Sustainability Statement 2025

PGS GROUP

CARRIES YOUR BUSINESS

Corporate information

Palettes Gestion Services SAS

Centre Multi-Marchandises - BP 495
Rue Michel Poulmarch 76807
Saint Etienne du Rouvray, France

VAT: FR48391208287

Tel: +33 (0)2 35 66 02 78

www.pgsgroup.com

Contact

For more information on the information disclosed in this sustainability statement, please contact:

Patricia Simoen

Group Sustainability Manager

CSR@pgsgroup.com

Assurance

This sustainability statement has not been reviewed by an assurance provider.


Linde
E 35

Sustainability Statement

Table of contents

Foreword 5
Key Figures FY2025 6
General Disclosures 8
BP-1 Basis for preparation of the sustainability statement
BP-2 Specific information if the undertaking uses phase-in options
GOV-1 The role of the administrative, management and supervisory bodies in relation to sustainability
GOV-2 Integration of sustainability-related performance in incentive schemes
GOV-3 Statement on due diligence
GOV-4 Risk management and internal controls
SBM-1 Strategy, business model, and value chain
SBM-2 Interests and views of stakeholders
IRO-1 Double materiality assessment process
IRO-2 Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement
MDR-P Policy overview
Environment
ESRS E1 Climate Change 28
SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects
E1-1 Transition plan for climate change mitigation
E1-2 Identification of climate-related risks and scenario analysis
E1-3 Resilience in relation to climate change
E1-4 Policies related to climate change mitigation and adaptation
E1-5 Actions and resources in relation to climate change mitigation
E1-6 Targets related to climate change
E1-7 Energy consumption and mix
E1-8 Gross Scope 1, 2, 3 GHG emissions
E1-9 GHG removals and GHG mitigation projects financed through carbon credits
E1-10 Internal carbon pricing
E1-11 Anticipated financial effects from material physical and transition risks and potential climate related opportunities
E1 Accounting principles
ESRS E5 Resource Use & Circular Economy 53
SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects
E5-1 Policies on resource use and circular economy
E5-2 Actions and resources related to resource use and circular economy
E5-3 Targets on resource use and circular economy
E5-4 Resource inflows
E5-5 Resource outflows
E5 Accounting principles
Social
ESRS S1 Own Workforce 64
SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects
S1-1 Policies related to own workforce
S1-2 Engagement with own workforce and workers' representatives
S1-3 Actions and resources related to own workforce
S1-4 Targets related to own workforce
S1-5 Characteristics of employees
S1-6 Characteristics of non-employees
S1-12 Training and skills development metrics
S1-13 Health and safety metrics
S1 Accounting principles
Governance
ESRS G1 Business Conduct 78
SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects
G1-1 Policies related to business conduct
G1-2 Actions related to business conduct
G1-3 Targets related to business conduct
G1-4 Metrics related to corruption or bribery
G1-5 Metrics related to political influence, including lobbying activities
G1-6 Metrics related to payment practices
List of abbreviations 87
Editorial 87
Annex 88

Foreword

Wood is a responsible material, but it still carries a footprint.

That is one of the realities behind this report. The circular nature of our products gives PGS a strong foundation, yet it does not exempt us from reducing emissions, protecting people at work, and understanding the effects of our choices across the value chain.

For several years, we have been working to give these topics more structure across the Group. This report is the first time we have chosen to set that work out publicly in a dedicated sustainability statement, on a voluntary basis. We are doing so at a point when the work is solid enough to be examined seriously, even if not every part of it is complete.

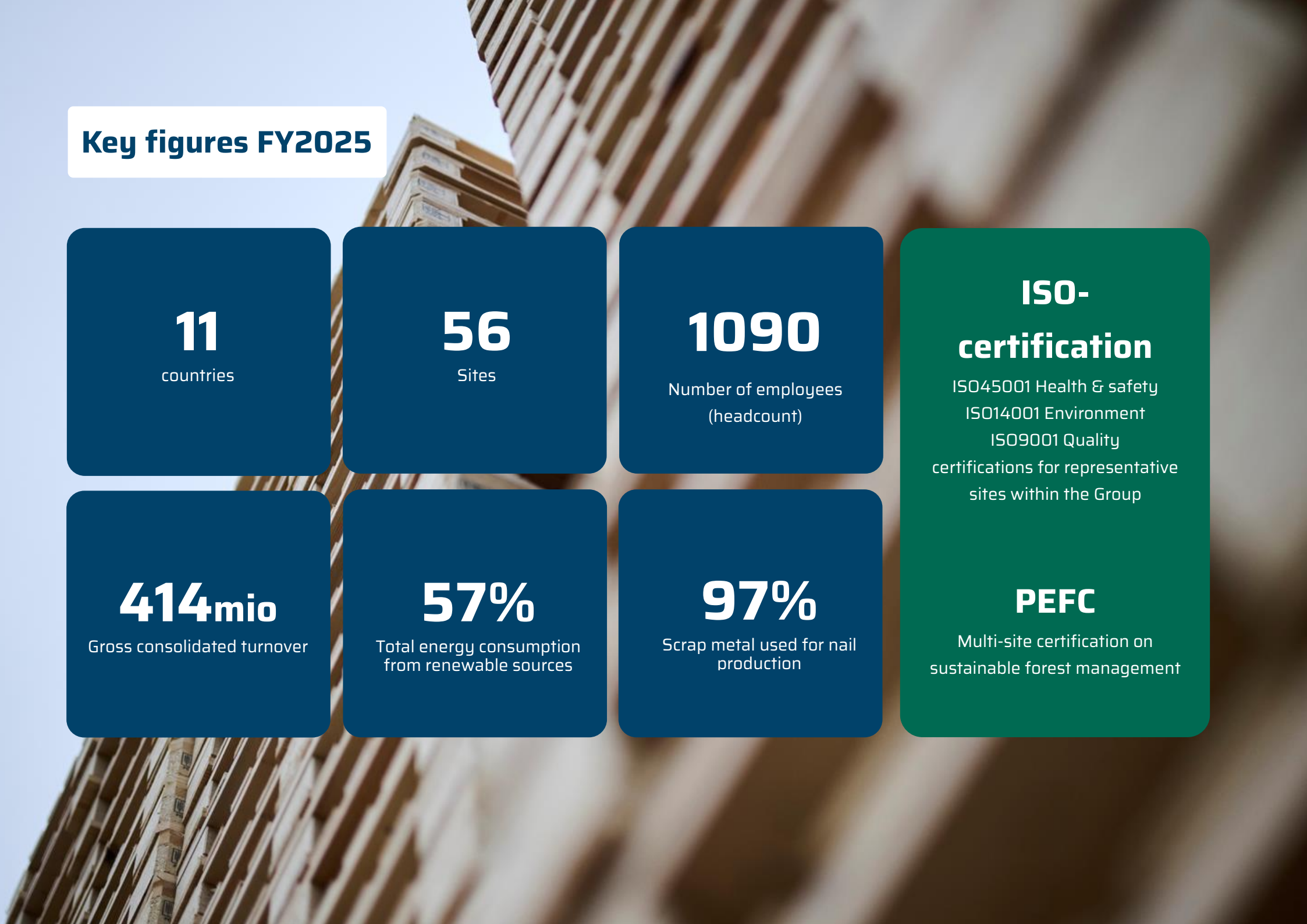
In preparing this statement, we tried to look at that reality with more precision. We learned quickly that some answers were stronger than others. In some areas, we had robust systems. In others, we were still relying on fragmented data, local practices or assumptions that needed to be corrected.

I do not think a serious sustainability report should hide that. What matters is whether a company is willing to see itself clearly, improve the parts that are weak, and keep the unfinished work visible. That is the approach we have taken here.

The result is not a polished story. It is a more disciplined one. I believe that is more useful to our employees, customers, partners and owners, and more faithful to the kind of company we are and the kind we want to build.

Thank you for reading.

Luc Grauwet
Chief Executive Officer



Key figures FY2025

11
countries

56
Sites

1090
Number of employees (headcount)

ISO-certification
ISO45001 Health & safety
ISO14001 Environment
ISO9001 Quality
certifications for representative sites within the Group

414mio
Gross consolidated turnover

57%
Total energy consumption from renewable sources

97%
Scrap metal used for nail production

PEFC
Multi-site certification on sustainable forest management

General Disclosures

ESRS 2

ESRS 2 | General Disclosures

BP-1 Basis for preparation of the sustainability statement

This sustainability statement covers Palettes Gestion Services SAS and its consolidated entities (together "PGS Group") for fiscal year 2025 (1 October 2024 to 30 September 2025). Where relevant and available, comparative information is provided for the prior fiscal year.

The reporting boundary for sustainability information is aligned with the Group's consolidated financial statements and follows an operational control approach. All entities within this boundary are included in the sustainability statement; the list of entities is provided in Annex 1.

In addition to own operations, the statement includes upstream and downstream value chain information where necessary to understand PGS Group's material impacts, risks and opportunities, as identified through the Double Materiality Assessment (DMA). Value chain disclosures in this report therefore focus in particular on (i) greenhouse gas emissions across the value chain, (ii) responsible sourcing and due diligence for key raw materials, and (iii) transport and end-of-life considerations relevant to our circular business model.

This is PGS Group's first sustainability statement prepared in accordance with the applicable ESRS requirements as of the reporting date. All disclosures included have been determined to be material based on the DMA, unless presented as voluntary supplementary information.

As a first-year report, certain data collection processes are still being harmonised across countries and business units. Where estimates or proxies are used, or where information is not yet available, this is explained in the relevant topical sections together with actions planned to improve data quality and coverage in future reporting periods).

BP-2 Specific information if the undertaking uses phasing-in options

Not applicable.

GOV-1 The role of the administrative, management and supervisory bodies in relation to sustainability

Governing bodies

Sustainability is governed at the highest level of PGS Group. It is a strategic pillar in the corporate strategy, in addition to innovation and growing sustainable business.

The governing bodies of the PGS Group constitute of The Executive Management Team (EMT) and the Board of Directors.

Board of Directors – oversight: The Board is the statutory management body and defines the overall strategy of the Group. Sustainability matters are reviewed as part of the annual strategy cycle, including the review of material impacts, risks and opportunities (IRO's). The Board considers sustainability factors when approving major investment decisions and assessing strategic trade-offs.

Composition of the board	
Independent board members	0
Gender representation	0% female/100% male
Employee/work representation on the board	None

Executive Management Team (EMT) – execution. The EMT oversees day-to-day management and is accountable for implementing the sustainability strategy and delivering objectives. When preparing major decisions (e.g., acquisitions or large investments), the EMT assesses trade-offs between financial performance and environmental and social impacts.

Board of Directors

Luc Grauwet (CEO)

Jean-Louis Louvel

Michael Modugno

Executive Management Team (EMT)

Luc Grauwet (CEO)

Alain Lauweryns (CSO)

Bart De Laender (COO)

Committees

Steering Committee

Audit & Risk Committee

Ethics Committee

Sustainability Committee

Governance on Sustainability Strategy

Environment	Social	Governance
Climate change *Chief Executive Officer*	Human resources, training & skills development *Group HR Manager*	Corporate culture *Group Sustainability Manager*
Circular economy & resource use *Chief Operating Officer*	Health and safety *Group QHSE Manager*	Supplier relationship management *Chief Operating Officer*

GOV-1 The role of the administrative, management and supervisory bodies in relation to sustainability

The governing bodies are supported by four Committees and a dedicated sustainability team in the execution of their sustainability duties. All entities report directly to the Chief Executive Officer (CEO).

Steering Committee: Provides overall governance of the strategy; aligns priorities across functions and monitors implementation progress.

Audit & Risk Committee: Manages the enterprise risk framework and processes, reviews major risk exposures and mitigation actions, ensures the EMT is informed about significant risks to the organisation and its value chain.

Ethics Committee: Ensures the correct implementation of the whistleblower procedure, coordinates internal investigations, decides on disciplinary sanctions where breaches are substantiated.

Sustainability Committee: Validates the Double Materiality Assessment and associated thresholds, monitors progress on strategic sustainability objectives, oversees the ESG reporting process in line with sustainability reporting legislation.

Dedicated sustainability team: Acts as the central hub. It develops and maintains the strategy, coordinates implementation, drafts and compiles sustainability disclosures, consolidates ESG inputs and data, and tracks actions and progress across the organisation.

Coordination and monitoring

Strategic coordination and progress monitoring are structured through the Connectivity Matrix. Dedicated working groups have been established for each strategic topic. Each group is led by an implementation leader from senior or executive management, appointed based on relevant expertise and subject-matter knowledge.

GOV-2 Integration of sustainability-related performance in incentive schemes

PGS Group does not link variable remuneration or incentive schemes for members of the administrative, management and supervisory bodies to sustainability-related performance. Sustainability objectives are managed through strategy deployment, target setting and operational performance follow-up, as described under GOV-1 and the topical disclosures.

GOV-3 Statement on due diligence

The following table cross-references the main steps of PGS Group's sustainability due diligence to where they are addressed in this Sustainability Statement.

Core elements of sustainability due diligence		Components in the sustainability statement
a)	Embedding sustainability due diligence in governance, strategy, and business model	GOV-1 The role of the administrative, management, and supervisory bodies in relation to sustainability IRO-1 Double materiality assessment process GOV-4 Risk management and internal controls over sustainability reporting SBM-3 Interaction of impacts, risks, and opportunities with strategy, business model and financial effects
b)	Engaging with affected stakeholders in all key steps of the sustainability due diligence	SBM-2 Interests and views of stakeholders IRO-1 Double materiality assessment process GOV-4 Risk management and internal controls over sustainability reporting
c)	Identifying and assessing adverse impacts on people and the environment	SBM-3 Interaction of impacts, risks, and opportunities with strategy, business model and financial effects IRO-1 Double materiality assessment process GOV-4 Risk management and internal controls over sustainability reporting
d)	Taking actions to address those adverse impacts on people and the environment	E1-5 Actions and resources in relation to climate change mitigation E5-2 Actions and resources related to resource use and circular economy S1-3 Actions and resources related to own workforce G1-2 Actions related to business conduct
e)	Tracking the effectiveness of these efforts	SBM-2 Interests and views of stakeholders IRO-1 Double materiality assessment process

GOV-4 Risk management and internal controls over sustainability reporting

Objective and scope

PGS Group's risk management and internal control processes for sustainability reporting are designed to support reliable sustainability reporting and to reduce the risk of incorrect information, statements, figures or conclusions resulting from inaccurate or incomplete data. Controls cover E, S and G information from initial registration at site or function level through to Group consolidation and publication. The scope and discipline of these controls are aligned, where relevant, with the Group's financial reporting control system.

Control framework and governance approach

PGS Group's internal control and risk management system is structured in line with the 2013 COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework and organised through a three-lines model, supported by the whistleblowing mechanism.

1. First line: Operations and designated functions.

Operational managers within entities, sites, services and the different countries/regions are responsible for managing sustainability reporting risks as part of day-to-day operations. This includes timely source-data capture, first-level validation, and maintaining appropriate supporting documentation, in line with applicable laws and internal rules and guidance.

2. Second line: Sustainability team and Sustainability Committee.

The Sustainability Team establishes reporting policies, standards and procedures and operates the sustainability reporting risk and control framework. It designs and monitors key controls, coordinates annual ESG data collection, evaluates control effectiveness, and drives remediation of identified issues. The Team leads the Group's sustainability reporting, consolidating data and narrative.

The Sustainability Committee has final accountability for ESG data quality, consistency and comparability over time and across business units.

IROs are addressed within reporting processes coordinated by the Sustainability Team. Materiality is managed through a separate assessment process; its outputs inform reporting scope and disclosures, but materiality governance is outside this GOV-4 control description.

3. Third line: Internal audit.

Internal audit provides independent assurance on the effectiveness of governance, risk management and internal controls relevant to sustainability reporting.

In addition, the Group's whistleblowing mechanism supports the control environment by capturing internal and external alerts that may point to compliance or reporting risks and trigger investigation and remediation where relevant.

GOV-4 Risk management and internal controls over sustainability reporting

Data collection, systems and consolidation

PGS Group applies a structured approach to data collection and consolidation, with clear ownership and defined checks:

- Production-related data (site level): Production-related data is captured and consolidated through the Group's ERP system and a central data warehouse. Central Data Management oversees this flow and performs data quality checks to support accuracy and consistency of production-related information used in sustainability reporting.
- ESG data points outside the ERP/data warehouse flow: The sustainability team coordinates an annual Group-wide data collection process for other ESG/sustainability data points. For each required data point, data owners are appointed in the relevant business entity. Data owners collect data across the defined reporting scope, validate the information and provide evidence and explanations to support the reported figures and narratives.

Controls over completeness, integrity and estimates

As part of managing reporting risk, PGS Group considers:

- Completeness and integrity of the data collected; and
- The accuracy of results where estimates are required, including the appropriateness of the methods and assumptions used.

When data for specific sites is missing or found to be incorrect, a documented benchmark/proxy approach is applied to determine a representative value for Group consolidation. Proxies are derived using objective drivers such as FTEs and/or production output, and the assumptions applied are documented.

CO_2 calculations

For CO_2/carbon reporting, PGS Group engages an external carbon accounting specialist to support the carbon calculation process and to provide additional review challenge on the methodology, assumptions and calculations applied.

