Blumer Lehmann

Sustainability Report 2022

What is the purpose of this Sustainability Report?

As a renewable raw material, wood has always been the centrepiece at Blumer Lehmann. This sustainable material is the basis for our projects and products. We use and process wood and thereby contribute to a sustainable economy. But that's not enough for us.

We're taking responsibility and want to do our part to counteract climate change. And we always want to conduct our business in a way that does not limit the opportunities and endeavours available to future generations. That is why, starting immediately, we will be measuring and assessing our sustainability targets annually based on defined criteria. We aim to increase the use of environmentally sound materials while simultaneously reducing our production emissions. We want to prevent waste, source materials sustainably and heighten our focus on circularity overall. And we want to continue to retain, strengthen and foster the potential and talent of our people.

We will document our progress in our Sustainability Reports in order to improve our practices step by step in every area of the business.

Environmental, social and economic sustainability at Erlenhof

In this Sustainability Report for financial year 2022, we focus on sustainability issues at our headquarters in Gossau, Switzerland. In coming reports, we will add facts and figures for all of our locations.

In this report, we present the current state of affairs for the three pillars of sustainability at Erlenhof: environmental, social and economic. With regard to environmental sustainability, we can point to the fact that our heat energy is 100 % derived from renewable energy sources. Today, just 37 % of our direct emissions still come from non-renewable energy sources, and we're working to reduce that figure further.

One insight from our current analyses has highlighted an area with great potential for improvement, which we intend to address: Some 85 % of our employees commute by car, which accounts for 95 % of employees' total commuting emissions.

One positive example of how a circular economy is both environmentally and economically beneficial is our timber life cycle. So we want to extend this principle beyond wood as a raw material and also apply to it to our products and buildings wherever possible.

With our recently founded Blumer Lehmann Academy, we aim to place even greater focus on the talented people within and around our company, support their development, and build our collective knowledge. After all, what we do is highly important and beneficial for the region and its economy. We want to continue to make the most of our opportunities and potential in order to remain a sustainable company in every respect in the future as well.

Facts and figures

from the Sustainability Report 2022

Energy generation 48 of GWh heat energy and 7 GWh of electrical energy from the in-house biomass power plant	**Fossil-fuel emissions** 533 t CO_2e direct emissions and 58 t CO_2e indirect emissions	**Biogenic emissions** 44,000 t CO_2e from biomass combustion
Energy consumption 48 GWh of heat energy and 13 GWh of electrical energy at headquarters	Production of wood products that store a total of 73,600 t CO_2e over the long term	258 GWh of renewable energy was generated from our residual timber products
Round timber from an average distance of 80 km 85 % from Switzerland, 14 % from Germany, 1 % from Austria	Employees completed 1872 hours of further training	25 apprentices trained

Action categories & targets

Reduced energy and CO_2 emissions
We want make our production even more climate-friendly.

Circularity and waste prevention
We want to produce with as little waste as possible and manufacture recyclable buildings and products.

People and social commitment
We want competent and healthy employees – today and in the future.

Supply chain
We want to know our supply chains in detail.

04/2024

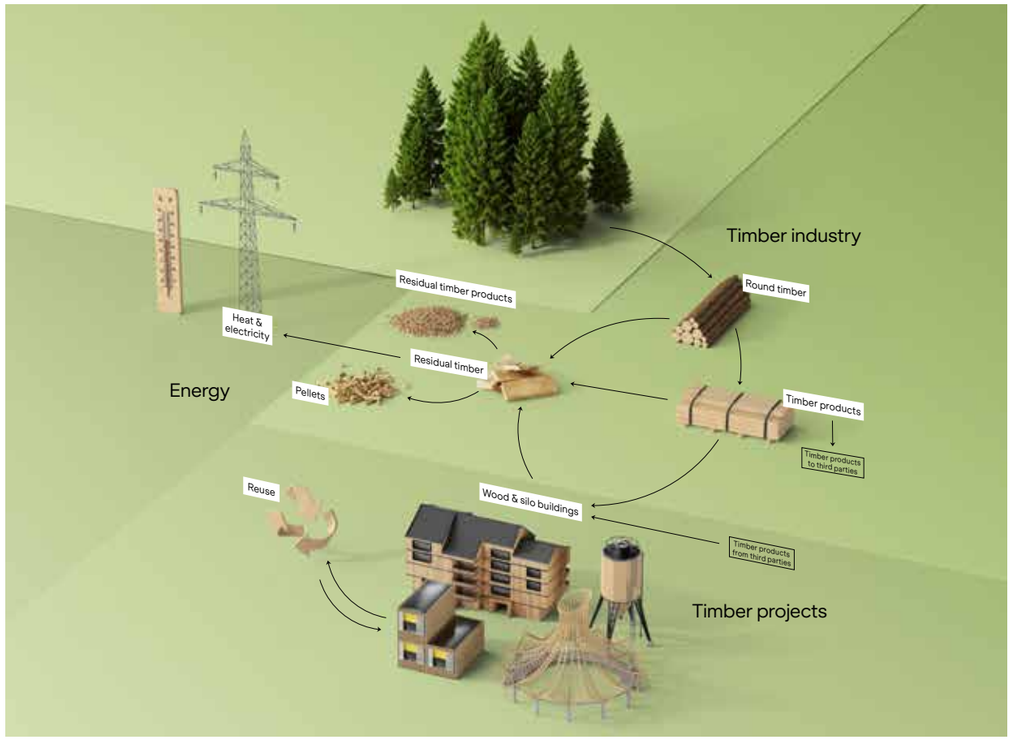
Blumer Lehmann

1.1 The complete timber life cycle

As a leading timber construction company, Blumer Lehmann harnesses the potential of timber in all its facets and works to advance timber engineering internationally. More than 500 employees work at the headquarters in Gossau, St. Gallen, at the locations in Switzerland, Germany, Austria and Luxembourg, and on assignments around the world on a wide variety of customer projects.

