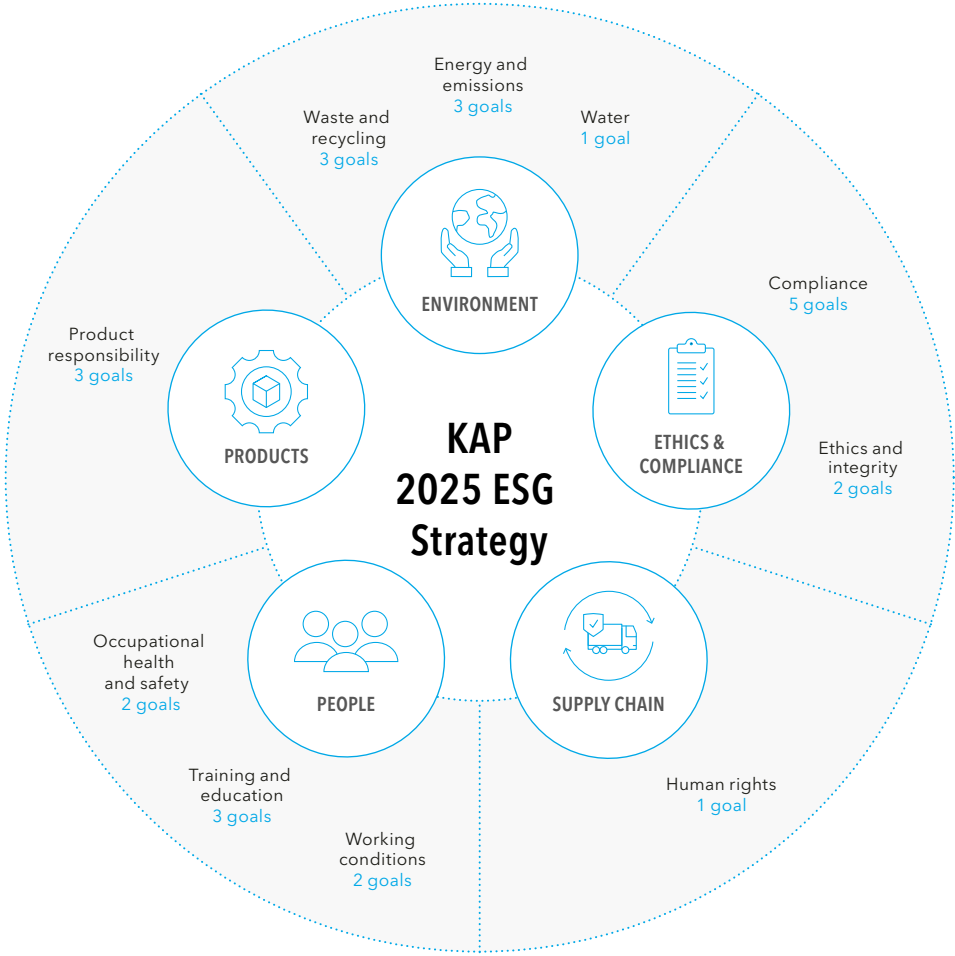
“In our 2025 ESG Strategy, we have defined concrete goals and KPIs by which we measure our success.”

MARTEN JULIUS  
Chief Financial Officer



Marten Julius  
Chief Financial Officer

# KAP 2025 ESG STRATEGY



KAP AG is committed to responsible corporate governance in all companies concerned. Economic success, integrity and social responsibility are equally important goals for KAP – regardless of whether we or our segment companies operate in Germany, Europe or anywhere else in the world.

We are guided by the objective of sustainable development to secure the future and, through our business operations, make a contribution towards achievement of individual Sustainable Development Goals (SDGs) of the United Nations. The SDGs, which became effective in 2016, are 17 specific goals for sustainable development that are to be achieved by 2030. While it is very important that all SDGs are implemented, four have been prioritised for KAP: SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure) and SDG 13 (climate action).

We have strengthened our commitment to sustainability by committing to the Ten Principles of the United Nations Global Compact (UNGC) in 2022. The UNGC is the world's largest initiative for responsible corporate governance. We implement the Ten Principles of the UNGC for human rights, labour, the environment and climate protection, and anti-corruption in our day-to-day business.

On the basis of a systematic materiality analysis, we have determined topics that are material both for understanding the course of business, the business performance and the situation, and for understanding the impact of business activities on sustainability aspects. We have assigned the resulting ten material topics to five thematic areas. Each year, we test the material topics for validity.