Monitoring and continuous improvement

The Sustainability team performs periodic internal reviews of the ESG data collection process with data owners to confirm completeness and integrity, and to verify the correct application of methodologies, assumptions and estimation approaches. Outcomes of these reviews are used to define improvement actions and to strengthen processes in collaboration with Central Data Management and relevant data owners.

Looking ahead, PGS Group plans to further strengthen auditability and comparability over time through a continuous improvement feedback loop, further automation of data flows, and the development of an ESG data warehouse.

GOV-4 Risk management and internal controls over sustainability reporting

External audits and certifications

PGS Group complements its internal control environment with external audits/certifications that support reliable ESG data and process discipline, including:

	ISO	PEFC	SMETA	ecovadis
What is it	ISO certifications set global standards for quality management (9001), environmental management (14001), and occupational health and safety management (45001).	PEFC (Programme for the Endorsement of Forest Certification) is a global initiative that promotes sustainable forest management through independent third-party certification of forest practices.	SMETA by Sedex is an audit that covers four key pillars including labour standards, environment, health and safety, and business ethics. In case of non-compliance, a corrective action plan is set up with a defined timeframe for each action.	EcoVadis is a voluntary platform for sustainability assessments, based on industry risks. Performance is benchmarked against industry peers and used to drive continuous improvement.
Scope	Multiple representative production sites have achieved ISO certifications. An overview is available on our website.	PGS Group is PEFC certified under a group-wide multi-site certificate.	In FY2025, five separate audits were conducted on relevant production sites including PGS Picardie (FR), PGS Beynel (FR), PGBS Mediterraneo (ES), PGS Rodanar Pallets (BE), and PGS De Backer Pallets (BE).	Two relevant production sites, PGS Ullu Paletten (DE) and PGS Den Doelder Pallets (NL) have been evaluated and achieved Silver and Gold medals in FY2025.
What it means to customers	ISO certificates demonstrate that PGS Group meets high international standards.	PEFC certification confirms that our wood sourcing strategy is aligned with recognised sustainable forest management principles and complies with EU regulation.	SMETA audits give customers assurance on high standards in sustainability topics.	These results assure customers of our performance on relevant sustainability issues.

SBM-1 Strategy, business model, and value chain

PGS stands for Palettes Gestion Services and originated in France. Founded in 1993, the Group started with the reconditioning of wooden pallets, used for the protection, storage, and transportation of customer goods. Today, we are specialised in the production, reconditioning and pooling of wooden packaging solutions. These are complementary activities at the core of the circular economy by extending product lifecycles and optimizing resource use.

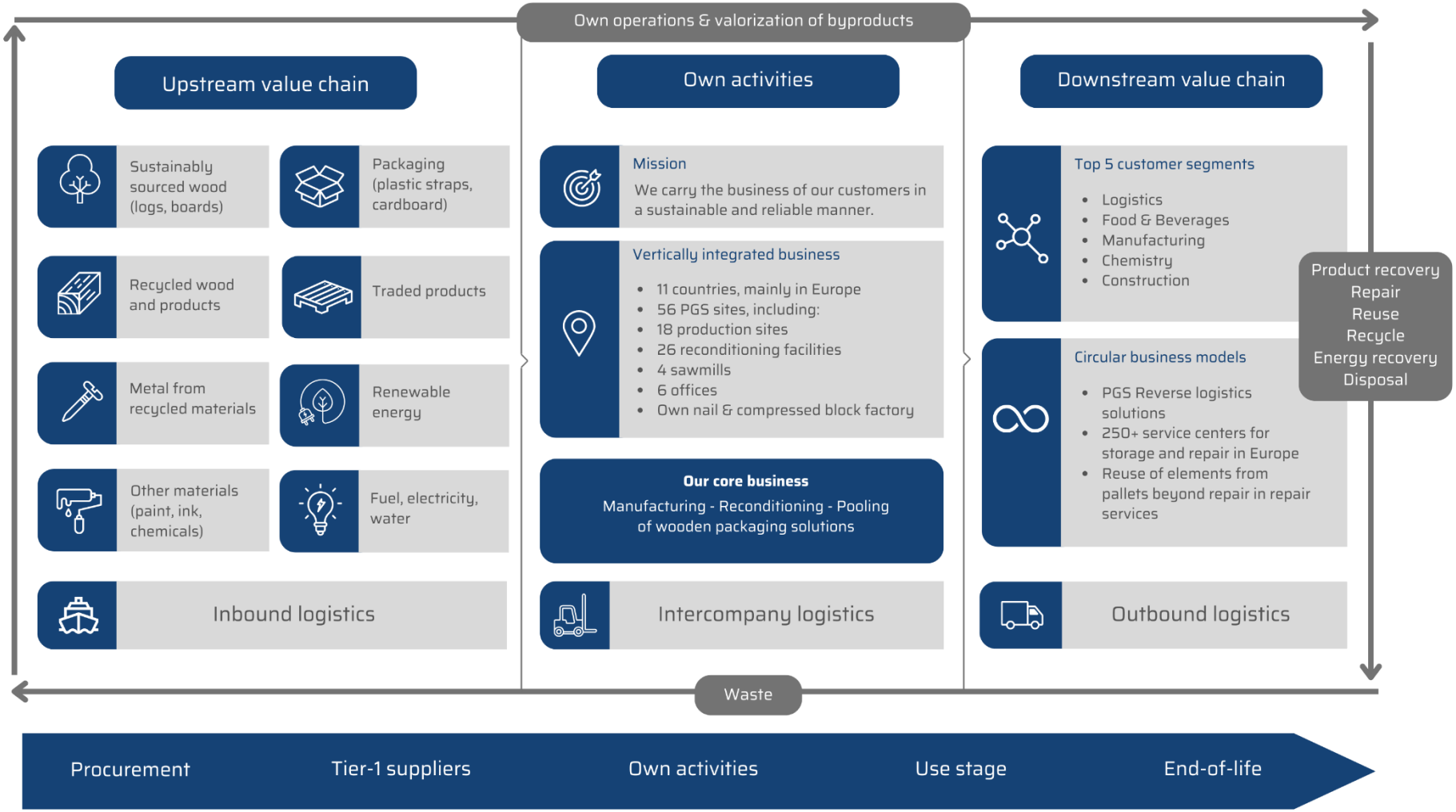
According to NACE sectors, PGS Group operates mainly in the wooden packaging sector (NACE-code 1624).

Our vertical integration enables control over key stages of our value chain and reduces dependencies on external suppliers. At the end of the reporting period, the group had 56 sites, including 18 pallet production sites, 26 facilities for reconditioning services, 4 sawmills, 6 service centres and our own factory of nails and compressed blocks. Our activity is spread over 11 countries in Europe, including France, Belgium, Germany, Spain, The Netherlands, Portugal, Ukraine, Latvia, Denmark, Austria, and Morocco.

Mission: To provide high-quality, innovative, and sustainable wooden packaging solutions that support a circular economy.

Vision: To shape a more innovative, circular, and sustainable industry, one pallet at a time.

SBM-1 Strategy, business model, and value chain



SBM-2 Interests and views of stakeholders

We build strong long-term relationships with our most important stakeholders, being our employees, suppliers, customers, and society at large (civil society, local communities, nature). Through our operations and strategy, we try to create value for all of them.

Stakeholders are identified based on their influence on PGS Group and the extent to which our actions affect them.

Through continuous dialogue, PGS Group strives to understand perspectives, concerns, and expectations of stakeholders. These interactions are considered during decision-making and help shape our sustainability initiatives, to ensure alignment with stakeholder interests. The insights gathered are integrated into our corporate strategy.

More details on worker representatives are addressed under Own Workforce S1-2.

	Key interests	Engagement channels	Objectives
Employees	• Organisational changes and updates • Employee and team performance • Training and career development • Health and safety • Sustainability strategy • Ethical business culture • Innovation	• Daily team interaction • Worker representatives • Internal communication channels • Performance & development dialogue • Training • Speak up channels • Job fairs & internships	• Informed, engaged and skilled workforce • Safe and healthy work environment • Internal mobility • Sustainable value chain • Innovative business ideas
Suppliers & business partners	• Industry news • Supplier evaluation • Sustainability terms & conditions • Regulatory compliance	• Contract management • Sustainability due diligence • Speak up channels • Industry forums • Supplier audits	• Joint sustainability progress • Transparent supply chain • Trusted long-term supplier relationships
Customers	• Sustainability strategy • Products and services offer • Products and services quality • Regulatory compliance • Innovation	• Sales interactions • Supplier assessments • Annual customer satisfaction survey	• Increase sales volume of circular products and services • Trusted long-term client relationships • Transparent value chain • Joint sustainability progress
Society at large	• Addressing negative impacts on society and nature • Community support • Job creation for the community	• Sustainability risk management • Community engagement program • Scientific studies	• Positive impact on local communities • Ensure sustainable, safe, high quality products and services • Joint sustainability progress

IRO-1 Double materiality assessment process

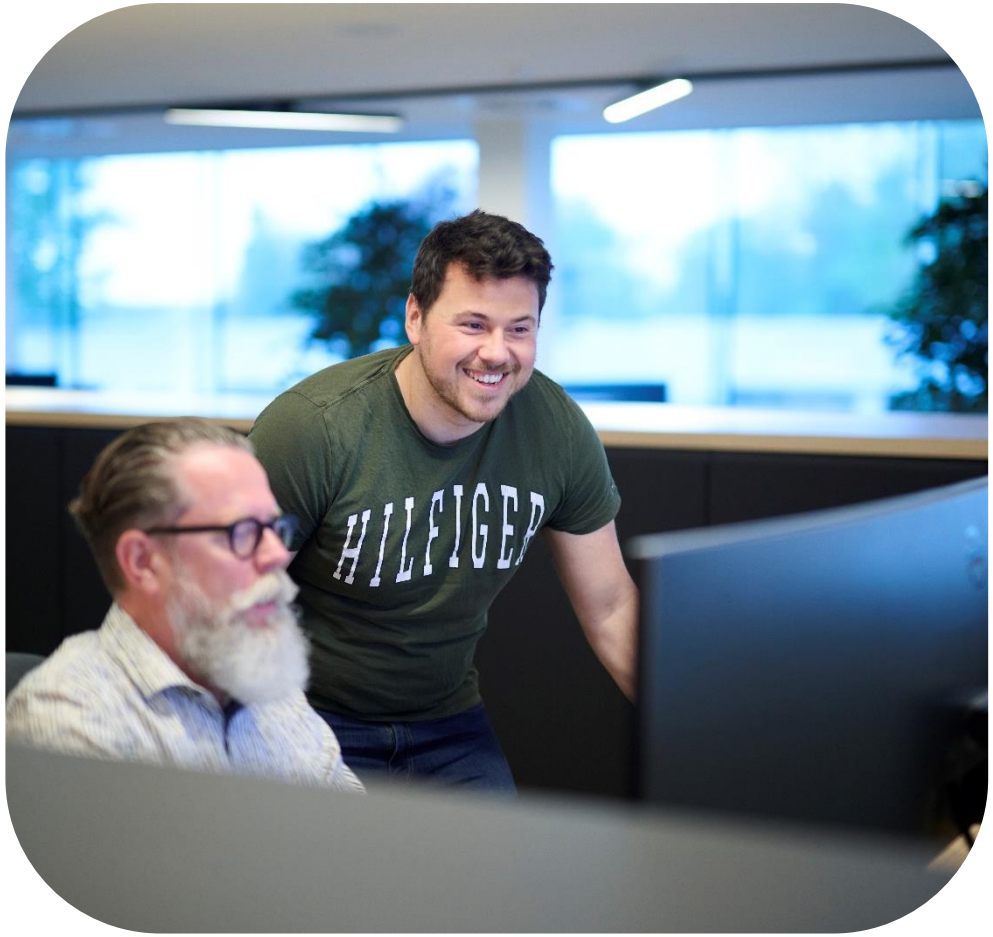
Methodology

We evaluate social, environmental, and ethical impacts and risks to our organisation through a materiality assessment. Each reporting year, we assess whether significant changes have occurred that could affect the conclusions of the current DMA.

In 2024, we completed our first comprehensive Double Materiality Assessment (DMA) in line with the requirements of the 2023 ESRS standards. The DMA identified which sustainability topics are relevant for our organisation based on a dual perspective:

- Impact materiality: how our business operations impact people and the environment (positive and negative impact).
- Financial materiality: How people and the environment impact our business operations (risks and opportunities).

The findings of our first comprehensive DMA in 2024 highlighted our organisation's most relevant impacts, risks, and opportunities (IROs), providing a clear framework to guide our strategic priorities moving forward. The assessment was led by the Sustainability Team and followed a structured four-step approach covering own operations and the upstream and downstream value chain. An external CSRD specialist was consulted on a limited basis to validate methodological choices and provide targeted input at key milestones.



IRO-1 Double materiality assessment process

Step 1 – Long-list of sustainability matters

The process started with the identification of a long list of potentially relevant sustainability matters, resulting in 107 ESG topics. Input was collected across three levels:

1. Sector-agnostic topics, based on mandatory sustainability matters under the ESRS;
2. Sector-specific topics, drawing on frameworks such as SASB and GRI;
3. Entity-specific topics, informed by prior assessments, including the previous single materiality analysis.

Step 2 – Short-list of sustainability matters

The long list was subsequently consolidated by grouping related topics, eliminating overlaps and excluding topics considered not relevant to PGS Group's activities or value chain. For each excluded topic the rationale for exclusion was documented This consolidation resulted in a short list of 19 ESG topics.

Following this review, the short list was discussed with the Sustainability Committee, who validated the approach and further narrowed the list to 18 ESG topics.

For these 18 topics, a high-level analysis of applicable regulatory requirements and sustainability standards was conducted, together with a preliminary mapping of related data points across reporting frameworks. This analysis supported a more informed understanding of the topics and their potential link to PGS Group's impacts, risks, and opportunities (IROs).

Step 3 – Identification & assessment of IROs

This step consisted of two phases. First, IROs were identified for each topic through desk research and targeted stakeholder engagement. Interviews were conducted with internal experts representing key functions across the organisation. Where internal expertise was limited, relevant external experts were consulted. Coverage across all topics was ensured through a stakeholder–topic matrix. The consolidated list was validated in a review meeting with internal stakeholders.

Second, the identified IROs were assessed to determine their relative significance. Two focus groups were organised:

- A group addressing impact materiality, involving credible representatives of affected stakeholders as defined by ESRS;
- A group addressing financial materiality, involving (internal and external) users of sustainability information.

Sustainability impact was assessed according to their scoring on severity (scale, scope, irremediability) and likelihood of occurrence. Risks and opportunities were assessed on scale, likelihood of occurrence and magnitude of effects.

Step 4 - Prioritisation

The results of the scoring exercise were used to develop the Double Materiality Matrix, which was ratified by the Sustainability Committee. Thresholds for impact and financial materiality were defined at respectively, 32 and 10, leading to the identification of four material sustainability topics and ten subtopics.

IRO-1 Double materiality assessment process / IRO-2 Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement

Annual update

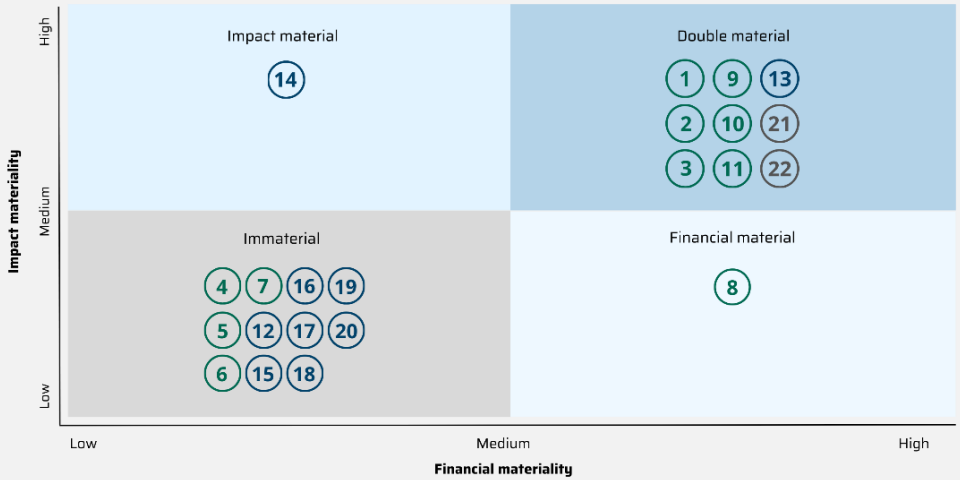
In FY2025, as part of the annual DMA update, IRO's were defined at a more granular level. This review was driven by a deeper understanding of ESRS requirements, new sector-specific DMA guidance, and recent developments in sustainability reporting.

Two focus groups were reconvened, involving the same organisational functions, to rescore the sustainability matters and redefine thresholds. Compared to 2024, the results showed a shift in the material topics: two governance subtopics moved above the defined materiality thresholds, while two environmental and social subtopics fell below.