A fascination with wood has defined how we think and act as a business since 1875. Blumer Lehmann processes the natural raw material that is wood into innovative products, services and structures in an almost complete cycle of sustainable value creation. Each year in our sawing, planing and finger-jointing facilities, we turn 170,000 fm of Swiss round timber into an extensive range of sawn timber products for the construction industry. The residual timber is processed into animal litter and CO_2-neutral pellets and used as an energy source for our own power plant to generate electricity and

More information about what we do



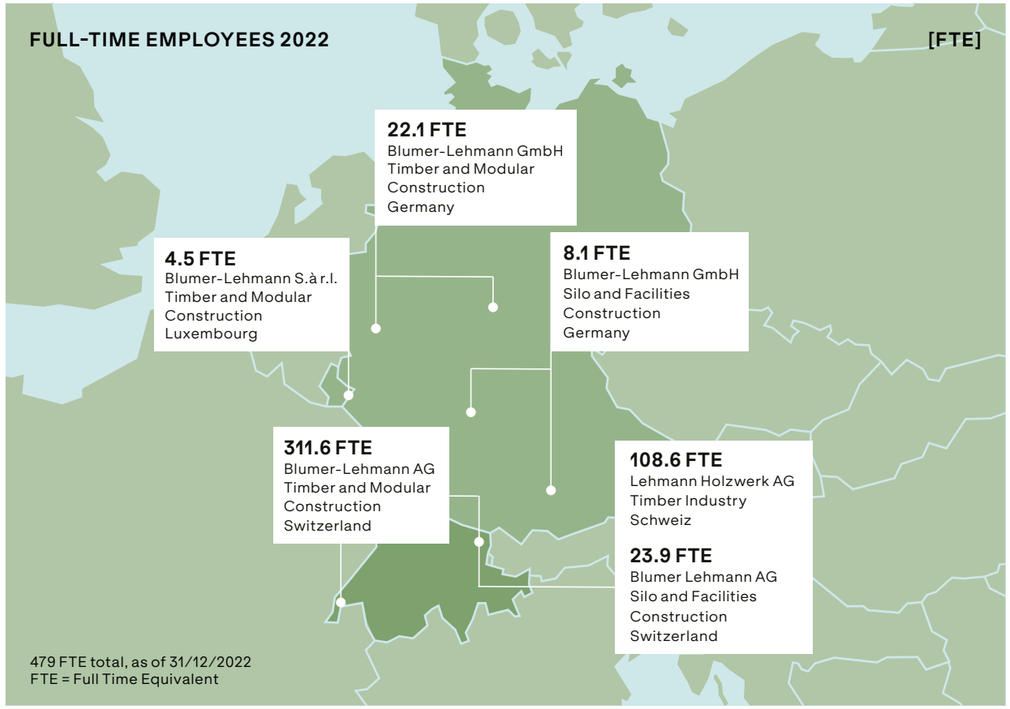
heat. In the Timber Construction division, Blumer Lehmann develops, plans, produces and delivers new builds – including Free Form projects in collaboration with world-renowned architecture firms – as well as conversions, additional storeys and renovations. Furthermore, the company plans and manufactures modular timber structures for schools, businesses and residential spaces that offer maximum flexibility, even when space is limited. Blumer Lehmann also specialises in silos and facilities for winter road services across Europe – automated and equipped with modern conveyor technology.

Since 1 January 2023, oa.sys baut GmbH of Vorarlberg has been part of the Blumer Lehmann group of companies. The timber construction company complements the portfolio with services for large-scale residential and commercial construction in Austria and Germany.

Open positions at Blumer Lehmann

Company locations and employees

Today, Blumer Lehmann employs some 500 people dedicated to tapping the full potential of timber. They work as carpenters, timber construction technicians, timber industry specialists and timber construction engineers, in timber construction project management and construction site management, as architects and in production, logistics, assembly and maintenance. They also work in sales and in core service functions such as human resources, marketing, finance and technology.



1.2 Vision and mission statement

Vision

As a world-leading timber engineering firm, Blumer Lehmann develops innovative buildings, products and services, unlocking new potential for timber as a building material with forward-thinking construction processes and a circular-economy approach.

Mission statement

We use timber and tap into its potential as a material
Everything we do in our business activities and corporate development is driven by a fascination with our material and innovation along the entire timber value chain.

We aim to explore the limits of what's possible when working with timber by applying new technologies, creating new ones where necessary, and defining and optimising appropriate processes, products and services.

We recognise the market and its potential
A recognisable demand and added value for our clients are at the very heart of all the services we provide. We work with them in equal partnerships. We incorporate our expertise into every step of the service provision process.

We nurture people and their potential
We actively harness people's talents in and around our company to forge ahead with our products, services and processes. Individual skills and collective knowledge are nurtured and expanded through our targeted training and development opportunities.