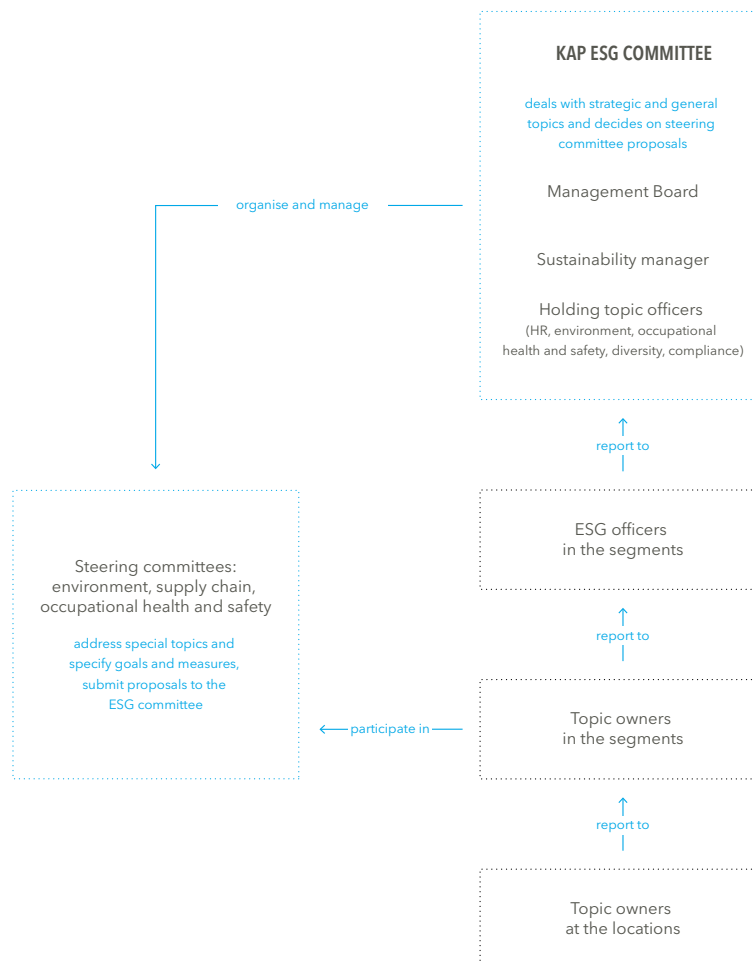
For us, responsibility and integrity are the basis for the trust placed in us by our customers, business partners, shareholders, society and our employees. That is why we developed our KAP 2025 ESG Strategy in 2021, which is based on our material topics. It comprises 25 strategic goals and 4 overarching goals for our sustainability management. Measures covering a specified period have been assigned to each goal. The measures presented in this publication are external measures. Further internal measures to increase sustainability management are not disclosed. Progress is measured using KPIs.

The following pages present the sustainability strategy for our sustainability management and for our five thematic areas - "ethics & compliance", "people", "environment", "products" and "supply chain". The description of progress and further information can be found in the current sustainability reports and annual reports as well as on our website.

# SUSTAINABILITY MANAGEMENT

## GOOD SUSTAINABILITY MANAGEMENT

Sustainability is a holistic task in our company and the segments. That is why responsibility is placed at the highest levels of decision-making and cascaded down to the individual locations.



- KAP’s Management Board sets the strategy and goals and integrates sustainability into the business strategy.
- The Management Board is supported by the ESG committee, in which both members of the Management Board are members. The ESG committee has overall responsibility for strategy implementation. It ensures that sustainability and corporate ethics are firmly anchored in corporate strategy, management and our daily actions.
- The newly introduced position of sustainability manager is responsible for the further development and implementation of the sustainability strategy from 2022.

- Topic officers have been appointed for specific specialist topics to support the sustainability manager. The topic officers organise and steer the steering committees that deal with certain specific sustainability topics. Starting in 2022, three steering committees will be established for specific sustainability topics: the environment, supply chain and occupational health and safety. The purpose of the three steering committees is to address the special topics across all segments. They will hold regular meetings to review and update the goals and measures.
- In addition to the corporate topic officers for the environment, occupational health and safety and supply chain, topic owners are appointed from the segments to take part in the steering committee meetings. They consolidate reports from the individual segment locations and represent the segments. The managing directors of the segments have the entrepreneurial freedom to independently implement and drill down on the jointly defined goals.