ESRS Subtopics	Materiality
ESRS E1 Climate Change	Material
ESRS E2 Pollution	Not material
ESRS E3 Water	Not material
ESRS E4 Biodiversity & Ecosystems	Not material
ESRS E5 Resource Use & Circular Economy	Material
ESRS S1 Own Workforce	Material
ESRS S2 Workers in the Value chain	Not material
ESRS S3 Affected Communities	Not material
ESRS S4 Consumers and end-users	Not material
ESRS G1 Business Conduct	Material

IRO-2 Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement

Double Materiality Matrix



Environment	Social	Governance
E1 Climate Change	**S1 Own workforce**	**G1 Business conduct**
1. Climate change mitigation	12. Working conditions	21. Corporate culture
2. Climate change adaptation	13. Health and safety	22. Management of supplier relationships
3. Energy	14. Training and skills development	
E2 Pollution	15. Equal treatment and opportunities for all	
4. Pollution of air	**S2 Workers in the value chain**	
5. Pollution of water	16. Working conditions	
6. Substances of concern	17. Equal treatment and opportunities for all	
E3 Water & marine resources	18. Other work-related rights	
7. Water consumption	**S3 Affected communities**	
8. **E4 Biodiversity & ecosystems**	19. Communities' economic, social and cultural rights	
E5 Circular economy and resource use	**S4 Consumers and end-users**	
9. Resource inflows	20. Personal safety of consumers or end-users	
10. Resource outflows related to products and services		
11. Resource outflows (waste)		

MDR-P Policy overview

Policy	Description of key content	Scope	Accountable for the policy	Internationally recognised instruments	Availability
Code of conduct	- Sets minimum standards for integrity based on international principles for all employees. - Ensures the highest standards of ethical behaviour. - Respects fundamental human rights & labour laws: child labour, forced labour, collective bargaining. - Fosters a respectful, inclusive, and safe working environment. - Protects environment and prevents negative harm. - Violations reported through various channels, including the anonymous whistleblower system.	Group	Sustainability Manager	- OECD guidelines for Multinational Enterprises - Universal Declaration of Human Rights - Fundamental Conventions of the International Labour Organization (ILO)	Corporate website & Intranet
Charter for Safety and Health at Work	- Outlines principles of health and safety risk prevention and employee engagement. - Objective for zero health and safety accidents.	Group	CEO	- General principles of risk prevention	Corporate website & Intranet
Environmental Policy	- Covers environmental impacts across our operations and value chain. - Guides internal teams and sets expectations for suppliers and partners engaged with our sites and services.	Group	CEO, COO, Group Sustainability Manager	- ISO 14001 certification on selected sites	Corporate website & Intranet

	- Sets clear qualitative and quantitative objectives on climate change, circularity, and responsible sourcing.				
Occupational Health and Safety Policy	- Ensures a safe and healthy working environment for employees. - Outlines commitments on occupational health and safety. - Requires suppliers to uphold the same standards. - Compliance with applicable health and safety legislation. - Targets towards the aspirational goal of zero occupational accidents.	Group	QSE Manager, CEO, COO	- ISO 45001 multi-site certification on selected sites	Corporate website & Intranet
<u>Procurement</u> - Procurement policy - Supplier approval and onboarding policy - Timber Procurement Sustainability policy - Timber process	- Establishes clear guidelines for the procurement of direct (timber, nails, transport) and indirect goods and services (all other). - Compliance with all applicable legislation, PEFC requirements, and the Code of Conduct. - Outlines the procedure of our timber supplier Due Diligence System (DDS) to ensure robust risk management.	Group	COO	- PEFC multi-site certification - EU Deforestation Regulation (EUDR) and other applicable legislation	Intranet
Quality policy	- Commitment to deliver consistently high-quality products and services that meet customer requirements and support safe and efficient operations. - Compliance with all applicable regulations.	Group	QSE Manager	- ISO 9001 multi-site certification on selected sites - ISPM certifications on all relevant sites - EPAL licenses on all relevant sites	Corporate website & intranet

Supplier Code of Conduct	- Sets minimum requirements for integrity based on international principles. - Ensures the highest standards of ethical behaviour. - Respects fundamental human rights: child labour, forced labour. - Fosters a respectful, inclusive, and safe working environment. - Protects environment and prevents negative harm. - Violations reported through various channels, including the anonymous whistleblower system.	Group	COO	- OECD Guidelines for Multinational Enterprises - UN Guiding Principles on Business and Human Rights (UNGP) - United Nations Global Compact (UNGC) - Universal Declaration of Human Rights - UN Convention on Civil and Political Rights - UN Convention on Economic, Social, and Cultural Rights - Fundamental Conventions of the International Labour Organization (ILO) - ILO Declaration on Fundamental Principles and Rights at Work - United Nations Guiding Principles on Business and Human Rights (UNGPs) - Universal Declaration of Human Rights (UDHR)	Corporate website & intranet
Whistleblower policy	- Provides safe and confidential reporting channels with an option to remain anonymous. - For employees and stakeholders to report suspected misconduct, unethical behaviour, and legal violations.	Group	Sustainability Manager	- EU Whistleblowing Directive (2019/1937) - General Data Protection Regulation (2016/679) (GDPR)	Corporate website & intranet

	- Ensures all reports are taken seriously, investigated thoroughly, and handled with the utmost confidentiality. - Protects whistleblowers from retaliation.				
Training & Career Development policy	- Sets out our commitment to offer all employees equal career development and training opportunities. - Clear expectations on training, evaluation- and follow-up meetings. - In recruitment, we prioritise internal mobility.	Group	HR Manager	- Applicable national and regional legislation	Intranet
Anti-Harassment policy	- Commitment to secure a respectful, safe, and inclusive workplace for all employees. - Actively promotes open dialogue, mutual respect, and proactive measures against any form/sign of harassment or discrimination in the workplace.	Group	HR Manager	- Fundamental Conventions of the International Labor Organization (ILO) - ILO Declaration on Fundamental Principles and Rights at Work - United Nations Guiding Principles on Business and Human Rights (UNGPs) - Universal Declaration of Human Rights (UDHR)	Intranet
Human trafficking and child labour prevention policy	- Applies to own employees, subcontractors, and third-country nationals provided by external partners.	Group	HR Manager	- Applicable legislation - ILO Declaration on Fundamental Principles and Rights at Work	Intranet

	- Clear policy on minimum age of employment, and a procedure for identity and age verification. - Guidelines on recruitment of third-country nationals and housing of foreign employees. - Procedure to prevent human trafficking in transport in our company or subcontractor vehicles.			- United Nations Guiding Principles on Business and Human Rights (UNGPs) - Universal Declaration of Human Rights (UDHR)	

Climate Change

ESRS E1

ESRS E1 | Climate Change

Material Subtopics

Climate Mitigation | Energy | Climate Adaptation

SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects

Climate change is a highly material topic for PGS Group. As a manufacturing company relying on natural resources and energy, our operations generate GHG emissions both in our own operations and across the value chain. We have a responsibility to reduce these emissions and are integrating decarbonisation into our strategy and partnerships. Our double materiality assessment identified the key climate-related impacts, risks and opportunities (IRO's) summarised below.

IRO name	IRO type	Value chain location			Time horizon for impacts		
		Upstream	*Own operations*	*Downstream*	*Short term*	*Medium term*	*Long term*
Scope 1 and 2 GHG emissions related to our own operations.	Actual negative impact		■			■	■
Significant scope 3 GHG emissions in the value chain.	Actual negative impact	■		■		■	■
Carbon sequestration in wood (particularly softwood).	Actual positive impact	■	■	■		■	
Supply chain disruptions and asset exposure due to extreme climatic events (e.g. forest fires, floods).	Potential risk	■	■	■		■	■
Growing demand for low-carbon products and services.	Actual opportunity			■	■	■	■

E1-1 Transition plan for Climate Change Mitigation

Objective

PGS Group's Transition Plan sets out how we will transform our own operations and the value chain to support a transition to a sustainable economy and to be compatible with limiting global warming to 1.5°C on scope 1 and 2 and well below 2°C on scope 3, with the EU objective of climate neutrality by 2050.

Our strategic direction is consistent with our core activity: scaling circular pallet solutions (repair/reuse/recycling) while decarbonising production assets, energy and logistics across our footprint of production and reconditioning sites.

Key features

Plan type: stand-alone mitigation plan. Adaptation is addressed separately under physical risk (see E1-2).

Baseline and context

- Base year: FY2022 (GHG Protocol inventory boundary).
- Latest footprint (FY2025): total 150.051 tCO_2e, (market-based) with Scope 3 as the dominant share (~94%).

Governance

- Developed with external support in Q2 2025, using site visits and the latest GHG inventory data.
- The plan was reviewed by the Sustainability Committee and approved by PGS management bodies on 13 January 2026.

Targets

Near-term (2030): set using the SBTi Target Setting Tool and aligned with the SBTi absolute contraction method.

- Scopes 1 + 2: -42% by 2030 vs 2022,
- Scope 3: -25% by 2030 vs 2022.

Long-term (2050): progressing towards climate neutrality: -90% on all scopes.

Our current decarbonisation plan shows indicative reductions by 2050 of approximately:

- -84% for Scope 1
- -84% for Scope 2 (market-based)
- -32% for total Scope 3

E1-1 Transition plan for Climate Change Mitigation

Decarbonisation levers and key actions

The transition plan is built from quantified "reduction levers" and a phased implementation roadmap (2025–2035, 2035–2045 and 2045–2050). Each lever consists of measures developed in measure files, including indicative GHG impacts (tCO_2e) and, where applicable, indicative investment costs. The quantified impacts below are based on the FY2024 GHG inventory and represent gross reductions (no offsets deducted).

Overview of decarbonisation levers

Reduction lever	Time horizon	Estimated contribution (tCO2e, market-based)	Dependencies / Notes & assumptions
Monitoring & insight	2025-2035	103	Enabling metering and data systems; supports performance management and assurance.
Process efficiency	2025-2035 / 2045-2050	0	Reduces electricity demand; market-based Scope 2 effect is limited when renewable contracts apply; location-based effects remain.
Electrification	2025-2035 / 2035-2045 / 2045-2050	15.035	Requires availability and performance of electrified drying/heat and electric trucking; net effect depends on grid decarbonisation, renewable procurement and charging capacity.
Fuel switch	2025-2035 / 2035-2045 / 2045-2050	4.931	Relies on certified biomass and certified HVO/FAME supply; uptake depends on partner willingness and verification.
Material switch	2025-2035 / 2035-2045 / 2045-2050	3.017	Primarily upstream specifications; depends on availability of lower-impact materials and supplier documentation.
Green electricity	2025-2035 / 2035-2045 / 2045-2050	2.784	Requires renewable supply contracting (PPA/GO) and adequate grid connection; location-based Scope 2 does not reflect contractual instruments.
Supplier engagement	2025-2035 / 2035-2045	9.561	Scope 3 reductions depend on supplier decarbonisation progress and availability of credible PCF/EPD data.
Circular economy	2035-2045	21.365	Requires scalable take-back, sorting and recycling networks; benefits are primarily realised in Scope 3 downstream.

Modal shift	2045-2050	755	Depends on rail/water network availability and customer/service constraints.
Behaviour change	2045-2050	20	Policy-led reductions (e.g., travel); requires internal governance and compliance.
Sustainable mobility	TBD	0	Measure under development; assumptions and quantified impact to be defined.

Implementation roadmap and indicative investments

Time horizon	Expected reduction (tCO2e, market-based)	Main measures (indicative)
2025-2035	13.826	Metering and renewable electricity contracting (enabling), biomass process heat; fleet electrification
2035-2045	32.962	Industrial electrification; PV expansion; supplier programmes
2045-2050	10.783	Advanced electrification; efficiency upgrades; long-haul logistics transition

.

E1-1 Transition plan for Climate Change Mitigation

Investments and funding

The transition plan requires continued resources and investment in energy efficiency, fuel switching, electrification, renewable electricity, supplier engagement, logistics and circularity. To keep the disclosure at an appropriate aggregation level, this sustainability statement does not include measure-level or CapEx. Financial resources for climate actions are considered through the annual budgeting and investment approval process and are prioritised according to technical feasibility, expected GHG impact, site readiness and operational dependency.

Where relevant, PGS will assess the availability of subsidies, grants and other external financing mechanisms to support implementation of the transition plan.

Climate actions are described in the main E1 section at the level of decarbonisation levers and action categories. Detailed project assumptions, sequencing and investment estimates remain part of internal transition planning and annual budgeting.

Locked-in emissions and transition risk

Potential lock-in may arise from:

- Long-lived gas drying equipment and fossil-fuel heat assets if replacement cycles slip;
- Fossil fleet and long-term logistics arrangements if low-carbon alternatives are delayed;
- Continued procurement of high-carbon inputs (e.g., conventional steel) while customer and regulatory expectations tighten.

Our plan addresses lock-in risk through phased replacement (electrification, fuel switching), renewable electricity procurement, supplier engagement and circularity measures. Acceleration is highlighted as necessary to meet near-term targets.

Progress in implementation (past and current)

Measured progress (FY2022 recalculated → FY2025):

- Scopes 1 + 2 (market-based): 15.334 → 9.732 tCO_2e (-37%). The reduction is mainly driven by renewable electricity procurement and lower Scope 1 fuel-related emissions.
- Scope 3: 151.953 → 140.254 tCO_2e (-8%). Scope 3 remains the dominant part of the footprint and the main area for future reductions.
- Total gross GHG emissions (market-based): 167.287 → 149.986 tCO_2e (-10,3%). This is the most relevant progress comparison because the FY2022 base year was recalculated in the FY2025 GHG report.

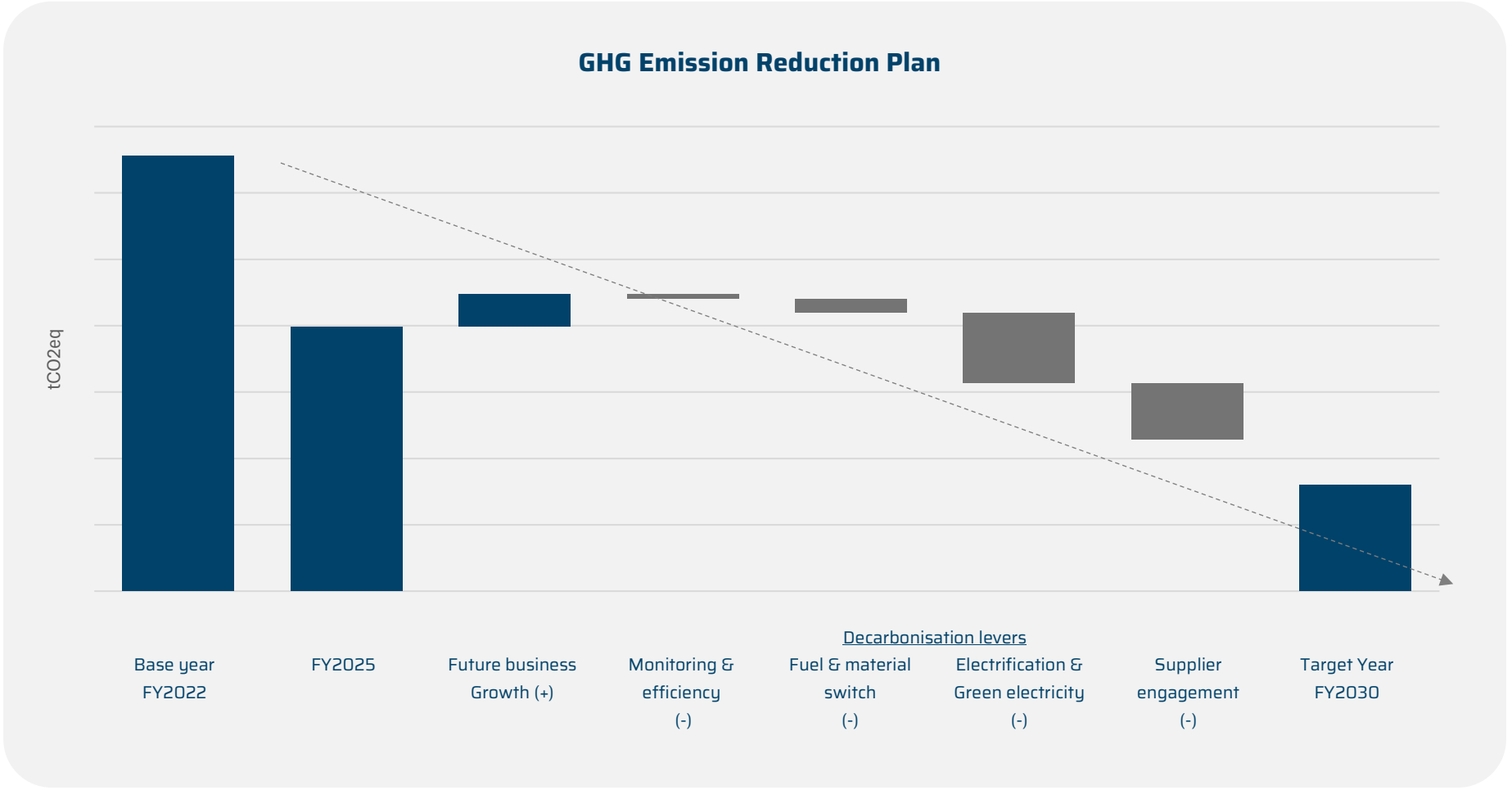
E1-1 Transition plan for Climate Change Mitigation

The table below shows the FY2025 results against the SBTi-aligned absolute target pathway. The FY2030 values are calculated from the recalculated FY2022 base year using the SBTi absolute contraction method.