We take a multidimensional view of our potential
We take the three dimensions of sustainable development into account in every single one of our business decisions. These dimensions include economic efficiency, social responsibility and environmental impact.

Our company's long-term security is a key aspect of our financial, staffing and technological decisions. We measure everything we do against qualitative and quantitative benchmarks and promote independent thinking and action.

'We unlock timber's potential, because everything we do is driven by a fascination with our material and the innovation happening along the entire timber value chain.'

Katharina Lehmann, CEO of Blumer Lehmann | Owner

1.3 Sustainability at Blumer Lehmann

Sustainability – for us, this means that we remain equally mindful of economic, social and environmental criteria in all the decisions we make. In doing so, we create lasting value and prospects for the future.

Sustainability has been central to operations at Blumer Lehmann for many years. We take the three dimensions of sustainable development into account in every single one of our business decisions. Today, we're already thinking of tomorrow – whether in how we use our resources or how we deal with our employees and investments.

By opting to use timber as our raw material and our construction material, we define clear goals and actions across the entire value chain. Different aspects of sustainability are important to us.

Environmental responsibility

We process the sustainable resource of wood and pursue a no-waste strategy through our timber life cycle. The procured round timber is processed into valuable sawn timber. We then process the by-products into other products or use them to generate renewable energy that we use for our own production. We use timber and other construction materials in a resource-conserving manner. With the raw material and our expertise, we manufacture energy-efficient, flexible and sustainable buildings which, in turn, save resources during their use. We even use the raw material of wood in unconventional ways, thereby reducing the use of less sustainable materials. We continually optimise our operations and our products in order to reduce carbon emissions and resource consumption. At the same time, we also invest in the circularity of our timber constructions.

Social responsibility

We recognise and appreciate the importance of our employees as the foundation of our success. That's why we want to keep our current and future employees in top shape. We train apprentices in various professions. The number of jobs in our companies has increased continually over the last few years. We now enable more than 500 employees to develop and expand their expertise and realise their potential, investing in their further training, health and safety. We also support charitable projects related to sports, culture and social welfare.

Economic responsibility

We always take our customers' needs into account. We aim to create value that will stand the test of time by striking a balance between security and opportunity. We strive to achieve excellence. To this end, we cultivate a corporate culture with space for personal initiative and creativity.

1.4 Corporate structure and divisions

Organisational chart

In its Timber Construction, Timber Industry and Silo and Facilities Construction divisions, the Blumer Lehmann group of companies offers comprehensive timber expertise. Operating subsidiaries in Switzerland and abroad operate under the umbrella of Blumer Lehmann Holding AG: Lehmann Holzwerk AG in Gossau, Switzerland; Blumer-Lehmann AG and national subsidiaries Blumer-Lehmann GmbH in Klosterlechfeld, Germany, Blumer-Lehmann S.à r.l. in Luxembourg and, since 2023, oa.sys baut GmbH in Alberschwende, Austria and Weissenberg, Germany.

In the Timber Construction division, Blumer Lehmann develops, plans, produces and delivers new builds – including Free Form projects in collaboration with world-renowned architecture firms – as well as conversions and renovations. In the field of modular and temporary construction, we manufacture schools, office buildings and apartment complexes.

The Blumer Lehmann Timber Industry division processes some 170,000 fm of round timber from forests within an average radius of 80 km into a wide range of sawn timber products in its own sawmill every year. Any residual wood is processed into pellets or used as fuel in our in-house wood power plant to generate heat and energy.

In the Silo and Facilities Construction division, Blumer Lehmann develops, plans, produces and assembles complete solutions for winter road services. We implement and maintain automated silos and complete winter road service systems equipped with state-of-the-art conveyor technology throughout Europe.

Divisions

Whether it's an extraordinary timber construction project, sustainable energy supply concept, innovative timber product or silo facility built to last – Blumer Lehmann combines expertise with passion.

Timber construction
With technically and aesthetically inspiring Free Form structures, maximally prefabricated modular buildings and individually planned timber buildings, we are shaping the future and creating comfortable and aesthetically inspiring spaces.

SERVICES

- Development of static and structural timber construction concepts for the acquisition and execution phases
- Client consulting
- Preparation of tender documentation
- Production and assembly of timber structures
- Project management and technical planning of timber construction, including coordination of specialist planners and partners
- Coordination of subcontractors
- On request: our services in an all-in-one package as GC or FSC

Timber Industry
In our Timber Industry division, we produce a wide range of timber products. We process all parts of the residual timber into litter for small animals, pellets or fuel for heat and energy.

PRODUCTS

- Balcony and terrace railings
- Timber for construction and industrial engineering
- Floor strips
- Facades and cladding
- Planed and profiled products
- Finger-jointed slats, profiled boards and façades
- Laminated timber
- Profiled boards
- Rough-planed timber
- Raw lumber
- Full range of slats
- Packaging wood
- Pellets and litter for small animals