We have also set four overarching goals for our sustainability management, which serve as the basis for implementing all other sustainability goals. We have developed corresponding concrete measures and defined measurable KPIs.

#### Sustainability management

Goals	Measures	KPIs	Timing
Grow ESG organisation	Institutionalise ESG organisation and introduce ESG committee headed by the Management Board and the sustainability manager		Since 2022
	Assign officers responsible for relevant ESG topics within the Group and organise and conduct regular steering committee meetings		Since 2022
Expand sustainability reporting	Obtain external assurance on reporting		From 2023
	Professionalise data acquisition by using software		From 2022
Expand stakeholder dialogue	Communicate regularly with relevant stakeholders	Number of dialogue meetings with relevant stakeholder group	Continuous
Perform and continuously improve ESG ratings	Perform ESG ratings		From 2022





## ETHICS & COMPLIANCE

### ACT FAIRLY, WITH INTEGRITY AND LAWFULLY

As a company, KAP is integrated in its social and natural environment. This gives rise not only to many benefits but also to responsibilities: the responsibility to operate in a sustainable manner and on the basis of sound moral foundations as well as the responsibility to always comply with all laws and regulations. These are the issues we address under “ethics & compliance”. As part of the strategy, we have set ourselves ambitious goals in this respect, derived concrete measures and defined measurable KPIs. “Ethics & compliance” comprises the two material topics “ethics and integrity” and “compliance”.

#### ETHICS AND INTEGRITY

Goals	Measures	KPIs	Timing
Expand Code of Conduct and consistently require adherence to it	Expand sustainability content contained in the Code of Conduct		Mid-2022
	Have all employees sign Code of Conduct and evaluate training courses	Percentage of employees who have signed the Code of Conduct	From 2022
Commit to and support global value alliances	Join UN Global Compact and participate in meetings of the German Global Compact Network		2022

## COMPLIANCE

Goals	Measures	KPIs	Timing
Expand compliance management and communication with the segments even further	Regular reports of the regional compliance managers to the CCO	Percentage of locations covered by CMS	Continuous
	Evaluate and, if necessary, adopt policies on environmental, human rights, diversity and sustainability issues		From 2022
	Implement the policies at all locations		Continuous
Expand whistleblower system and regularly analyse risks	Engage (external) ombudsperson		Beginning of 2022
	Conduct annual Opture risk analysis		Continuous
Expand compliance training for specific target groups	Monitor locations through regular reporting		From 2022
	Hold regular e-learning courses on all major compliance topics	Percentage of employees who have completed compliance training	Continuous
	Provide needs-based and target group-specific training courses		Continuous
Ensure regular compliance audits	Internal audit		Continuous
	Engage external auditors (incident-based)		Continuous
Further improve and regularly challenge data protection and information security	Engage external specialist to provide regular training on data privacy and information security		Continuous
	Introduce active penetration tests (phishing/vulnerability checks)	Benchmarking of penetration against previous years	Since year-end 2021



## PEOPLE

### CREATING AN ATTRACTIVE AND SAFE WORKING ENVIRONMENT

Our employees are our most valuable resource. Their competence, motivation and dedication enable KAP to be successful in the market in the long term and to grow steadily. Our corporate culture focuses on people and providing equal opportunities for their development and unfolding their potential in a health-promoting work environment. These are the issues we address under "People". As part of the strategy, we have set ourselves ambitious goals in this respect, derived concrete measures and defined measurable KPIs. "People" comprises three material topics: "working conditions", "training and education" and "occupational health and safety".

#### WORKING CONDITIONS

Goals	Measures	KPIs	Timing
Increase KAP's appeal as an employer of choice	Create employee surveys and conduct them at segment level		By 2023
	Promote work-life balance	Employee turnover rate in segments and overall	Continuous
	Significantly increase flexibility of office-based workplaces (through remote work and virtual meetings)		From 2022
Promote diversity at KAP	Designate diversity officers at holding company level		From 2022
	Introduce Awareness Day or comparable day of action		From 2023

#### TRAINING AND EDUCATION 1/2

Goals	Measures	KPIs	Timing
Expand HR development measures and improve controlling	Monitor and increase training hours at largest locations	Training hours per employee	Continuous
	Develop objectives for managers to cover at least 50% of employees through feedback and personal development talks	Interviews conducted as a percentage of total workforce	From 2023
	Increase funding for technicians and master craftsmen	Number of master craftsman and technician apprenticeships started	2023
	Continue talent development	Share of managers from own ranks	By 2023