Target component	FY2022 recalculated base year	FY2025 result	FY2030 SBTi-aligned target	FY2025 status
Scope 1 + 2 (market-based)	15.334 tCO_2e	9.732 tCO_2e	8.894 tCO_2e (-42%)	Ahead of the linear 2030 pathway
Scope 3	151.953 tCO_2e	140.254 tCO_2e	113.965 tCO_2e (-25%)	Above the linear pathway; acceleration required
Total GHG emissions (market-based)	167.287 tCO_2e	149.986 tCO_2e	122.858 tCO_2e	Progress monitored annually

Based on the FY2025 result, Scope 1 + 2 emissions are ahead of the linear SBTi-aligned pathway, mainly due to renewable electricity procurement and reductions in own-operation emissions. Scope 3 remains the key challenge: FY2025 Scope 3 emissions are still above the linear 2030 pathway, and further supplier engagement, material choices, transport decarbonisation and circularity measures are required to close the gap.

E1-1 Transition plan for Climate Change Mitigation



E1-2 Identification of climate-related risks and scenario analysis

Operational scope

A high-level screening was conducted across 17 production sites and the nail factory (NOF). The focus was on one business model (FAB locations), as new pallet manufacturing remains the main revenue driver and these assets are more difficult to relocate than service/REC sites. Each site was assessed for both chronic hazards (e.g., temperature change, water stress, sea level rise) and acute hazards (e.g., heat waves, flooding, wildfires, heavy precipitation). Transition risks and opportunities were not yet assessed in this phase.

Methodological choices and assumptions

Hazards were classified as chronic or acute in alignment with ESRS definitions. Where indicators overlapped (e.g., changing precipitation and variability), they were combined to avoid double counting.

Key sources and tools used per hazard

- IPCC WGI Interactive Atlas (temperature/heat stress/precipitation).
- Copernicus EDO/SPEI (drought).
- Aqueduct (water stress and floods).
- EFFIS (wildfire).
- EMODnet (coastal erosion).
- Climate Central (sea level).
- UNESCO/LSI (subsidence).
- NASA Landslide (landslide).
- ThinkHazard (flood).
- ESWD (tornado history).

Each site-hazard combination was assigned a risk class (No/Low/Medium/High) based on map colour, distance, elevation and/or frequency indicators (e.g., TX35 days for heat). Coastal exposure was assessed using straight-line distance to the open sea (estuaries excluded), elevation and Climate Central “land below X m” layers.

Climate scenarios

Two climate scenarios were used:

- Optimistic scenario (RCP2.6-SSP1, +1,5°C to +2°C): assumes strong global climate action, resulting in limited warming and less frequent/intense hazards.
- Pessimistic scenario (RCP8.5-SSP5, +4°C): assumes high emissions and limited mitigation, resulting in more severe warming and significantly greater hazard frequency/intensity.

E1-2 Identification of climate-related risks and scenario analysis

Financial Quantification (site level)

For selected sites (PGS Rodanar, PGS De Backer, PGS Beynel, PGS Den Doelder and NOF), each hazard was assigned an annual probability and impact range (% of assets), resulting in an estimated annual loss (EAL). Assumptions included: no discounting, linear probability development, constant asset values and only direct asset damage. In the absence of local depth studies, flood probability in 2080 under the pessimistic scenario was conservatively multiplied (x5) with reference to literature on return periods.

Site (context)	EAL – RCP2.6	EAL – RCP8.5	Increase factor	Main drivers
PGS Rodanar (BE – near coast)	≈ 1,9% of assets	≈ 8,37% of assets	≈ ×4,41	Flood dominates under +4°C; wildfire increases slightly but remains relatively small.
PGS De Backer (BE – inland)	≈ 1,08% of assets	≈ 4,344% of assets	≈ ×4,02	Flood increases under +4°C; heavy precipitation remains low.
PGS Beynel (FR – Gironde)	≈ 8,0% of assets	≈ 13,34% of assets	≈ ×1,67	Wildfire likelihood and impact drive the high baseline; probability increases further under +4°C.
PGS Den Doelder (NL – estuarine region)	≈ 2,60% of assets	≈ 9,28% of assets	≈ ×3,57	Flood and wildfire are both medium; sea-level/coastal exposure is a main driver under +4°C.
NOF (BE – near coast)	≈ 1,88% of assets	≈ 8,344% of assets	≈ ×4,44	Increase mainly driven by flood probability multipliers; heavy precipitation and wildfire remain low.

Summary insights

- Relative increase (RCP8.5 vs. RCP2.6) is highest at NOF and PGS Rodanar (≈×4,4), while PGS Beynel maintains the highest absolute EAL levels but a lower increase factor due to its already high baseline.
- Drivers: Flood risk is the main driver of increased exposure in coastal/low-lying sites, while wildfire dominates in southern forested regions.

E1-2 Identification of climate-related risks and scenario analysis

Value Chain Risk Evaluation

In parallel with site-level screening, an initial evaluation of upstream value chain risks was started, focusing on the two most critical raw materials:

- Wood: The wood risk assessment identified wildfire, flood, pest/disease outbreaks, and regulatory changes (e.g., EU Deforestation Regulation) as the most material risks for wood supply. These risks are assessed both for their probability and impact, with special attention to sourcing regions (France, Baltic States, Germany, etc.) and species vulnerability. Price volatility and transport disruptions are also recognised as significant risks, especially in the context of climate events and geopolitical developments.
- Steel: The steel risk assessment is in an early stage, with the three main suppliers (Italy, Germany, Netherlands) covering ~97% of purchases. Further work is needed to complete the risk mapping for steel, including exposure to supply chain disruptions and price volatility.

Next Steps and Gaps

Our risk assessment process will be regularly updated to reflect new data, advances in climate science, and changes in the business or regulatory environment.

- Scenario analysis: We will define clear time horizons and ensure that scenario outcomes are directly linked to our strategic and risk management decisions.
- Value Chain Expansion: The mapping of value chain risks—especially for steel and other critical inputs—will be completed and extended to include downstream partners (customers, logistics) and additional upstream suppliers.
- Transition Risk Assessment: In the coming period we will systematically assess transition risks, evaluating regulatory, market, technological, and reputational factors, and mapping how policy changes, carbon pricing, and shifts in customer demand could impact our business model and value chain.
- Financial Impact Integration: We will quantify and disclose the anticipated financial effects of material physical and transition risks, including the carrying amount of assets at risk, revenue at risk, and the mitigation.

E1-3 Resilience in relation to climate change

PGS has started to assess climate resilience through the physical and transition risk assessment described under E1-2, including an initial screening of key production sites and critical raw materials using climate scenarios (RCP4.5 and RCP8.5) and a 2050 time horizon.

To fully meet the ESRS E1-3 requirements, PGS plans to perform a dedicated resilience assessment in summer 2026. This work will (i) assess the resilience of the current strategy and transition plan under at least two contrasted climate scenarios (including a well-below 2°C transition scenario and a higher-warming scenario), (ii) identify and prioritise adaptation options and residual vulnerabilities for our sites and key value chain segments, and (iii) feed into the quantification of anticipated financial effects required under E1-11.

The outcomes will be integrated into the enterprise risk management process and will inform updates to the Climate Transition Plan roadmap and investment prioritisation.

E1-4 Policies related to climate change mitigation and adaptation

Our most important framework for the management principles we use to make decisions is our Connectivity Matrix. This framework is a central element of our overall strategy and establishes targets and actions for all sustainability-related matters, including climate change.

PGS Group has an overarching Environmental Policy that defines our approach to a wide range of environmental topics—including, but not limited to, climate change. This policy is complemented by more specific standards and guidelines, which provide targeted direction and support for environmental management across the entire organisation.

Another key instrument is the Climate Transition Plan, which sets out the pathway for reducing our greenhouse gas emissions over time and translates climate ambitions into concrete actions and milestones.

Within our climate approach, we are guided by the standards of the GHG Protocol.

Overall responsibility for the implementation and follow-up of the above-mentioned policies and plans lies with the CEO, COO and Group Sustainability Manager. Progress against targets is monitored by the Sustainability Committee.

Our Supplier Code of Conduct requires PGS Group's business partners, including suppliers, to develop and implement plans and targets to reduce their GHG emissions. These expectations are aligned with the Paris Agreement 1.5°C ambition and include actively working towards these targets.

E1-5 Actions and resources in relation to climate change mitigation

PGS Group's Climate Transition Plan is anchored in FY2022 as the base year. Emission reductions achieved between FY2022 and FY2025 form part of progress against the climate targets (see E1-6). The forward-looking implementation roadmap starts from FY2025 and is disclosed by decarbonisation lever and action category. Detailed project level timing and Capex are not disclosed in this sustainability statement.

Own operations (Scope 1 & 2)

Current actions

Between FY2022 and FY2025, the following measures were implemented to reduce greenhouse gas emissions in our own operations:

Monitoring & Efficiency

Pallet drying: A significant share of fossil fuel consumption comes from heat generation for pallet drying. Energy demand is reduced through the application and the extension of natural air-drying and protecting against weather conditions of pallets an stocked wood in covered and ventilated areas on the majority of our sites.

Process efficiency

Heat recovery: At selected locations, heat generated in pallet dryers is recovered to reduce natural gas consumption. Incoming fresh air is preheated via heat exchangers using outgoing exhaust air, and/or water returning from the dryers is preheated through residual heat recovery from flue gases.

Fuel switch

Biomass: Biomass installations have replaced natural gas for pallet dryer heating at seven major production sites in Belgium, France, the Netherlands, Germany and Denmark, with a total installed capacity of 17 MW. Input material comes from waste wood from our sawmills and lower-quality wood from forestry operations.

R&D: Additional renewable energy technologies are being explored to further reduce reliance on natural gas.

Electrification & Green electricity

In FY2025, 57% of gross total energy consumption originated from renewable sources, while ~90% of electricity consumed was renewable, including market-based green purchase agreements and self-generated electricity.

Self-generated renewable energy: Photovoltaic installations are installed on 11 of our sites, reaching a total installed capacity of 6 MWp in FY2025.

Purchased electricity: In FY2025, green electricity contracts cover sites in France, Belgium, Germany, Denmark, Portugal, Austria, the Netherlands, and Spain.

Vehicle fleet electrification: The company car fleet and on-site transport are switching towards full electric vehicles: ~31% of forklifts are battery electric in financial year 2025.

E1-5 Actions and resources in relation to climate change mitigation

Value chain emissions represent ~94% of our Corporate Carbon Footprint, making the reduction of Scope 3 emissions a strategic priority. These emissions are more challenging to reduce as they are less directly within our control than Scope 1 and 2.

Value chain (Scope 3)

Current actions

PGS starts from a structural advantage linked to our key material choice. Carbon sequestration in wood gives wooden packaging a clear low-carbon advantage compared to alternatives such as plastic (see also ESRS E5).

Since the base year FY2022 until FY2025, a number of actions have been implemented to reduce GHG emissions in our value chain (Scope 3):

Material switch

Use of recycled wood: Promotion of the use of compressed blocks in pallet designs, made out of waste wood and glue, instead of solid wood alternatives. The Corporate Carbon Footprint, however, identified the glue as a significant source of emissions. In response, our R&D team developed a low-emission, formaldehyde-free alternative for compressed block production (see ESRS E5-2).

Supplier engagement

Use of recycled steel: Increased use of recycled steel in fastener production through close collaboration with suppliers.

Product-specific data: Engagement with our compressed block suppliers to calculate and report on product-specific CO_2 emissions, and improve performance and data quality.

Modal shift

Sea and rail freight: Replacement of long-distance road transport with lower-emission alternatives, including sea transport (e.g., Baltics–Belgium) and rail freight (e.g., Belgium–Southern France/Italy).

Process efficiency

Transport optimisation: Deployment of duo trailers on long routes to increase load capacity, reducing CO_2 emissions by up to 30% per trip.

E-Mobility

Regional distribution: In collaboration with our in-house transport partner 5G Multimodal, a pilot project was launched with Eutraco to operate the first electric truck in the group. Since Q4 2025, it has been in operation and is expected to cover approximately 75.000 km in the first year, serving both inter-site transport and client deliveries.

Product Carbon Footprint

PGS developed its own Product Carbon Footprint (PCF) tool in 2024-2025 as a complement to the FNB (Fédération Nationale du Bois) sector model, allowing PGS to work with company-specific and activity-based data. The tool was developed with an external party, follows the GHG Protocol Product Standard and will be independently verified in 2026.

Planned actions

The detailed list of future measures, timelines, quantified impacts and indicative investments is provided in Annex 3.

E1-6 Targets related to climate change

PGS Group has developed the climate targets on the following page as the quantitative reference pathway for its Climate Transition Plan (see E1-1), using the Science Based Targets initiative (SBTi) methodology as a recognised framework for science-based target-setting. In 2025, the SBTi Target Setting Tool was applied to derive a near-term absolute emissions reduction pathway towards FY2030, applying the Absolute Contraction Approach to the Group's GHG Protocol inventory. The target-setting exercise was based on the recalculated FY2022 base year and informed by FY2024 footprint insights and the 2024 CO_2 reduction plan available at that time.

A clear distinction is made between target-setting and progress assessment. The targets constitute the fixed reference pathway for the Group's transition plan and remain anchored to the FY2022 base year, reflecting the assumptions, data and reduction levers underpinning the 2025 target-setting exercise.

Progress assessment is conducted separately and reflects emissions performance against this pathway. For this FY2025 Sustainability Statement, progress has been updated using the FY2025 GHG inventory and the latest recalculated FY2022 base-year values. This ensures consistency of the base year for target-setting, while allowing performance tracking to reflect the most current emissions data.

The target framework is structured around two components: a combined Scope 1 + 2 market-based target for operational emissions and a separate Scope 3 target for value-chain emissions. Scope 1 and Scope 2 are combined because the main reduction levers, including electrification, fuel switching, renewable electricity procurement and energy efficiency, are operationally linked. Scope 3 is addressed separately as it represents the dominant share of the footprint and depends on supplier, logistics, product and end-of-life measures.

These targets serve as PGS Group's internal reference pathway for transition-plan steering, investment prioritisation, supplier engagement and annual performance review. They are operationalised through the actions and resources described under E1-5, while progress is monitored annually using the GHG Protocol inventory approach described under E1-8. Together, they provide a structured and consistent basis for tracking progress towards FY2030.

E1-6 Targets related to climate change

CO_2 reduction

Near term (2030)

- By 2030, reduce absolute emissions by -42% on Scope 1 & 2 from a 2022 base year.
- By 2030, reduce absolute emissions by -25% on Scope 3 from a 2022 base year.

Net zero (2050)

- By 2050, reduce absolute emissions by -90% from a 2022 base year.

Renewable energy

- By 2026, reach 95% market-based renewable electricity.

During the current reporting period (FY2025), we have already achieved 90% of electricity consumed from renewable sources.

E1-7 Energy consumption and mix

ESRS reference	Energy consumption and mix	Unit	FY2025
E1-7 25	Total energy consumption	MWh	106.390
E1-7 25 (a)	Total energy consumption fossil sources	MWh	43.871
E1-7 25 (b)	Total energy consumption from nuclear sources	MWh	2.238
E1-7 25 (c)	Total energy consumption from renewable sources	MWh	60.281
E1-7 26 (a)	Fuel consumption from coal and coal products	MWh	n/a
E1-7 26 (b)	Fuel consumption from crude oil and petroleum products	MWh	20.779
E1-7 26 (c)	Fuel consumption from natural gas	MWh	22.566
E1-7 26 (d)	Fuel consumption from other fossil sources	MWh	n/a
E1-7 26 (e)	Consumption of purchased or acquired electricity from fossil sources	MWh	526
ESRS reference	**Energy generated on-site**	**Unit**	**FY2025**
E1-7 27	Renewable energy production	MWh	40.167
E1-7 27	Non-renewable energy production	MWh	n/a

E1-8 Gross Scope 1, 2, 3 GHG emissions

FY2025 gross emissions (Scopes 1–3)

For FY2025, gross fossil GHG emissions amount to 149.986 tCO_2e (market-based) and 151.516 tCO_2e (location-based). Scope 3 represents 93,5%, confirming that the main climate footprint is value-chain driven.

Composition and key movements (FY2025)

- Scope 1 (gross): 9.345 tCO_2e, mainly stationary combustion (60%) and mobile combustion (40%); 14,9% below the recalculated FY2022 base year.
- Scope 2 (gross): 387 tCO_2e market-based and 1.918 tCO_2e location-based. The low market-based result reflects renewable electricity procurement; grid exposure remains visible in the location-based figure.
- Scope 3 (gross): 140.254 tCO_2e, comprising 81.140 tCO_2e upstream and 59.113 tCO_2e downstream. Main hotspots remain product end-of-life, goods for production and transport.

The FY2022 base year was recalculated in the FY2025 GHG report. Therefore, the primary progress comparison is FY2025 versus recalculated FY2022.