SERVICES

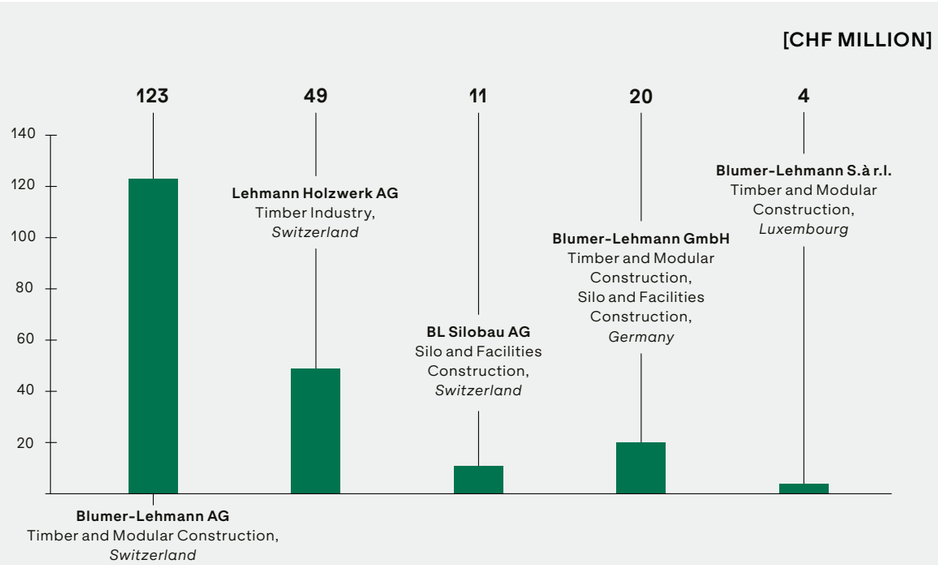
- Technical consultation and planning
- Warehousing and logistics
- Surface treatments as required

Silo and Facilities Construction
Our silos and facilities offer custom solutions for any gritting materials or bulk solids, in particular for winter road services – from low-volume municipal silos to fully automated winter services hubs as an all-in-one solution.

PRODUCTS AND SERVICES

- Wooden silos from 5 to 1,000 m^3 for various gritting materials
- Mobile timber silos for town and municipal systems
- Modular silos with custom designs
- Grit storage depots and large-scale salt stores
- Brine facilities, brine producers and brine technology
- High-performance conveyor systems
- Glass-reinforced plastic silos (GRP silos) from 30 to 250 m^3
- Cutting-edge controls, automation and data processing
- Precise measuring and weighing systems
- Service and maintenance as well as renovation and modernisation of silos and brine facilities

Sales in 2022



1.5 Subsidiaries and investments

Oa.sys baut gmbH

Blumer Lehmann and the Vorarlberg timber construction company oa.sys baut GmbH entered into a strategic partnership in 2021. We acquired a 30 % stake in oa.sys in 2022 and have been the 100 % stakeholder since 1 January 2023. Both companies appreciate the added value that the merger provides them and their customers. The services of oa.sys complement Blumer Lehmann's portfolio. And with the production facility in Alberschwende, we have gained another important location alongside Großenlüder and Grafschaft to serve the Austrian and German markets.

The development, production and assembly of timber constructions in Germany and Austria is carried out at one of the locations by a specialised planning and production team.

Other investments

Kompotoi AG
Kompotoi is a young company that develops, rents and sells mobile environmentally-friendly sanitary facilities that can be used to replace mobile chemical toilets. Blumer Lehmann holds a 10 % stake in the company. Environmentally friendly wooden toilets are also produced at the Gossau site.

Verein Lattich
The Verein Lattich association is committed to the sensible interim use of the brownfield site at the freight depot in St. Gallen. The forty-five timber modules will provide space for small businesses in the creative industries over the next ten to fifteen years. Blumer Lehmann holds a 10 % stake in the company.

Other investments with smaller stakes
– Hof Weissbad AG <1 %

1.6 Dialogue with stakeholders

Blumer Lehmann values regular contact with its stakeholder groups. We are in dialogue with all stakeholder groups via the appropriate communication channels and at different intervals. The communication targets vary and are tailored to the respective stakeholder group.

We make a distinction between internal and external stakeholders. Internal stakeholders include employees, shareholders and the Board of Directors as the most important target groups. In addition to customers, key external stakeholders include suppliers, partners, neighbours and contacts at the public authorities in the locations where we operate, in particular the city of Gossau and the canton of St. Gallen.

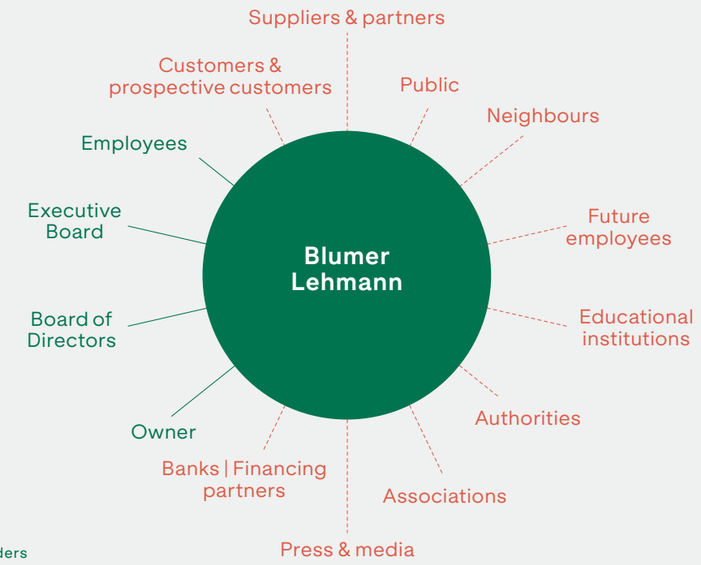
Association memberships

To more effectively promote our interests and exert greater influence, we are active in a number of associations and organisations in the forestry and timber industry as well as in the construction and retail sectors.