## TRAINING AND EDUCATION 2/2

Goals	Measures	KPIs	Timing
Recruit at least 20% of executives internally	Evaluate mentoring programme	Number of executives who were previously regular employees or trainees, annual figure	By 2023
		Number of participants in the programmes	
Expand number of trainees and, if possible, take on 100% of trainees and dual-track students	Advertise recruiting offers locally	Number of apprenticeship positions filled	From 2022
	Expand training offering at locations to 55% or more		From 2023

## OCCUPATIONAL HEALTH AND SAFETY

Goals	Measures	KPIs	Timing
Promote health and ergonomics at KAP	Expand preventive medical check-ups by company physician and promote hearing and vision tests for machine operators		Year-end 2022
	Centrally organise and regularly hold digital training modules on occupational health and safety		Beginning of 2022
	Promote ergonomics through workplace instructions and work equipment ergonomics		Continuous
	Coordinate and expand health check-up for managers		Continuous
Promote occupational safety	Appoint a corporate officer for occupational health and safety and establish a central structure with steering committee	Number of locations covered by certified management system	From 2022
	Promote and expand coverage of locations by occupational health and safety management systems	Number of locations covered by management system Number of work-related accidents	From 2022



## ENVIRONMENT

### PROTECTING THE CLIMATE AND PRESERVING THE ENVIRONMENT

We believe that acting in an environmentally conscious manner is both an ethical and entrepreneurial duty: whether within the framework of our own processes in production, sales and administration or downstream when our customers use our products. We want to continuously improve our environmental performance in all areas and thus contribute to a clean environment and to combating climate change. These are the issues we address under “environment”. As part of the strategy, we have set ourselves ambitious goals in this respect, derived concrete measures and defined measurable KPIs. “Environment” comprises three material topics: “waste and recycling”, “energy and emissions” and “water”.

#### WASTE AND RECYCLING

Goals	Measures	KPIs	Timing
	Appoint waste officers / waste management as well as hazardous substance officers at all relevant locations		2023
Expand waste management and identify primary waste types		Quantity of waste in metric tons	
		Hazardous waste in metric tons	
	Expand waste management through ISO 14001 certifications	Waste per EUR 1,000 of revenue	2023
		Metric tons of waste per metric ton of material used	
Expand recycling at KAP	Expand closed-loop system at KAP		From 2023
	Set up in-house recycling plants in first segments		2023
Pursue sustainable use of raw materials and packaging at KAP and its customers	Preferentially use reusable or recyclable packaging materials	Recycled or reused packaging in %	From 2022
	Centrally organise and regularly hold digital training modules on waste avoidance		From 2022

## ENERGY AND EMISSIONS

Goals	Measures	KPIs	Timing
Expand environmental management and compile all key energy and emissions data		Scope 1 and scope 2 CO <sub>2</sub> equivalents in metric tons per segment	
	Appoint environmental officers in all segments and at corporate level	Scope 1 and scope 2 CO <sub>2</sub> equivalents in metric tons per emission source cluster	Beginning of 2022
		Energy consumption per segment	
	Analyse significant scope 3 emissions at Group level	Scope 3 CO <sub>2</sub> equivalents in metric tons per segment	By mid-2023
	Determine scope 3 emissions	Scope 3 CO <sub>2</sub> equivalents in metric tons per emission source cluster	From year-end 2023
	Establish environmental steering committee and regular environmental meetings in all segments		Year-end 2022/ from 2023
Increase energy efficiency and reduce energy consumption by 10% by 2025		kWh per EUR 1 million in revenue	
	Adopt individual energy efficiency measures for LED expansion, compressed air, cooling and heat generation, regenerative afterburning	kWh per kg of material input kWh per t of coating kWh per m <sup>2</sup> of coated surface	Continuous
	Introduce ISO 50001 energy management system at all relevant locations and certify if necessary	Number of locations with ISO 50001 certification	2023
	Centrally organise and regularly hold digital training modules on energy and emissions		From 2023
Avoid and reduce emissions	Procure green power only at all relevant locations and include requirement in a corporate policy	Share of green power sourced as a percentage of sourced electricity	From 2022
	Evaluate an overarching travel policy and company car guidance document	Emission reduction compared with base year Metric tons of CO <sub>2</sub> equivalents per EUR 1 million in revenue	From 2022
	Establish or expand charging infrastructure at major locations		By 2025
	Design and construct new company buildings taking into account sustainability aspects		From 2022