E1-8 Gross Scope 1, 2, 3 GHG emissions

ESRS reference	Gross Scope 1, 2, 3 GHG emissions	Comparative year FY2022, updated*	Current year FY2025	Change
Scope 1 GHG emissions		**Unit: tCO2eq**	**Unit: tCO2eq**	**Unit: %**
E1-8 29 (a)	Gross Scope 1 GHG emissions	10.980	9.345	-15
E1-8 29 (a)	Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	n/a	n/a	n/a
Scope 2 GHG emissions		**Unit: tCO2eq**	**Unit: tCO2eq**	**Unit: %**
E1-8 29 (b)	Gross location-based Scope 2 GHG emissions	3.007	1.918	-36
E1-8 29 (b)	Gross market-based Scope 2 GHG emissions	4.354	387	-91
Scope 3 GHG emissions		**Unit: tCO2eq**	**Unit: tCO2eq**	**Unit: %**
E1-8 29 (c)	Total gross Scope 3 GHG emissions	151.953	140.254	-8
E1-8 29 (c) (1)	Purchased goods and services	58.553	54.067	
E1-8 29 (c) (2)	Capital goods	6.618	1.592	
E1-8 29 (c) (3)	Fuel- and energy-related activities	4.006	2.650	
E1-8 29 (c) (4)	Upstream transportation and distribution	10.941	16.779	
E1-8 29 (c) (5)	Waste generated in operations	7.998	1.452	
E1-8 29 (c) (6)	Business travel	36	71	
E1-8 29 (c) (7)	Employee commuting	936	904	
E1-8 29 (c) (8)	Upstream leased assets (as lessee)	6.221	3.624	
E1-8 29 (c) (9)	Downstream transportation and distribution	10.490	8.655	

E1-8 29 (c) (10)	Processing of sold products	n/a	n/a	n/a
E1-8 29 (c) (11)	Use of sold products	n/a	n/a	n/a
E1-8 29 (c) (12)	End-of-life treatment of sold products	46.155	50.458	
E1-8 29 (c) (13)	Downstream leased assets	n/a	n/a	n/a
E1-8 29 (c) (14)	Franchises	n/a	n/a	n/a
E1-8 29 (c) (15)	Investments	n/a	n/a	n/a
Total GHG emissions		**Comparative year FY2022, updated***	**Current year FY2025**	**Change**
		Unit: tCO2eq	**Unit: tCO2eq**	**Unit: %**
E1-8 29	Total GHG emissions (location-based)	165.940	151.516	
E1-8 29	Total GHG emissions (market-based)	167.287	149.986	-10,3
Biogenic emissions		**Comparative year FY2022, updated***	**Current year FY2025**	
		Unit: tCO2eq	**Unit: tCO2eq**	
E1-8 30	Biogenic emissions from the combustion of biomass not included in Scope 1 GHG emissions	20.789	15.974	
Company-specific	Biogenic forest GHG emissions related to purchased goods	999	1.458	

*Recalculated base year according the GHG Protocol to track emissions over time regarding science-based target setting.

E1-9 GHG removals and GHG mitigation projects financed through carbon credits

PGS Group does not use carbon credits to adjust or 'net' its reported Scope 1–3 gross emissions. Gross emissions are reported before any credits and without removals (see E1-8). Any carbon credits purchased are disclosed separately below as mitigation projects financed through carbon credits.

In FY2025, PGS Reverse (subsidiary of PGS Group SAS) purchased carbon credits related to a REDD+ project focused on avoided deforestation. These credits are avoidance credits (not removals): 0% originate from removal projects (nature-based or technological sinks).

Reporting year	Entity	Project / location	Credit type	Standard / registry	Credits (unit)	tCO_2e equivalent	Retired	Retirement date
FY2025	PGS Reverse (PGS Group SAS)	Keo Seima Wildlife Sanctuary conservation project (Cambodia)	Avoidance (REDD+; avoided deforestation/degradation)	Verified Carbon Standard (VCS) / Verra registry	2.814 VCU	2.192 tCO_2e (1 VCU = 1 tCO_2e)	Yes (retired)	13 October 2025

E1-10 Internal carbon pricing

PGS Group does not currently apply an internal carbon pricing scheme.

E1-11 Anticipated financial effects from material physical and transition risks and potential climate related opportunities

PGS is in the process of developing the quantitative disclosure required under ESRS E1-11. At this stage, PGS has performed an initial physical and transition risk screening (see E1-2) and identified the following areas of potential financial effect:

- Physical risks: the screening identified potential exposure to flooding and wildfire for certain sites. E1-2 provides indicative EAL ranges expressed as a percentage of asset value for selected sites.
- Transition risks: key drivers include costs and availability of low-carbon fuels and technologies, decarbonisation requirements in logistics, and procurement of lower-carbon materials (e.g., green steel).
- Opportunities: potential upside is linked to increased demand for circular pallet solutions (repair/reuse/recycling), energy cost savings from efficiency and renewable electricity procurement, and differentiation through low-carbon products and transparency (PCFs/EPDs).

Next steps: PGS plans to complete the financial quantification during summer 2026, including (i) carrying amount of assets exposed to material physical risks, (ii) net revenue at risk for material transition risks, and (iii) quantification of mitigation and adaptation costs where material.

Risk / opportunity	Potential financial effect	Time horizon	Quantification status
Physical risks (flood, wildfire)	Asset damage and business interruption at exposed sites	Medium to long term (to 2050)	Qualitative screening completed; monetary quantification planned summer 2026
Transition risks (materials, logistics, regulation)	Input cost increases, supply constraints, compliance costs, potential demand shifts	Short to long term (to 2050)	Qualitative screening initiated; monetary quantification planned summer 2026
Transition opportunities	Revenue growth from circular solutions and low-carbon products; cost savings from efficiency and renewables	Short to medium term	Qualitative assessment; quantification planned summer 2026
Transition plan actions and resources	Resources managed through annual budgeting and investment approval.	FY2025–2050	Qualitative status; no measure-level financial amounts disclosed.
Adaptation measures	Potential resilience expenditure where material.	Medium to long term	To be defined in E1-3/E1-11 assessment.

E1 Accounting Principles

Basis for preparation and reporting framework

PGS Group prepares its energy and greenhouse gas (GHG) inventory in accordance with the Greenhouse Gas Protocol (*Corporate Accounting and Reporting Standard*, 2004; *Corporate Value Chain (Scope 3) Standard*, 2011).

The inventory is compiled and calculated using the Belgian Carbon+Alt+Delete software platform, which consolidates site-level activity data and applies the selected emission factors consistently. An external party supported the process by performing calculations and reviewing the applied methodology.

The organisational boundary is defined using the operational control approach. Under this method, emissions are recognised where the Group exercises operational control over the underlying activity.

The base year is FY2022 which has been recalculated to reflect acquisitions and material methodological improvements, including enhanced Scope 3 transport data.

Energy consumption and mix

Energy data are prepared at site level and cover the activities included within the Group's Scope 1 and Scope 2 boundary under the GHG Protocol. This includes: stationary fuel consumption, mobile fuel consumption and purchased electricity. Data are recorded monthly by site and by consumption point, based on invoices, meter readings and, where applicable, other supporting source documents. The data are consolidated into the annual Group total.

Renewable energy

Renewable energy consumption in FY2025 consists of four elements: (i) renewable fuels consumed in own operations; (ii) purchased or acquired electricity evidenced as renewable through contractual instruments; (iii) renewable electricity generated and consumed on site; and (iv) for the portion of purchased electricity not covered by contractual instruments, the renewable share determined using country-level grid-average renewable electricity data from recognised public sources, such as ENTSO-E or Eurostat.

Purchased or acquired electricity is recognised as renewable where supported by contractual instruments. Contractual instruments used to support market-based renewable electricity claims are assessed in line with the quality criteria of the GHG Protocol Scope 2 Guidance. For electricity volumes not covered by such instruments, the renewable share is estimated using country-level grid-average data.

The calculation of renewable energy consumption is aligned with the principles of GRI 103: Energy 2025, including the use of contractual instruments and grid-average public data.

Total energy consumption

Total energy consumption is calculated as the sum of fossil energy consumption, renewable energy consumption and purchased or acquired electricity from nuclear sources.

Renewable energy production

Renewable energy production comprises electricity generated on site by photovoltaic installations and renewable heat produced by biomass installations. Metered production is used where available. Where direct metering is not available, output is estimated using wood input, lower heating value (LHV) and relevant operational parameters.

E1 Accounting Principles

Gross Scope 1, 2, 3 GHG emissions

General Calculation approach

Emission factors are selected from recognised databases, prioritising factors that are geographically appropriate and specific to the underlying activity.

The inventory includes: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulphur hexafluoride (SF6), nitrogen trifluoride (NF3), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

All greenhouse gases are converted into tonnes of CO2 equivalent (tCO2e) using 100-year global warming potential values (GWP100). The GWP factors applied are those embedded in the emission factors used and may therefore refer to the Intergovernmental Panel on Climate Change (IPCC) Fourth, Fifth or Sixth Assessment Report (AR4, AR5 or AR6), depending on the source.

The Group reports gross emissions. No removals, carbon credits or emission allowances are deducted from Scope 1–3 totals.

Gross Scope 1 GHG emissions

Gross Scope 1 emissions include stationary combustion, mobile combustion, process emissions and fugitive emissions. Emissions are reported before any deduction of removals, carbon credits or emission allowances. Calculations are based on activity data and corresponding emission factors, using invoices, meter readings and operational records as the principal data sources.

Gross Scope 2 GHG emissions

Gross Scope 2 covers purchased electricity consumed by sites in the reporting boundary, including externally charged electricity for company cars where such information is captured by the Group. Consumption is annualised at site level. Where multiple legal entities share one site, the site-level electricity is allocated internally to one designated entity to avoid duplication in consolidation. Both market-based and location-based emissions are calculated and disclosed. Totals in this disclosure are presented on a market-based basis.

Gross Scope 3 GHG emissions

Scope 3 categories are assessed in accordance with the GHG Protocol for relevance and applicability. A category may be treated as not applicable where the associated emissions are expected to be immaterial, the emission source is not significant for the Group, data cannot be obtained with reasonable effort and reliability, or the Group's connection with the source is considered too limited.

Biogenic emissions and land use

Biogenic emissions are reported separately from gross Scope 1, Scope 2 and Scope 3 emissions. They primarily arise from the combustion of biomass and biofuels in fabrication and sawmill operations. Land use and land-use change emissions (LULUC) are also calculated in Carbon+Alt+Delete. Full alignment with the GHG Protocol treatment of biogenic emissions and LULUC remains under development; at present, biogenic emissions from the combustion of organic material are captured within stationary and mobile combustion and disclosed separately from the gross Scope 1 total.

Resource Use & Circular Economy

ESRS E5

ESRS E5 | Resource Use & Circular Economy

Material Subtopics

Resource inflows | Resource outflows | Waste

SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects

PGS Group's business model depends on key materials such as wood and steel, inherently placing pressure on natural resources and exposing the company to risks related to environmental shocks, material availability and pricing. To address these dependencies, circularity is embedded in our products and services through reuse, repair, and reconditioning of wooden packaging solutions, with circular activities exceeding linear ones. Each year, around 25 million new products are produced and approximately 25 million pallets are recovered from the market for repair and reuse, reducing virgin material demand across the logistics value chain. The upcoming European Packaging and Packaging Waste Regulation (PPWR) is expected to further increase demand for reusable and recyclable packaging, creating additional opportunities for circular solutions.

IRO name	IRO type	Value chain location			Time horizon for impacts		
		Upstream	*Own operations*	*Downstream*	*Short term*	*Medium term*	*Long term*
Potential negative impact linked with a significant use of raw materials (wood, steel).	Potential negative impact	■				■	■
Circular economy principles integrated in our products and services.	Actual positive impact		■	■	■	■	■
Growing demand for circular packaging solutions.	Actual opportunity		■	■		■	■
Dependency on (virgin) wood creates vulnerabilities to environmental shocks, material availability and pricing.	Potential risk	■			■	■	■

E5-1 Policies on Resource Use & Circular Economy

Our Group-wide commitments on resource use and circular economy are anchored in the Environmental Policy. The policy focuses on the efficient use of resources, extending the lifespan of products, increasing the use of recycled materials, reducing and valorising waste, and optimizing waste management across the organisation. Overall responsibility for the policy and its effective implementation lies with the CEO, COO and Group Sustainability Manager. Progress against targets is monitored by the Sustainability Committee.

The employee Code of Conduct outlines our commitment to the sustainable use of natural resources, implementation of efficiency measures and engagement in research and development of products and services aligned with the circular economy principles.

Our expectations for suppliers are set out in the Supplier Code of Conduct and include the presence of a waste management system that protects the natural environment, prevents harmful impacts on ecosystems, minimises waste, and applies circular principles.

Lansink's Ladder serves as a guiding framework for our approach to circularity and waste management, establishing a hierarchy that prioritises prevention, reuse, and recycling over disposal in order to minimise environmental impact.

Policies, actions and targets related to the responsible sourcing of wood are addressed under ESRS G1-1.

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

Related to resource inflows:

- Use of recycled steel: Over the past few years, we have worked together closely with our metal suppliers to significantly increase the recycled content in steel wire rod used to produce pallet fasteners in our nail manufacturing plant, Nails of Flanders.
- Use of recycled wood: Our Sales team actively promotes the use of wooden compressed blocks to our customers. These blocks are composed of wood waste and glue, which are an alternative for solid timber components.
- R&D development on a more ecological glue: Insights from the carbon footprint measurement demonstrated that the glue in compressed blocks is a significant source of emissions. To address this issue, our R&D team has developed a formaldehyde-free glue during FY2025. This new formula has significantly lower carbon and VOC emissions than the glue currently used for compressed block production, and supports our commitment towards climate change mitigation (see also ESRS E1).
- Production of compressed blocks: In FY2025, we initiated the production of compressed blocks using wood by-products from our own sawmills, combined with the newly developed low-carbon, formaldehyde-free adhesive. In FY2026, this production will be scaled up for operational use within the Group.

Related to resource outflows and waste:

- Resource efficiency: To prevent waste at the source, we focus on optimised wood processing technology and commit to automated stock management.
- Eco-design in pallet manufacturing: To reduce the use of virgin resources, we apply design principles that optimise resource efficiency without compromising on product requirements. Over-engineering is avoided as pallets are developed to use only the necessary amount of wood.

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

- Pallet reconditioning: This activity is a central part of our business model. Second-hand pallets are collected from customers, partners, and pooling networks. On our dedicated reconditioning sites, they are sorted, inspected, and repaired. Components from pallets that are beyond repair are dismantled and reused where possible. As a result, less than one percent of purchased wood is used for repair activities.
- Pallet pooling: Our pooling division PGS REVERSE® takes circularity a step further by offering different pooling solutions and logistics management. This enables pallets to be used multiple times over several years, extends pallet lifespans and reduces demand for new production. Unlike traditional pooling systems, our vertically integrated structure enables circular solutions across all sectors.
- Valorisation of by-products: During our core activities, we generate pre-consumer byproducts such as wood chips, sawdust, bark, and metal scrap. These are not treated as waste but as valuable secondary materials with potential for re-use. In line with our circularity goals, we work to maximise their valorisation.
- Energy generation: When recycling isn't possible, wooden byproducts are used for energy in our biomass installations to support pallet drying (see also ESRS E1 on Climate Change Actions).
- Waste recycling: We maintain a group-wide waste management and monitoring system focused on recycling and regulatory compliance. In FY2025, we advanced the digitalisation of waste reporting across our locations to improve data accuracy and oversight.