Industry associations of the forestry and timber industry
- Waldwirtschaftsverband
- Holzindustrie Schweiz HIS
- Holzbau Schweiz
- Holzbau Schweiz assessment commission
- Verein Senke Schweizer Holz
- proPellets.ch
- Lignum
- VGQ – Verband Gebäudequalität Schweiz

General business associations
- HIG GOSSAU
- IHK St. Gallen
- Gewerbeverband trade association

BLUMER LEHMANN'S INTERNAL AND EXTERNAL STAKEHOLDERS



Internal stakeholders
External stakeholders

Customer focus

All of Blumer Lehmann's divisions are focused on the wishes, expectations and needs of our customers with a view to ensuring their satisfaction and building long-term relationships. Regular feedback, recommendations, repeat purchases and orders for products and services confirm our correct assessment of customer needs. To date, we have not conducted a quantitative survey of customer satisfaction. To better understand and take into account the needs of our customers, we have set ourselves the goal of conducting a robust survey within the next one to two years.

Customer focus by division

Precisely because the focus at Blumer Lehmann is on customers, our divisions respond differently to their respective needs.

In the Timber Industry division, we supply customers in a variety of segments. Where we have the opportunity to establish a long-term and secure contractual relationship, we enter into longer-term contracts. In the short term, our ultimate goal is to consistently deliver the desired quantity in the expected quality at the agreed time in order to cultivate a long-term partnership. Our Timber Industry customers receive sustainable products from regional Swiss timber with short transport routes.

We supply the following customer groups:
- Timber trade
- Carpenters and joiners
- Roofers, façade builders and other tradespeople
- Packaging construction
- Glued laminated timber construction
- Construction businesses
- Farms
- Gardeners
- Private end users
- Fuel trade

In timber and silo construction, we see ourselves as a service provider for our customers. We work together in a spirit of partnership with the aim of efficiently finding the ideal solution. In doing so, we always look at things from the client's perspective while also keeping a constant eye on ease of production and assembly. For the customer, this ensures that the structure will be planned, produced and installed according to defined deadlines and costs. We support our clients as a reliable partner from start to finish.

Our timber and silo constructions are used for a variety of purposes, including:
- Education and research
- Offices and administrative buildings
- Events
- Leisure and sport
- Healthcare and care facilities
- Commercial and industrial
- Hotels and restaurants
- Art and culture
- Agriculture
- Temporary buildings
- Winter maintenance
- Residential, single-family home
- Residential, apartment building

Client visit from Wisdome Stockholm in Sweden.

Sustainability management

2.1 Implementation of sustainability

We have made our environmental and social responsibility an integral part of our corporate strategy. All divisions and their employees are actively involved in ensuring compliance with our sustainability criteria. Responsibility for and coordination of all sustainability tasks is located at the top management level. The sustainability officer is responsible for implementation. Josephine Bartz documents, coordinates and evaluates data that makes sustainability at Blumer Lehmann a measurable quantity. As part of that effort, she maintains regular contact with the responsible department heads and works with them to identify areas and ways in which sustainability can be improved.

These days, it is no longer enough just to work with a sustainable raw material; instead, specific measures are needed that will benefit our environment. We have therefore defined clear sustainability targets across our entire value chain and in all three dimensions of sustainability – environmental, social and economic. Our sustainability officer, Josephine Bartz, elaborates on the causes, reduction targets and measures.

How will we manage to keep reducing our emissions year after year?

By consistently shifting our fleet to electric vehicles and, if appropriate, reducing its size. The construction of new production and office buildings at Erlenhof also eliminates heat, electricity and refrigerant consumption at our external locations. This reduces our CO_2 emissions. We also want to reduce our air travel, transport fewer building materials by air and create climate-friendly alternatives and incentives for our employees' daily commute to work. With the development of new products such as CLT-Light, we want to increase the yield of round timber, save lorry trips and thereby store more CO_2 in the wood in the long term.


Josephine Bartz

What were our biggest sources of CO_2 emissions in 2022?

The biggest source of CO_2 was clearly the fleet of vehicles at Erlenhof. This includes the forklifts and other vehicles. The high proportion of employees who travel to work by car and round timber deliveries by lorry are also major sources of CO_2 emissions.

How relevant are supply chains for our sustainability?

Transparent supply chains are important to us in order to rule out the possibility that we are supporting illegal or unsustainable business practices. This is required by law in the EU and Switzerland. At Blumer Lehmann, the supply chains are already very well known. We know which country or region the wood for our timber products comes from. However, these traceability requirements will continue to increase in the coming years. Another milestone for my work is therefore the development of a supply chain management system in which each individual step of the supply chain is described in detail. That way, we will be able to safely rule out unsustainable practices or illegality.

Unabridged interview with Josephine Bartz

2.3 Action categories, targets and measures

Energy and CO_2 reduction

Objective: More environmentally friendly production
We are shifting completely from fossil to renewable energies and reducing our emissions. Specifically, we want to reduce direct emissions by 17 %, indirect emissions by 99 % and Scope 3 emissions by 12 % by 2030 compared to 2022.