## WATER

Goals	Measures	KPIs	Timing
Reduce specific water consumption of production processes	Initiate and expand reduction measures such as closed water systems, recirculation, multiple use or ion exchange systems	Year-on-year reduction Water consumption in m <sup>3</sup> per EUR 1,000 in segment revenue and in total	From 2022
	Centrally organise and regularly hold digital training modules on reducing water consumption		From 2023
	Perform internal audits at all relevant locations		From 2024



## PRODUCTS

### OFFERING HIGH-QUALITY AND INNOVATIVE PRODUCTS AND PROCESSES

The success or failure of our business always depends on the quality, safety and sustainability of our products, services and processes. KAP can only survive in the long term if these values are upheld in the segments. We ensure quality, safety and sustainability through structured management, clear processes and high standards. These are the issues we address under “products”. As part of the strategy, we have set ourselves ambitious goals in this respect, derived concrete measures and defined measurable KPIs. “Products” comprises the material topic of “product responsibility”.

#### PRODUCT RESPONSIBILITY

Goals	Measures	KPIs	Timing
Ensure quality management process	Expand certified quality management according to ISO 9001 or IATF 16949 or equivalent alternatives	Percentage coverage of production sites with certified quality management system	By 2024
	Preferentially opt for relevant suppliers with certified quality management		From 2024
Continuously improve product and process safety	Appoint product safety and conformity representatives (PSCR) in relevant segments		2022
	Continuously analyse high-risk and critical products		Continuous
Enhance energy efficiency and environmental compatibility of products and processes	Promote the use of more environmentally friendly feedstocks and continuously analyse whether hazardous or environmentally harmful substances can be substituted with better alternatives		Continuous
	Conduct life cycle analysis of KAP products in first segments	CO <sub>2</sub> footprint of first products	By 2025





## SUPPLY CHAIN

### MAKING VALUE CREATION MORE SUSTAINABLE

KAP is accountable for its own entrepreneurial actions. In addition to considering our own impact, we also take into account the positive and negative impacts that our business activities cause in the supply chain. We endeavour to establish long-term business relationships based on values. These are the issues we address under “supply chain”. As part of the strategy, we have set ourselves ambitious goals in this respect, derived concrete measures and defined measurable KPIs. “Supply chain” comprises the material topic of “human rights”.

#### HUMAN RIGHTS

Goals	Measures	KPIs	Timing
Require compliance with occupational health and safety and human rights in the supply chain	Check suppliers’ codes of conduct for compliance with KAP Code of Conduct	Proportion of suppliers (A suppliers) that have acknowledged the code per segment	From 2022
	In the event of mismatch, have A suppliers acknowledge the Supplier Code of Conduct		
	Centrally organise and regularly hold digital training modules on human rights for relevant groups of employees		From 2023
	Introduce verification audits of suppliers (EcoVadis) in first segments and evaluate for KAP itself	Implementation at top 10 suppliers	From 2022
	Evaluate express expansion of scope of whistleblowing system to include external parties and introduce it if appropriate		By 2023
	Supplement business partner checks for new suppliers to include sustainability topics		From 2023
Evaluate regular business partner check with existing suppliers		From 2023	

# PUBLICATION DETAILS

## CONTACT

Kai Knitter  
Head of Investor Relations & Corporate Communications  
Edelzeller Strasse 44  
36043 Fulda  
Germany  
T. +49 661 103 327  
E. [investorrelations@kap.de](mailto:investorrelations@kap.de)

## PUBLISHED BY

KAP AG  
Edelzeller Strasse 44  
36043 Fulda  
Germany  
T. +49 661 103100  
F. +49 661 103830  
[www.kap.de](http://www.kap.de)

## VALIDITY AND DISCLAIMER

This publication has been prepared with the greatest possible care and the data have been checked. Nevertheless, rounding, transmission, typesetting or printing errors cannot be ruled out. This publication contains assumptions and forecasts based on all information available at the time of preparation. Should the assumptions on which these forecasts are based not eventuate, actual events could deviate from those currently expected.

[www.kap.de](http://www.kap.de)

**KAP AG**  
Edelzeller Straße 44  
36043 Fulda  
Deutschland