E5-3 Targets on resource use and circular economy

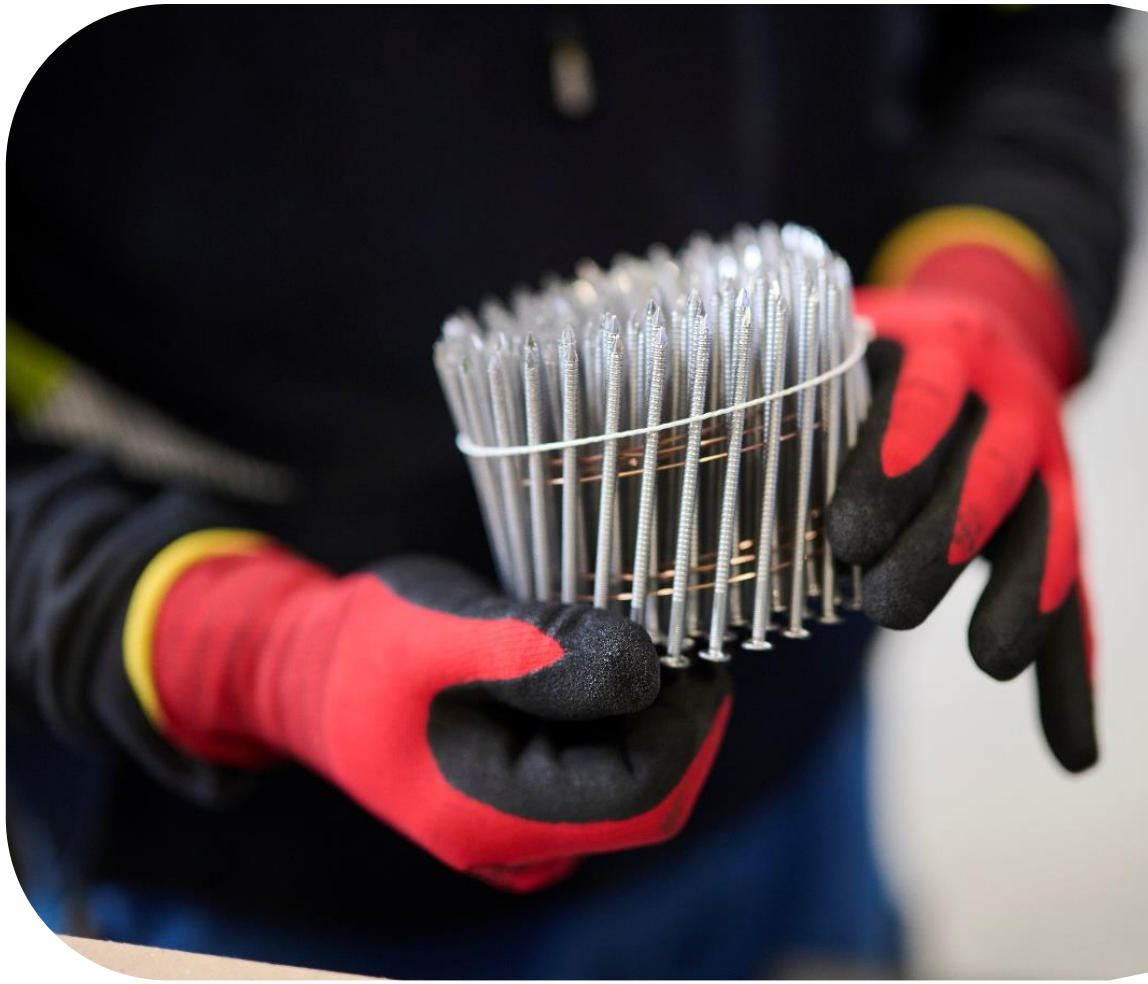
The Group has established annual, group-wide targets to increase the use of recycled material in steel (wire rod) used for the production of our fasteners.

Targets	Unit	FY2025
Maintaining recycled steel content above the European sector average (51,8% for wire rod*).	Yes/no	Yes
Achieving a minimum average of 95% recycled steel content in our fasteners (wire rod).	%	97

**According to the Worldsteel Association, the average recycled steel content in European wire rod is at 51.8%, based on the calculation in 2022.*

Recycled steel content in fasteners is subject to a technical limit of 98%. As of FY2025, both targets have been achieved. All suppliers reported recycled steel content between 95% and 98%, except for one supplier, which reported 86%.

Other targets within the group's sustainability strategy relate to responsible wood sourcing, and are addressed under ESRS G1-3.



E5-4 Resource inflows metrics

The Group's key materials consist of two main categories: (i) wood as the base component of our load carriers, and (ii) steel as the primary fixing element.

Wood: Inflows range from logs and purchased boards to semi-finished components such as top decks and compressed blocks.

Steel: Steel wire rod for fasteners, bulk and collated nails, rivets and brackets for the production of Düsseldorf pallets and boxes.

Secondary resources

47% of the Group's resource inflows are considered secondary resources obtained from materials originating from pre-consumer and post-consumer waste streams, for example collections of used wooden pallets from the market as well as compressed blocks made from recycled wood chips and wire rod for producing fasteners containing recycled input materials (see E5-3).

Biological and renewable materials

In addition, 99% of the Group's total resource inflows are biological and renewable materials, reflecting the inherently wood-based nature of the wooden pallet packaging business (See also E5-5). At the same time, this highlights the Group's dependency on a nature-based raw material which links resource use to broader sustainability-related impacts, risks and opportunities addressed elsewhere in our sustainability management (see G1).

We do not use any critical or strategic raw materials as identified in the Critical Raw Materials Act (Regulation (EU) 2024/1252).

ESRS reference		Unit	FY2025
E5-4 13 (a)	Total biological materials	%	99
E5-4 13 (a)	Total Technical materials	%	1
E5-4 13 (b)	Total weight of key materials	Ton	953.208
E5-4 13 (d)	Percentage of secondary resources vs. total weight of key materials	%	47
E5-4 13 (c)	Packaging	Ton	137
	Wood (logs, boards) (i)	Ton	506.098
	Recycled wood and derived wood products (i)	Ton	439.642
	Steel products (ii)	Ton	6.772
	Auxiliary materials	Ton	559

E5-5 Resource outflows metrics

Circular products and services

Wood represents a sustainable material choice for load carriers due to its renewable nature, durability, and circular properties. As a natural and renewable raw material, wood supports long product lifecycles that align with the principles of the circular economy. Wooden pallets are inherently strong and resilient, making them suitable for all types of applications, while also enabling carbon sequestration by storing carbon throughout their lifecycle.

The use of packaging in operations and during delivery to customers is limited and primarily consists of cardboard, plastic film, and plastic strapping, all of which are 100% recyclable.

Repairability

Wooden pallets are composed of individual components that can be dismantled and replaced. When up to four elements are damaged, pallets can be repaired at our sites and returned to circulation, supporting extended product use.

Durability

The expected service life of a standard European wooden pallet is estimated at 5 to 7 years based on recognised industry benchmarks (FEFPEB), and an average 7 years according to EPAL. Actual service life may vary depending on handling conditions, use intensity and repair cycles, with many pallets remaining in use for up to 10 years under appropriate operating conditions.

Recyclability

Significant volumes of pre-consumer wood are generated during our sawmill and production activities. On average, around 45% of each log is converted into sawn timber, while the remainder is processed into wood chips, dust, and bark. These by-products serve as clean, renewable resources across industries such as construction, paper, horticulture, and energy. In 2025, over 90,000 tons of sawmill by-products were directed to downstream applications.

At end of life, wooden pallets are highly recyclable when clean and processed through appropriate recycling routes. Post-consumer pallet wood can be transformed into secondary materials such as wood chips, particleboard feedstock, or compressed pallet blocks. These blocks are engineered wood products and may contain binders or resins, meaning their recyclability depends on composition and local recycling capabilities. Steel fasteners can be easily separated and reintroduced as secondary raw materials.

Wooden pallets therefore offer strong circular potential, supported across Europe by established systems for reuse, repair, exchange, and recycling. Eurostat data provide a relevant market-level benchmark for our Group's circularity context. In several countries where we operate (Portugal, Denmark, Spain, Belgium, Italy and the Netherlands) recycling rates for relevant wood packaging waste streams exceed 50%. This demonstrates that established recycling infrastructure exists across a significant part of our European footprint, reinforcing the circular potential of wooden pallets when combined with reuse, repair and recovery systems.*.

Eurostat, Recycling rates for packaging waste (ten00063), Eurostat Data Browser, selection: wooden packaging waste, recycling rate (%), selected EU Member States, 21 October 2025, https://ec.europa.eu/eurostat/databrowser/product/page/ten00063_custom_20436078.

E5-5 Metrics on resource outflows

Waste and wooden byproducts

The main waste steams we generate within our group consist of:

- Collected second-hand wooden pallets beyond repair (grade A, or grade B – treated wood).
- Packaging waste from raw materials containing mainly plastics and cardboard.
- Steel scrap from our nail manufacturing facility.
- Paint residues.
- Ashes from energy generation in our biomass installations.

In accordance with Article 5 of Directive 2008/98/EC, PGS generates wooden by-products at its sawmills and new product manufacturing sites, including:

- Grade A wood residues from production processes (untreated, clean wood)
- Pre-consumer wooden by-products from sawmilling and wood manufacturing activities.

PGS Group does not generate radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom.

These waste streams form the basis for the quantitative disclosures presented below.

ESRS reference		Unit	FY2025
Company specific	Total byproducts generated and recycled to other industries	Ton	201.117
E5-5 16 (b)	Total waste generated	Ton	14.715
E5-5 16 (c)	Waste diverted from disposal <u>Non-hazardous waste</u>: - Reuse - Recycling <u>Hazardous waste</u>: - Recycling	% % %	93 2 90
E5-5 16 (d)	Waste directed to disposal	%	2

	Non-hazardous waste: - Incineration - Landfill	 % %	 1 1
E5-5 16 (e)	Waste for which the final destination is unknown Non-hazardous waste Hazardous waste	% % %	5 5 <0,1

E5 Accounting Principles

The metrics disclosed under ESRS E5-4 and E5-5 cover the Group's key material inflows, waste and by-products across its business units. Data is consolidated at Group level based on site-level information, excluding internal transactions to avoid double counting.

Resource inflows

Key material inflows include wood and wood-based products, steel-based inputs, packaging materials and auxiliary materials. Wood and wood-based products are mainly recorded in volume units, as weight is affected by moisture content and product characteristics, and converted into weight using standard Group density factors.

Collections of second-hand pallets are recorded in units and converted into weight using standard average weights per product category. They are included when purchased by PGS or received from third parties for reconditioning, repair, reuse or further processing.

Secondary resources are materials previously used or originating from pre-consumer or post-consumer waste streams and reintroduced into production, repair or market cycles. They include collected second-hand pallets, compressed blocks made from recycled wood chips, and steel-based fastening materials containing recycled input. Their percentage is calculated as secondary resource inflows divided by total key material inflows, by weight.

Biological materials mainly consist of wood, wood-based products and cardboard packaging. Technical materials mainly consist of steel-based inputs and plastic packaging materials and are determined as the difference between total material inflows and biological materials.

Recycled steel content target is calculated from supplier-reported recycled content for steel wire rod, weighted by the related quantities purchased or consumed.

Waste

Waste classification follows the European Waste Catalogue codes. Hazardous waste is classified in accordance with Annex III of EU Directive 2008/98/EC on waste and the CLP Regulation.

By-products are disclosed separately where they meet the relevant criteria and are further used, processed or sold as secondary materials. They include clean wood residues, wood chips, sawdust, bark and other pre-consumer wood-based by-products from sawmilling and production. Waste streams include non-repairable wooden pallets, packaging waste, steel scrap, paint residues and ashes from biomass installations.

Waste and by-product streams recorded in volume units are converted into weight using standard Group density factors. Actual weight data from contractors, waste processors or service providers is used where available.

Waste treatment routes are determined based on documentation from waste contractors, service providers and internal waste management data. Waste diverted from disposal includes preparation for reuse, recycling or other recovery where supported by evidence. Waste directed to disposal includes landfill and incineration without recovery. Where the final destination cannot be evidenced, the waste stream is classified as unknown.

Own Workforce

ESRS S1

ESRS S1 | Own Workforce

Material subtopics

Health and Safety **Training and Skills Development**

SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects

As an employer of a significant own workforce, we have a significant impact on our own workforce. The wood manufacturing industry involves inherent hazards due to the physical nature of work and use of machinery on our sites. Safeguarding our workforce is essential, first and foremost to protect the health and safety of our people but also to ensure the resilience of our business operations. Our focus on training and skills development is seen as a positive impact to support employees in their career development, as well as an opportunity for the business to advance on market innovation and promote internal growth and mobility.

IRO name	IRO type	Value chain location			Time horizon for impacts		
		Up-stream	*Own operations*	*Down-stream*	*Short term*	*Medium term*	*Long term*
Occupational hazards in wood manufacturing pose safety risks (machine handling, on-site traffic, manual labour, etc.).	Actual negative impact		▪		▪	▪	
Occupational hazards could potentially lead to health issues (ergonomics, wood dust, noise, etc.), causing effects in the long-term, in and beyond the workplace.	Potential negative impact		▪				▪
Our group-wide training and skills development programs improve employee skills and competencies.	Actual positive impact / Opportunity		▪		▪	▪	▪
Occupational health and safety incidents could lead to operational disruptions, legal fees, heightened insurance costs, and loss of brand value.	Financial risk		▪			▪	

S1-1 Policies related to own workforce

Our workforce is our greatest asset. We build a workplace where fairness, respect, and openness guide daily interactions. Amid strong organisational growth in recent years, we continue to uphold consistent standards across both established and new locations.

Protecting employee health and safety is fundamental, while continuous learning and equal opportunities drive both personal career and company growth.

To address actual and potential impacts on our workforce, we implement key policies and procedures (see also MDR-P).

General agreements

All employees are covered by a Labour Agreement and/or an Employee Handbook that set out clear provisions on working conditions in accordance with local, national and international labour laws and regulations. Each agreement includes transparent information including but not limited to work schedules, overtime, annual leave, and remuneration. Worked hours are followed up closely to not exceed the legal limit. Working overtime is always voluntary and needs explicit employee consent. To ensure fair and adequate remuneration, our HR department conducts regular wage benchmarking on all sites.

The group-wide Code of Conduct for employees establishes non-negotiable minimum standards on sustainability matters including respect in the workplace, health and safety, and labour and human rights. To support employees on the application and interpretation of the Code, the direct supervisor, Sustainability, and HR team are open for questions or concerns. Our organisation respects all fundamental human and social rights, and expects the same from suppliers and business partners, as outlined in the Supplier Code of Conduct (see also ESRS G1-1).

The group-wide policy on Human trafficking & Child Labour Prevention sets out rules that apply to all employees, subcontractors, and third-country nationals provided by external partners. It defines a clear minimum employment age of 18 years on all operational sites, strict verification of identity, a procedure on the prevention of human trafficking during transportation, and the provision of housing to third-country employees.

The Anti-Harassment policy affirms our commitment to maintaining a respectful, safe, and inclusive workplace for all employees across the group. We actively promote open dialogue, mutual respect, and take proactive measures against any form of harassment or discrimination. The policy addresses all forms of workplace harassment, including verbal, physical, psychological, or digital.

S1-1 Policies related to own workforce

Occupational Health and Safety

Health and safety is more than a regulatory obligation. It is a daily commitment to our employees, partners, and customers and closely embedded in our corporate policy and day-to-day operations. We expect the same dedication from our suppliers and business partners.

Endorsed by the CEO, the Occupational Health and Safety (OHS) Charter sets out our long-term commitment to an ambitious health and safety program, guided by the international principles of prevention. In addition, the OHS Policy defines the group-wide ambition to provide a safe and healthy workplace for all employees and achieve zero workplace accidents. This is pursued through proactive risk prevention and continuous improvement. Responsibility for these policies rests with the EMT, while the QHSE team is in charge of implementation.

Health and safety hazards are identified and risks managed within a comprehensive management system. The system applies the ISO 45001 methodology across all group locations, with multi-site certification achieved on relevant operational sites in Belgium, including PGS Rodanar Pallets, PGS De Backer Pallets, and PGS Maton.

The Golden Health & Safety Rules support consistent and safe behaviour in high-risk situations across the organisation. These rules provide clear guidance on common hazards in our operations such as vehicle traffic, lifting operations, and use of equipment. Each rule sets out essential procedures to help employees reduce risks. It serves as a shared framework to ensure a uniform approach to risk prevention across all sites.

On each PGS location, an OHS responsible is appointed to support the QHSE team in their objectives. Quarterly meetings are held between Prevention Advisers and the QHSE team to share knowledge and best practices.

S1-1 Policies related to own workforce

Training and Skills Development

We are strongly committed to the development and growth of our people, and strive to offer all employees equal opportunities in terms of training and career development. We have a formal Training & Career Development policy in place across the organisation that is in accordance with current and applicable legislation. It establishes formal expectations for career development and requires each employee to complete a minimum amount of training days per year, with additional training provided as needed for the function.

Training is organised for different objectives, including legal compliance, health and safety functions, job-related skills, or future-oriented development. We remain committed to continuously adapting and improving our programs to meet evolving needs. Employees are also encouraged to identify new training needs and submit requests, which the HR department coordinates in close collaboration with the direct supervisor.

S1-2 Engagement with own workforce and workers' representatives

Employees are identified as key stakeholders for PGS Group, as disclosed under ESRS 1 SBM-2. Their views and interests are considered in the identification and management of actual and potential impacts, risks, and opportunities related to working conditions, health and safety, and organisational change.

PGS Group uses a combination of top-down and bottom-up communication and engagement channels to ensure timely information sharing and to enable employee input to be raised and taken into account in decision-making processes.

Consultation on organisational changes

Employees are consulted in the event of significant organisational changes, including changes to labour conditions, policies, or procedures that directly affect them. Depending on local context, consultation takes place through work councils, worker representatives or direct communication at site level. Employees are informed in a timely manner and invited to provide feedback, which is considered during implementation.

Communication channels

Significant organisational changes and updates are communicated through multiple channels, depending on their scope and level of importance. Information is shared top-down via digital screens at operational sites and complemented by bottom-up interaction through the PGS Team communication app. Major changes are communicated through formal corporate communications.

Raising concerns and remediation

First point of contact: Supervisors and managers are the primary point of contact for employees questions, concerns and grievances, and interact frequently in day-to-day meetings.

Human Resources (HR): HR is accessible for consultation and feedback on working conditions, career development, team relations, and organisational changes.

Health and Safety teams: In Belgium, internal and external services are in place for prevention and protection of employees at work. In France this service is external. Prevention advisors have an advisory role for both employer and employees on workplace wellbeing and participate in root-cause analysis of accidents. Psychosocial aspects may be raised with both the internal and external service teams.