Measures
- Reduce emissions from the vehicle fleet by 47 % by gradually replacing vehicles with conventional combustion engines with electric vehicles
- Reduce refrigerant consumption by 33 % by switching to climate-neutral cooling technology in the offices
- Expand the production area at the Erlenhof headquarters and terminate external rental spaces. By supplying the new production hall with CO_2-neutral energy, we will reduce indirect emissions from external energy purchases by 99 %
- Establish environmentally friendly commuting options for employees with the aim of having employees avoid commuting by car at least once a week on average
- Reduce air freight transport by 33 % through forward-looking and long-term logistics planning
- Develop an incentive system to encourage employees to reduce energy consumption and emissions in operations and on business trips

Circularity and waste reduction

Objective: Waste-free production and manufacture of recyclable buildings and products
Our buildings and products do not generate ‘waste’ either during the production and construction phase or at the end of their service life.

Measures
- Measurability of our progress in achieving circularity of our products and buildings
- Standardisation of non-destructive dismantling of timber structures. This should not only be possible for individual projects, but defined as a requirement for all buildings. Newly constructed buildings should serve as ‘building material stockpiles’
- Increased utilisation of material for panel sections in production and assembly to avoid waste

People & social issues

Objective: Competent and healthy employees – today and in the future
We develop and enhance the individual skills and collective knowledge of the talented people in and around our company through targeted training opportunities.

Measures
- Support and guidance for our employees in developing their individual skills at the newly established Blumer Lehmann Academy
- Regular training on the topics of health management and occupational safety

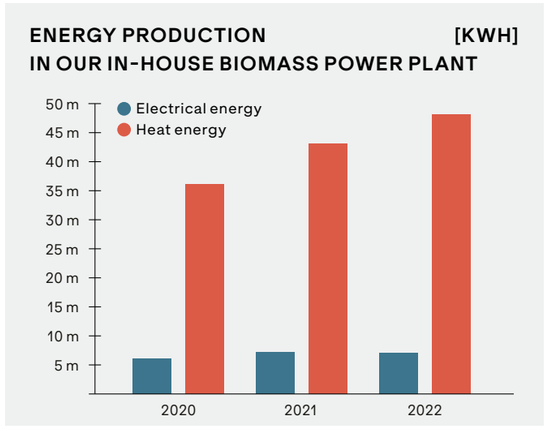
Supply chains

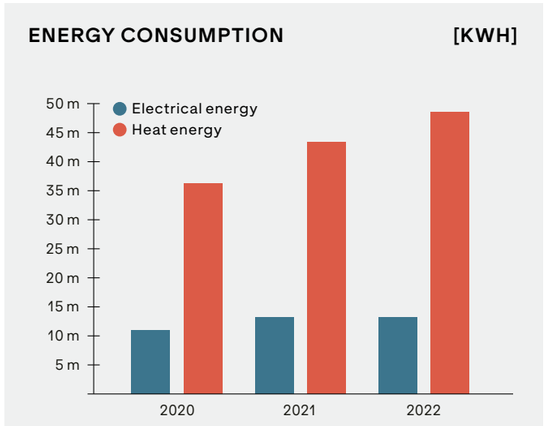
Objective: Precise understanding of our supply chain
We want to identify and eliminate potential risks in our supply chains. We also want to be prepared for future regulations.

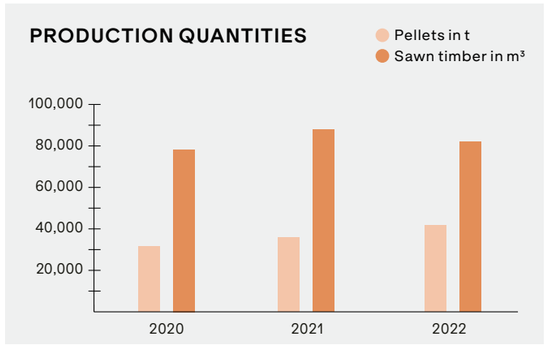
Measures
- Risk analysis and documentation of our supply chains
- Identifying high-risk products from potential risk areas and eliminating the risks to ensure that we only source products of legal manufacturing practices
- First transnational recording of Scope 3 emissions throughout the supply chain as part of a research project

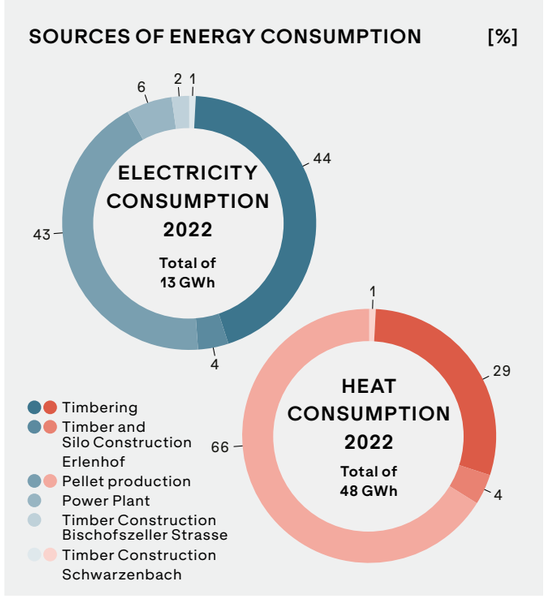
Environmental sustainability

3.1 Energy consumption and climate protection









Energy consumption at our headquarters is directly related to production volumes of energy-intensive products.

Energy composition

At the in-house biomass power plant at the Erlenhof location, Blumer Lehmann generates electricity and heat energy from the residual timber. The heat energy (48 GWh) is 100 % used at the location. We use it to heat our drying chambers, utilise the thermal energy for drying residual timber and heat the production halls and offices with it during the winter months. 100 % of the electricity generated as a by-product of the ORC plant (7 GWh) was fed into the public grid. For our electricity requirements at Erlenhof and Bischofszellerstrasse, we obtain 100 % of our electricity from nuclear power, while the production hall in Schwarzenbach uses 100 % hydroelectricity. We heat the second site in Gossau, SG, on Bischofszellerstrasse, with our pellets. In Schwarzenbach, 80 % of the heat energy comes from natural gas and 20 % from biogas.

Energy consumption

The increase in electricity and heat consumption over the last three years is primarily due to the increased production of pellets. In 2020, 31,525 t were produced, whereas in 2022 it was 41,535 t. Drying and pressing the chips are the most energy-intensive processes in pellet production. Cutting in the sawmill and further processing in the planing mill also steadily increased, resulting in higher operating times and energy consumption for the saw line, the planing and finger-jointing line and the drying chambers. Production at the sawmill amounted to 78,273 m^3 in 2020 and 92,064 m^3 of sawn timber in 2022. Cutting and trimming, as well as the element line and manual element production in Timber Construction, require comparatively less energy. The same applies to silo construction, whose very low energy consumption is attributed to the Timber Industry division.

Fuel consumption in the company fleet

We classify our vehicles in three categories:
- Production vehicles such as forklifts, lifts, wheel loaders and tractors used at the various locations.
- Construction site or delivery vehicles used to travel to construction sites or supply our customers. This includes vans, panel vans and lorries.
- Passenger cars used for all other trips. This includes non-business-related and private trips, for which the company cars are available to employees.

The Timber Industry division is the source of the highest consumption in the production category due to its logistics and storage activities around the sawmill. For construction site vehicles, the Timber Construction division has the highest fuel consumption due to daily trips to the construction sites with material and personnel. The Timber Industry division is also the source of fuel consumption in this category, due to delivery of sawn timber products to customers. The 16 Timber Construction cars were used primarily by sales staff, project and site managers for trips to sales and planning meetings or to the construction site. Also attributed to the Timber Construction division are the 11 pool vehicles, which are available to all employees across all business divisions.

FUEL CONSUMPTION IN 2022 [LITRES]

Greenhouse gas emissions (GHG) Scopes 1 + 2

We prepared the CO_2 balance sheet at the company level (corporate carbon footprint) for the first time in 2023 for financial year 2022 in accordance with the Greenhouse Gas Protocol, GHG. For emissions resulting from the direct combustion of fuels, we distinguish between fossil and biogenic emissions. At Blumer Lehmann, fossil emissions are caused by the combustion of fuels in the company's own fleet as well as by minor leaks from air conditioning systems and refrigeration dryers. Biogenic emissions arise from the combustion of biomass, i.e. from the generation of energy in our biomass power plant. Biogenic emissions are eco-friendly. Our indirect emissions are generated by the energy producers from which we draw heat and electricity.

> Only 37 % of our direct emissions come from non-renewable energy.

GLOSSARY
CO_2e: CO_2 equivalent (CO_2e) is a unit of measurement used to standardise the climate effects of various greenhouse gases.
In addition to CO_2, the most important greenhouse gas caused by humans, there are other greenhouse gases as well. They do not all contribute to the greenhouse effect to the same extent and remain in the atmosphere for varying periods of time. To make the effects of different greenhouse gases comparable, a 'global warming potential' metric was defined. This index expresses the warming effect of a certain amount of a greenhouse gas over a fixed period of time (usually 100 years) compared to that of CO_2. (Source: myclimate.org)

GREENHOUSE GAS EMISSIONS AT ERLENHOF IN 2022

Emission source	t CO_2e
Fossil direct emissions (Scope 1)	533
Fleet	529
Refrigerants	4
Indirect emissions from external energy production (Scope 2)	58
Purchased electricity	2
Purchased heat	56
Biogenic direct emissions (Scope 1)	44,430
Biogenic CO_2 from biomass combustion	43,492
Non-CO_2emissions from wood combustion	938

GHG emissions – Scope 3

In its initial survey of Scope 3 emissions, Blumer Lehmann focused on the primary sources. A full Scope 3 screening is planned for the 2023 reporting year.

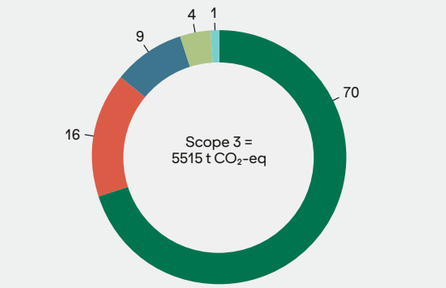
Scope 3 emissions for the 2022 reporting year are as follows:

Transport throughout the supply chain
The transport of purchased raw materials and construction materials, as well as the transport of the finished timber elements or modules from the production hall to the construction site, play a significant role in these figures. Freight trains, lorries, ships and aircraft were used as means of transport. If the timber elements or timber products were transported by plane, this involved smaller quantities that were transported under time pressure. Lorries are predominantly used for transport within Switzerland and to neighbouring countries. Round timber delivery, with around 33 lorry deliveries per day and 217 production days, accounts for more than half of the lorry emissions.