Confidential counsellor: In Belgium, a confidential counsellor (NL: vertrouwenspersoon) is appointed on each site. They are a confidential channel to report employee health and safety concerns, and have an advisory role towards both the employer and employees on workplace wellbeing.

Whistleblower channels: Unethical or illegal practices can be raised through the dedicated whistleblower procedure, as described under ESRS G1-1. This mechanism supports confidential reporting and the identification and remediation of risks.

S1-3 Actions and resources related to own workforce

In FY2025, we advanced towards our shared health and safety objectives because of the daily engagement of our QHSE team, site managers, and employees. The following actions have been achieved:

General working conditions

Introduction of central HR systems: During the reporting year, a centralised HR management system (AFAS) has been introduced that supports human resource management during all phases of employment. It includes different modules, such as a Time & Attendance system, recruitment, selection, and learning and performance management. The platform will provide a centralised channel for internal employee documentation and formal communication across the group.

The first modules have already been implemented in FY2025, while full implementation across the organisation is foreseen in FY2027.

Occupational Health and safety

Occupational health and safety (OHS) risk management system: Performed on all operational sites according to the ISO45001 methodology, with prevention and mitigation measures taken where necessary. When an accident occurs, improvement plans are put in place to reduce the risk of recurrence, including the dissemination of safety newsflashes to all site managers and responsible safety functions. Quarterly safety tours are organised to identify hazards with the OHS site responsible and the QHSE team.

Audits: Quarterly internal audits performed on all operational sites by the QHSE team, covering quality, health, safety, and environment. In addition, annual external audits are performed on ISO45001 certified sites.

Transparent data monitoring: Implementation of a group-level OHS dashboard on key performance indicators (KPI's), accessible to all site managers and relevant functions. In addition, there is an open incident reporting that is displayed on all operational sites, indicating the amount of site-related work accidents, to increase awareness among the workforce.

OHS Training: Regular toolbox training for blue-collar employees on common hazards (e.g., forklift driving) and procedures (e.g., first aid), in line with the golden health and safety rules. Commissioning of new machinery is accompanied by workforce training on safe use and maintenance. In addition, training sessions are organised for OHS site responsibles on root cause analysis of accidents and incidents.

Asset management: Ensuring full compliance on applicable local and national health and safety legislation on assets, including machine safety, emergency intervention plans, internal traffic plans, and evacuation exercises.

Ergonomics: Ongoing R&D on ergonomic improvements for the own workforce with the support of process automation for pallet sorting and repair.

S1-3 Actions and resources related to own workforce

Training and Skills Development

Up to and including FY2025, the following actions have been achieved:

Employee onboarding: For each role throughout the organisation, a competency and knowledge matrix structures the onboarding process and facilitates effective integration across all PGS sites. Depending on the position, onboarding may include site visits, targeted training sessions, and introduction meetings with relevant colleagues.

Structured mentorship program: In France and Belgium, a structured mentorship program supports employees in transitioning into new roles. Each participant is paired with an experienced colleague who provides practical guidance and knowledge transfer. The program applies not only to new hires, but also to role changes, implementation of new equipment, technological updates, or other situations requiring additional support.

Regular follow-up meetings: Career development is supported through regular follow-up meetings between managers and employees across all PGS locations. These interactions, conducted individually and/or in group settings, foster transparent communication, continuous feedback, and alignment on performance and development objectives.

Performance evaluation meetings: All department and site managers conduct formal performance evaluations at least every one to two years, in line with local practices. These meetings address employee performance, motivation, work-life balance, mutual expectations, training needs, and development opportunities in an individual setting. In FY2025, a standardised format for performance evaluation meetings was developed to ensure harmonisation across all PGS sites.

Internal mobility: When new career opportunities arise within the Group, priority is given to internal candidates. Decisions are based on employees' ambitions, performance, experience, and competencies, as discussed during performance evaluation and follow-up meetings.

Employee training: All employees within the organisation receive mandatory training relevant to their role, supplemented by voluntary training when relevant or necessary. Training initiatives are driven by three objectives: (i) functional needs identified at the workplace, (ii) development goals defined during evaluation and follow-up meetings, and (iii) capacity building to support employee growth within the current role.

Data monitoring: In FY2025, insights into training and career development data were strengthened across all PGS locations. In FY2026-FY2027, improved data quality and monitoring capabilities are expected through the implementation of the new centralised HR management system.

S1-4 Targets related to own workforce

During FY2025, we defined targets on group-level, as shown in the table below.

Occupational Health and Safety

Year after year, we are committed to the aspirational goal of having zero workplace accidents. To achieve this, we continuously monitor core KPIs to evaluate performance and adjust our approach where necessary. Each year, we also define leading KPI's in line with the evolving needs of the organisation and changes in the regulatory, operational, and stakeholder context.

The number of recordable work-related incidents remained stable across FY2024 and FY2025. While the absolute number remains high, this should be viewed in the context of an expanded operational scope following the acquisition of multiple sites. This is further reflected in the accident frequency rate, which decreased in FY2025. Incidents occurred most frequently on reconditioning sites; however, severity levels were lower than on manufacturing sites, where heavy machinery poses greater risk.

Regarding ISO 45001, the company achieved certification in 2023. During 2024 and 2025, we completed surveillance audits and maintained ISO 45001 certification across three production sites within the three-year cycle. The next recertification audit is planned for October 2026.

Not all health and safety targets were met in FY2025, the company remains committed to advancing its goals and associated action plans. Ensuring consistent health and safety communication across multilingual workforces remains an ongoing area of attention across all sites.

Training and Career Development

In FY2025, we established a group-level target of 100% employee participation in annual performance evaluation reviews. Systematic data collection will begin in FY2026 through our new HR Management System, AFAS, starting with Belgium, with remaining countries onboarded in FY2027.

Over the next two reporting years, we will prioritize data quality improvement and the development of additional targets related to training and career development.

Health and safety targets	Unit	FY2025	FY2024	Change (%)	Status
Reduce the number of work-related accidents by 20% vs. FY2024	Number	92	92	0	Not achieved
Zero cases of occupational and work-related illness at all times	Number	0	0	0	Achieved
Reduce workplace accident frequency rate by 20% year over year	%	48	51,7	-7,7	Not achieved
Reduce workplace accident severity rate by 20% year over year	%	1,7	1,9	-11,8	Not achieved
Achieve and maintain ISO 45001 certification across a selection of sites	Yes/No	Yes	Yes	-	Achieved
Training and skills development targets	**Unit**	**FY2025**	**FY2024**		**Status**
100% employee participation in annual performance evaluation reviews	%	N.K.	N.K.		Not yet started

S1-5 Characteristics of employees

ESRS reference	Data points	Unit	FY2025	FY2024
S1-5, 19 (a)	**Number of employees**	Number	1.090	1.022
S1-5, 19 (a)	**Total gender distribution**	Number		
	Female		130	105
	Male		960	754
	Other		0	0
	Not reported		0	163
S1-5, 19 (a)	**Country distribution**	Number		
	France		508	501
	Belgium		205	198
	Denmark		80	81
	Germany		76	36
	Netherlands		68	71
	Portugal		65	69
	Other countries (<50 employees)		88	66
S1-5, 19 (c)	**Employee Turnover**			
	Employee turnover rate	%	22	N.K.

The total number of employees increased compared to FY2024, primarily driven by acquisitions in Germany and Austria. The share of female employees has slightly increased in office-based functions. However, the overall workforce remains predominantly male, reflecting the operational nature of the Group's activities. The majority of employees are based in France and Belgium, including office locations and the PGS Group headquarters. Countries with fewer than 50 employees include Spain, Austria, Morocco, Latvia, and Ukraine.

S1-5 Characteristics of employees

ESRS reference	Data points	FY2025	Female	Male	Other	Not reported	Total
S1-6, 19 (b)	**Employment types and gender**						
	Number of permanent employees		126	928	0	0	1.054
	Number of temporary employees		4	27	0	0	31
	Number of non-guaranteed hours employees		0	5	0	0	5
ESRS reference	**Data points**	**FY2024**	**Female**	**Male**	**Other**	**Not reported**	**Total**
S1-6, 19 (b)	**Employment types and gender**						
	Number of permanent employees		103	737	0	159	999
	Number of temporary employees		2	11	0	2	15
	Number of non-guaranteed hours employees		0	6	0	2	8

S1-6 Characteristics of non-employees in the own workforce

ESRS Reference	Data points	Unit	FY2025	FY2024
S1-6 21	**Total number of non-employees**	**Number**	**166**	**101**
	Self-employed persons	Number	9	9
	Persons provided by undertakings primarily engaged in 'employment activities'	Number	157	92

S1-12 Training and skills development metrics

ESRS reference	Data points	Unit	FY2025	FY2024
S1-12 34 (a)	Employees that participated in formalised performance and career development reviews	%	N.K.	N.K.
S1-12 34 (b)	Average number of training hours per employee	Hours	14,6	N.K.

See more on our targets on training and skills development in S1-4.

S1-13 Health and safety metrics

ESRS reference	Data points	Unit	FY2025	FY2024
S1-13 36 (a)	People in the own workforce covered by an occupational health and safety management system	%	100	100
S1-13 36 (b) i	Fatalities from recordable work-related accidents in the own workforce	Number	0	0
S1-13 36 (b) ii	Fatalities from recordable work-related ill health	Number	0	0
S1-13 36 (c)	Number of recordable work-related accidents	Number	92	92
S1-13 36 (c)	Rate of recordable work-related accidents	%	48	51,71
S1-13 36 (d)	Cases of recordable work-related ill health	Number	0	0
S1-13 36 (e)	Days lost to recordable work-related accidents and recordable work-related ill health	Number	3.779	3.341

See more on our targets on health and safety in S1-4.

S1 Accounting principles

Targets related to own workforce

The accident frequency rate is defined as the number of accidents with more than one day of absence from work during the reporting period per 1.000.000 hours worked.

The accident severity rate represents the number of lost calendar days per 1.000 hours worked. Lost days include the first full day and the last day of absence from work.

Characteristics of employees

People in PGS Group's own workforce include all employees and non-employees. Non-employees are people who are not employed by the organisation nor included in the payroll.

Employee total

The figures represent the number of employees at the end of the reporting period in headcount. The employees are divided by gender and country. Gender distribution is split into female, male, other; and not reported. Country distribution is split into the main countries of operation with 50 or more employees, while the remaining countries are reported as 'others'. The figures for PGS Denmark in FY2024 are estimated based on FY2025 figures.

Employee turnover

Employees who have left the organisation include both voluntary or involuntarily (e.g. dismissal, retirement, fatality). The employee turnover rate is calculated by dividing the total share of employees leaving within the year divided by the average headcount during the reporting year.

Employment types and gender

Employees in the own workforce are categorised into permanent, temporary, and non-guaranteed hours employees, broken down by gender.

Characteristics of non-employees

Non-employees includes workers who either have a direct contract with PGS Group to supply labour and workers who are supplied by third-party companies (classified under NACE Code N78). The figures are reported in headcount and at the end of the reporting period.

Health and safety metrics

Occupational health and safety management

This datapoint includes the percentage of the own workforce that is covered by an occupational health and safety management system. It is calculated on a headcount basis at the end of the reporting period.

Fatalities

Fatalities are reported as a result from recordable work-related accidents among all people in the own workforce as well as workers who work on our sites but are not part of the own workforce.

Recordable work-related accidents

A work-related accident is defined as an occurrence in the course of work that leads to physical or mental harm. It is recordable if it results in (a) more than three days of absence from work, restricted work or transfer to another job, medical treatment beyond first aid, loss of consciousness, death or (b) significant injury or ill health diagnosed by a physician or other licensed healthcare professional.

The rate of recordable work-related accidents is calculated as the number of cases divided by the number of total hours worked by people in the own workforce, multiplied by 1.000.000. This represents the number of cases per one million hours worked. Hours worked include the total number of hours in which an employee is exposed to work-related hazards and risks. Leave and not work-related sick leave are excluded from hours worked.

S1 Accounting principles

Recordable work-related ill health

This datapoint is subject to legal restrictions on the collection of data. It refers to cases about which the organisation is informed by the affected individuals, compensation agencies, healthcare professionals, or cases that we have identified through medical surveillance during the reporting period. Work-related musculoskeletal disorders are included under this datapoint.

Lost days

This metric is calculated as the number of days lost due to work-related accidents or ill health. It includes the first full day and the last day of absence. Calendar days are used for the count.

Training and skills development

Performance and career development reviews

A performance and career development review is defined as a review based on criteria known to the employee and manager(s), and is organised at least once per year. The review includes an evaluation by the employee's direct manager and may also include the human resources department. The ratio is calculated as the number of employees who participated in this type of review divided by the total number of employees in headcount, multiplied by 100.

Training hours

The average number of training hours is calculated as the total number of training hours offered to and completed by employees divided by the total number of employees in headcount.

Business Conduct

ESRS G1

ESRS G1 | Business Conduct

Material subtopics

Corporate culture | **Management of relationships with suppliers**

SBM-3 Interaction of material impacts, risks, and opportunities with strategy, business model and financial effects

A strong corporate culture and robust governance framework are essential to steering the company towards its strategic goals, build stakeholder trust and safeguard long-term business continuity. In case business interactions fall short of our high ethical standards, despite preventive efforts, this could lead to adverse impacts on stakeholders and expose the organisation to significant financial risks. Wood is the core material in our packaging products, and sourcing it responsibly is essential to the resilience of our business. Without responsible forest management, the availability of our main raw material would decline, creating unavoidable economic risks.

IRO name	IRO	Value chain location			Time horizon for impacts		
		Upstream	*Own operations*	*Downstream*	*Short term*	*Medium term*	*Long term*
Potential adverse impacts on stakeholders could arise when business interactions fail to meet legal and ethical standards on good business conduct.	Negative impact	■	■	■		■	■
Negative impacts on the environment and communities related to the significant use of raw materials. Without responsible wood procurement, forest area's would decline and have negative impacts on biodiversity.	Negative impact	■	■				■
Potential breaches of good business conduct and non-compliance with supply chain regulations could result in significant legal, reputational, and commercial costs.	Risk	■	■	■		■	■
Without responsible wood procurement, forest area's would decline and lower the availability of this key raw material and impact our business resilience.	Risk	■	■				■

G1-1 Policies related to business conduct

At PGS, we are committed to high standards of integrity, ethical conduct, and compliance across all business activities. We have policies in place to identify, prevent, and mitigate negative impacts and risks related to business conduct and the sourcing of raw materials. These policies are aligned with internationally recognised standards, including the United Nations Convention against Corruption.

Corporate culture

Our employees encounter different types of challenges in their daily activities. To provide clear guidance and define non-negotiable minimum standards for ethical behaviour, we have had a Code of Conduct in place for PGS Group employees since FY2021, which is updated on a regular basis. This policy addresses topics including, among others, bribery, corruption, anti-competitive behaviour, the protection of confidential information, and respect for fundamental human rights.

PGS applies the same expectations to its suppliers through a Supplier Code of Conduct, which sets out requirements on ethical business conduct, environmental management, and respect for fundamental human and labour rights. It is in place since FY2021 and was updated in FY2025 to align with international standards. The core principles of this Code have been integrated into our General Purchasing Terms & Conditions.

Both Codes of Conduct are reviewed on a regular basis to ensure that identified IRO's are adequately addressed and that the content remains aligned with internationally recognised frameworks, including the UN Guiding Principles on Business & Human Rights (UNGPs) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Responsibility for the Code of Conduct lies with the CSR team, while the Procurement team is responsible for the Supplier Code of Conduct and its implementation.

To enable confidential reporting of concerns and related to ethical and legal business conduct, we have a Whistleblower policy in place in line with national legislation transposing Directive (EU) 2019/1937. The policy is accessible to all PGS Group associates in the broadest sense and includes safeguards against retaliation. Multiple reporting channels are available, including the option to report anonymously. The Ethics Committee is responsible for the timely handling of reported cases, where a breach is substantiated, for determining and applying appropriate sanctions, and implementing remediation actions where applicable.

In FY2025, we established the foundations for an ethical risk assessment process covering the topics addressed in the Employee Code of Conduct. For each topic, high-risk functions and roles are identified. With regard to bribery and corruption, identified high-risk groups include Executive Management, Procurement, IT, Finance and Accounting, Sales, and Engineering. Further information on the Group's risk management approach is provided under GOV-4 in the General Disclosures.

In FY2026, we plan to introduce an Artificial Intelligence (AI) policy to address risks and potential adverse impacts related to the existence and use of AI systems.

G1-1 Policies related to business conduct

Management of relationships with suppliers

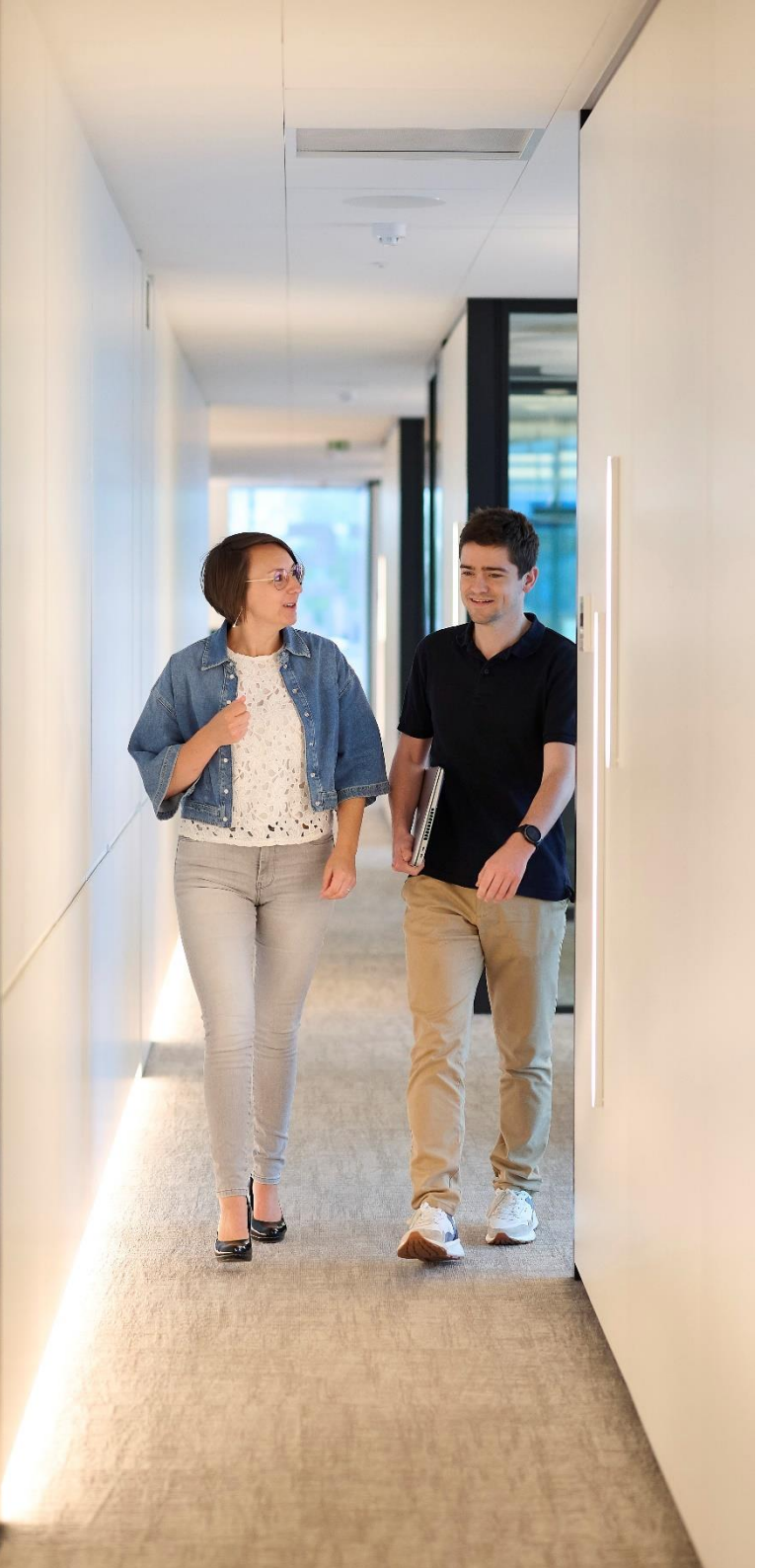
The Environmental Policy sets out our Group's commitment to responsible procurement in order to mitigate negative environmental impacts related to the use of raw materials. The policy includes qualitative commitments and quantitative targets for the procurement of key materials, notably wood and steel. Overall responsibility for the policy lies with the CEO and COO, while the COO is accountable for the sustainable sourcing strategy and related targets.

To increase transparency and manage risks within our value chain, we conduct due diligence on key raw material suppliers and the preferred supplier base. Preferred suppliers are selected per commodity and based on criteria, including strategic importance, commercial conditions, and supplier performance evaluations.

Our due diligence system is defined in the PGS Timber process. Its objective is to prevent deforestation and the sourcing of illegally harvested timber. The system complies with the requirements of the current European Timber Regulation (EUTR) (EU) No 995/2010.

As of 31 December 2026, the EUTR will be replaced by the European Deforestation Regulation (EUDR) (EU) 2023/1115, which introduces more stringent due diligence and traceability requirements for selected commodities, including wood. This regulation is expected to significantly increase traceability and risk management requirements across global supply chains.

Sustainable forest certification schemes, like PEFC® and FSC®, are integral to our due diligence process as they ensure sustainable forest management and respect for the rights of workers and local communities. All PGS sawmills, production, and reconditioning sites are PEFC® certified and included under a in a multi-site Chain-of-Custody certificate (WOOD.BE-PEFC-COC-001631).



G1-2 Actions related to business conduct

Actions taken and planned to ensure good corporate culture within our organisation:

- Employee Code of Conduct: All employees are required to sign the Code of Conduct. It is communicated annually to all employees and integrated into the onboarding process. As of 2026, we plan to introduce a digital signing process through the new HR management system to ensure full and traceable compliance.
- Communication on whistleblower policy: In Belgium, employees are informed on this policy through the site welcome brochure and on-site digital screens. In FY2026 onwards, we plan to roll out the same approach across other countries.
- Effective operation of the Whistleblower Policy: Internal control checks are performed annually to verify that the whistleblowing procedure is applied in line with defined timelines and confidentiality requirements. In 2025, the CSR team tested the procedure by submitting a case through the anonymous reporting channel, confirming the effective functioning of the policy.
- Awareness and training: Since 2025, office-based employees receive recurring online awareness training on cyber security, cyber fraud, GDPR and the handling of confidential information via the Phished Academy platform, managed by the Group's insurance partner, Vanbreda. In addition, targeted cyber security training was delivered in Q2 2025 to senior management and IT functions to strengthen risk awareness.
- Code of Conduct risk assessment: In FY2025, we established the foundations of an internal risk assessment covering all topics included in the Code of Conduct for employees. It includes a risk classification of roles and functions within the company and an analysis of current and planned mitigation measures and controls. The CSR team is responsible for its execution and reporting new and emerging risks to the Audit & Risk Committee. This assessment will be updated regularly, and at least annually.
- Risk training program: As of FY2026, we plan to roll out a structured risk-based training program covering all topics in the Code of Conduct for employees.

G1-2 Actions related to business conduct

Actions regarding the management of relationships with suppliers:

PGS has implemented a due diligence system (DDS), incorporating multiple levels of risk control across the supply chain:

- Supplier evaluation: Suppliers are periodically assessed by the Procurement team across predefined criteria, including health and safety, environmental performance and compliance requirements.
- Supplier Code of Conduct: Annual acknowledgement and signing of the Supplier Code is mandatory for all key raw material and preferred suppliers.
- Information gathering: Structured information is collected on raw material suppliers and sourced products through mandatory supplier self-declarations, including wood species, and harvesting country and region.
- Risk assessment: Risks are assessed across three levels: sector, country, and product. Sector risks are identified through desk research, country risk levels are informed by recognised corruption indices (e.g. Corruption Perceptions Index), while potential risks related to wood species are monitored using the IUCN Red List of Threatened Species.
- Risk mitigation: Appropriate mitigation measures are applied where significant risks are identified. These measures may include requests for additional documentation, internal audits, or, where necessary, exclusion from the supplier base.
- Local sourcing of key materials: Wood and metal are sourced from suppliers located within Europe, typically within a 200 km radius of PGS sawmills, to support traceability and reduce supply chain risks.
- Training of the Procurement Team: Authorised buyers receive annual internal training on sustainability objectives, targets and due diligence processes relevant to their procurement activities.
- Audits: Compliance of PGS processes with the PEFC® Chain of Custody standard (ST 2002:2020) is verified annually by an external auditor Wood.be. In addition, the Procurement team conducts regular internal audits on our sites.
- Preparation for the EUDR: To ensure compliance with the European Deforestation Regulation (EUDR), we are taking proactive steps. The Procurement team actively engages with suppliers to raise awareness of regulatory requirements and PGS expectations. Internally, additional supplier data is being collected and IT systems are being adapted to support enhanced traceability and data processing.
- Supplier engagement: Through our responsible procurement strategy, we encourage wood suppliers to obtain Chain-of-Custody certification under recognised forest certification schemes such as PEFC® or FSC®. In addition, we engaged with compressed block suppliers on product specific emissions, as described under ESRS E1-5 Climate Change Actions.

G1-3 Targets related to business conduct

We have a number of group-wide targets in place related to corporate culture and management of relationships with suppliers.

Corporate Culture	Unit	FY2025	FY2024
100% of employees who have signed the Employee Code of Conduct	%	86	86
Number of whistleblower cases (all)	Number	1	0
Number of substantiated whistleblower cases	Number	0	0

The first target requires 100% of employees to sign the Code of Conduct annually. The Employee Code of Conduct was significantly updated in FY2024 and formally distributed to all employees for acknowledgement — via a digital platform for office employees with a professional email address, and in physical form for operational workers, managed by their direct supervisor.

In FY2025, the annual dissemination was deferred pending the implementation of the new HR Management system (AFAS). As a result, FY2024 and FY2025 report the same figures, covering office employees only.

As of FY2026, the acknowledgement process will be fully integrated into AFAS, enabling complete data coverage in Belgium, and as of FY2027 in all other countries. In addition, a three-layer dissemination approach will be introduced:

1. Inclusion of the Code of Conduct in all labour regulations and/or employee handbooks
2. Addition of the Code of Conduct to mandatory onboarding documents
3. Annual acknowledgement process managed through AFAS

In FY2025, one whistleblower case was received. An independent internal investigation was conducted, which concluded that the allegation was not substantiated.

G1-3 Targets related to business conduct

Nearly 100% of wood purchases are covered by our Due Diligence System. The remaining 1,4% concerns suppliers that have not yet responded to our requests, or suppliers in a testing phase delivering low volumes.

In addition, we aim for a minimum of 95% wood suppliers to be certified under a Chain of Custody scheme (PEFC® or FSC®), reinforcing our own group-wide PEFC® certification and strengthening transparency across the value chain.

A third target sets a minimum of 50% of wood products to be purchased with a PEFC® or FSC® claim each year. Such a claim indicates that the wood has been traced back through the supply chain to a certified forest.

Finally, 100% of timber suppliers are required to sign our Supplier Code of Conduct, and to re-sign in the event of any significant updates.

Management of relationships with suppliers	Unit	FY2025	FY2024
100% responsible wood purchases covered by our Due Diligence System	%	98,1	94,4
Minimum of 95% wood suppliers certified under PEFC® and/or FSC® (T-1 supplier headcount)	%	95,9	94
Minimum of 50% wood products certified under PEFC® or FSC® claim (per volume m³)	%	57,6	51
100% of timber suppliers sign the Supplier Code of Conduct (per volume m³)	%	80,8	-

G1-4 Metrics related to corruption or bribery

During the reporting year, PGS Group has not been convicted of, nor subject to sanctions for violations of anti-corruption or anti-bribery laws.

ESRS reference		Unit	FY2025	FY2024
G1-4 11	Convictions and sanctions for violation of anti-corruption and anti-bribery laws	Number (absolute)	0	0
G1-4 11	Total amount of fines for violation of anti-corruption and anti-bribery laws	EUR	0	0

G1-5 Metrics related to political influence, including lobbying activities

During the previous financial year (FY2024), PGS co-founded the Sustainable Pallet Association (SPA) together with industry peers. This non-profit association serves as a platform for advocacy and communication on the sustainability aspects of wooden pallets. The SPA was established with the facilitation of an independent third party (Growth Inc) and operates under a structured governance framework, ensuring compliance with applicable competition law. Meetings are formally convened and documented.

Through membership and active involvement in the SPA, our organisation makes an indirect political contribution in two ways:

- Monetary contribution: PGS Group finances the operations of the SPA through annual membership fees and project-specific budgets for Public Affairs campaigns, totalling €50.000 per year.
- In-kind contribution: PGS Group provides expertise through participation of the CEO on the SPA Board and facilitates site visits (e.g. working visits with policymakers) at its production facilities to demonstrate the practical functioning of the circular wooden pallet sector.

In FY2025, PGS Group actively communicated positions to policymakers through the SPA regarding the Packaging and Packaging Waste Regulation (PPWR). Our mission is to advocate for the recognition of wooden pallets as reusable transport packaging.

In Q3 2025, the SPA informed European policymakers (specifically within the ENVI Committee), in coordination with EXPRA, about realistic standards concerning the number of rotations of packaging (PPWR Article 11) and the preservation of the Belgian extended producer responsibility (EPR) system, whereby the end user is considered the producer (PPWR Article 3(15)). The objective was to prevent wooden pallets from being unjustly disadvantaged compared to plastic alternatives by highlighting wood's carbon storage capacity and repairability.

G1-6 Metrics related to payment practices

Within the group, supplier payment terms are defined on an individual basis rather than being standardised. We attach importance to executing payments in line with the agreed terms and to defining reasonable payment terms on a case-by-case basis, in order to foster long-term relationships with our suppliers.

ESRS Reference		Unit	FY2025
Company-specific	Average number of days agreed to in supplier payment terms	Days	57
G1-6 17 (b)	Payments aligned with payment terms	%	100
G1-6 17 (c)	Legal proceedings currently outstanding for late payments	Number	0

List of abbreviations

CCF	Corporate Carbon Footprint
CEO	Chief Executive Officer
CoC	Chain of Custody
COO	Chief Operational Officer
CSO	Chief Strategic Officer
CPI	Corruption Perceptions Index
DDS	Due Diligence System
DMA	Double Materiality Assessment
EFRAG	European Financial Reporting Advisory Group
EMT	Executive Management Team
ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standards
EUDR	European Union Deforestation Legislation
EUR	Euro
EUTR	European Union Timber Regulation
FSC®	Forest Stewardship Council
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GRI	Global Reporting Standard
IRO	Impacts, risks and opportunities
ILO	International Labour Organization
ISO	International Organization for Standardization
LULUC	Land use and land use change
N.A.	Non-applicable
N.K.	Not known
OHS	Occupational health and safety
PCF	Product Carbon Footprint
PEFC®	Programme for the Endorsement of Forest Certification
PPWR	Packaging and Packaging Waste Regulation
R&D	Research & Development
SBTi	Science Based Target initiative
tCO2e	Tons of CO2 equivalent
QHSE	Quality, Health, Safety, Environment

Editorial

Published by

Palettes Gestion Services SAS (« PGS Group »)
Centre Multimarchandises, Rue Michel Poulmarch 76807
Saint-Etienne-du-Rouvray, France
+32 59 25 50 99
E-mail: csr@pgsgroup.com

Editors of this report

Patricia Simoen
Morganne Danneels
Wilg Blanquaert

With great support from PGS Group colleagues across entities.

Graphic Design

Palettes Gestion Services SAS

Photography

Palettes Gestion Services SAS

Annex 1 Overview of entities included in the sustainability report

PGS Group SAS FY2025		
Palettes Gestion Services	PGS Ile De France	PGS Rodanar Pallets
PGS Beynel	PGS Normandie	Nails of Flanders
PGS Arnaud	PGS Sud Est	PGS De Backer Pallets
PGBS Mediterraneo SL	PGS Breizh	PGS RDB Pallets
PGS Sud Ouest	PGS Atlantique	PGS Caisserie Maton
PGS SMC	PGS Est	PGS REC Belgium
PGS Jurapal	PGS Nord	PGS Demey
PGS Centre	PGS NRS	PGS Reverse Europe
PGS Perurena	PGS Ullu Paletten GmbH	PGS Maroc
PGS Den Doelder Pallets	PGS Pallets Portugal	PGS Denmark APS
PGS Hoekman Houtindustrie	PGS Recon	PGS Special Packaging
PGS Reverse	PGS RDB Baltic	PGS AT Paletten GmbH
PGS Udo Bilstein Paletten GmbH	Biobloxx	

Annex 2 Additional Sustainability Information

Dedicated Community Investment

Community Investment is a longstanding strategic priority for the PGS Group. Through our DMA, this topic was considered non-material in relation to our business model or value chain. The reporting on this topic is therefore voluntary and not included in the core of this sustainability statement.

Since our founding in 1993, we have been committed to engaging with local communities where we operate and support social projects we believe in. We strive for broad impact by offering needs-based support. One societal issue is particularly close to our heart and is central to our commitment: addressing child poverty. We believe every child deserves equal opportunities, regardless of background. In Belgium, we proudly support the Children's Opportunities Fund through the King Baudouin Foundation.

To structure and track our positive contributions, we established the PGS Community Investment Program. Employees play a key role in this program, as they are encouraged to propose local projects that address specific community needs. Support may take the form of financial or material contributions, sharing our expertise and network, or use of our corporate media channels. Proposals are reviewed by the Sustainability team to ensure they meet program requirements. Projects linked to politics, religion, controversial topics, or activities not aligned with our sustainability strategy are not accepted.

ESRS Reference	Dedicated Community Investment	Unit	FY2025	FY2024
Company-specific	Total of projects/organisations supported through the PGS Community Investment Program	Number	68	79
Company-specific	Total support given to the local communities:			
	- Financial donations	EUR	66.762	205.785
	- In-kind donations of our products & services	Number	523	871
	- Other in-kind donations (e.g. material, goodies)	Number	1.286	330