Employee commuting
Some 85 % of all employee commutes were made by car. This was the source of 95 % of commuting emissions. This is mainly due to the lack of connection to public transport.

Business trips
These emissions are 25 % attributable to overnight stays and 75 % to travelling to and from the destination. In the reporting year, our employees had a total of 5,863 overnight stays on business trips. They travelled by plane 338 times. The train is also a frequently chosen means of transport, although it was not possible to collect complete data due to existing public transport season tickets. In addition, 157,500 passenger kilometres were covered by ferry for the installation work on the Red Sea project.

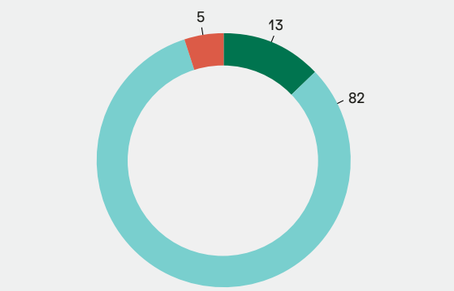
SCOPE 3 EMISSIONS 2022 [%]



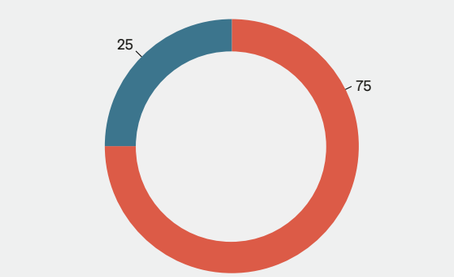
MODE OF TRANSPORT SUPPLY CHAIN TRANSPORTS IN 2022 [%]

Means of transport	Share of commute	Share of CO_2 emissions caused
Car	79 %	95.5 %
Train	11 %	1.0 %
Bicycle	3 %	0 %
Electric Car	2 %	2.5 %
E-Bike	2 %	0.2 %
Scooter	1 %	0.7 %
Public Transport	0.5 %	0.1 %

SHARE OF CO_2 EMISSIONS PER MEANS OF TRANSPORT IN 2022 [%]



COMPOSITION OF EMISSIONS FROM OUR BUSINESS TRIPS [%]

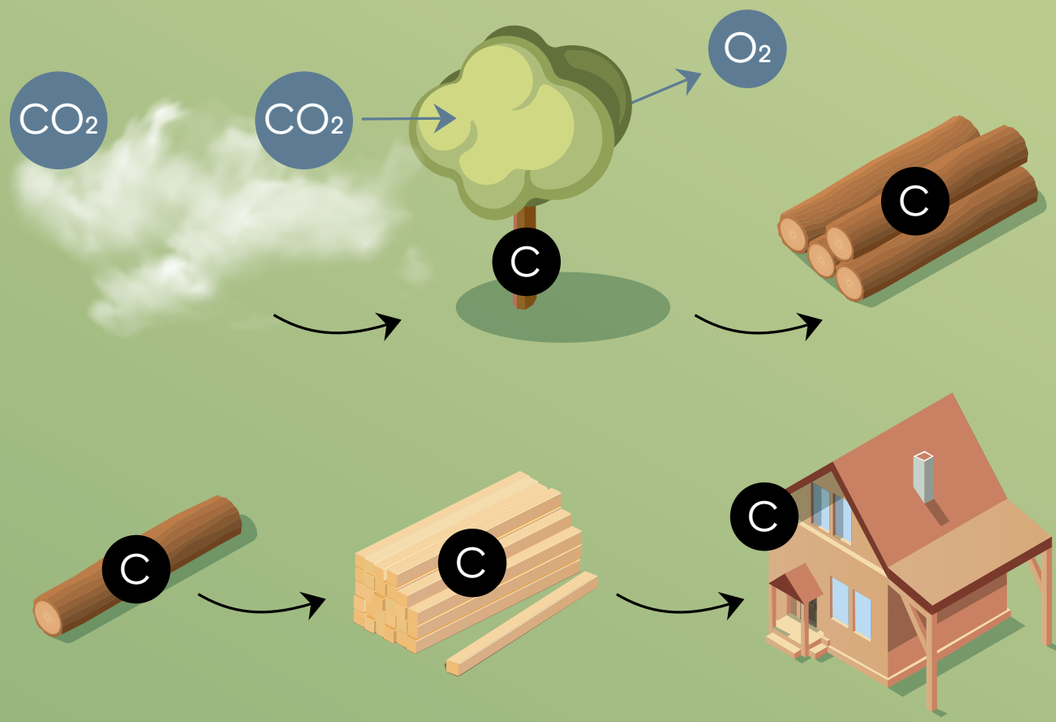


Carbon storage in wood

During photosynthesis, a tree removes carbon dioxide (CO_2) from the atmosphere and uses the carbon (C) to build wood. Solar energy is converted into chemically bound energy and stored in the wood. Wood becomes a carbon store.

The material use of the renewable resource of wood has a positive impact on Switzerland's CO_2 balance. This is because the sensible and long-term use of wood products shifts the bound carbon into the wood projects and objects. This extends the sequestration of the carbon by the lifetime of the object.

In 2022, Blumer Lehmann purchased around 178,400 fm of wood directly from the forest and processed it into roughly 92,000 m^3 of durable wood products. This resulted in the long-term storage of 20,000 t of carbon or 73,600 t of CO_2.



CO_2 carbon dioxide
O_2 oxygen
C carbon

Source: SSH PBS

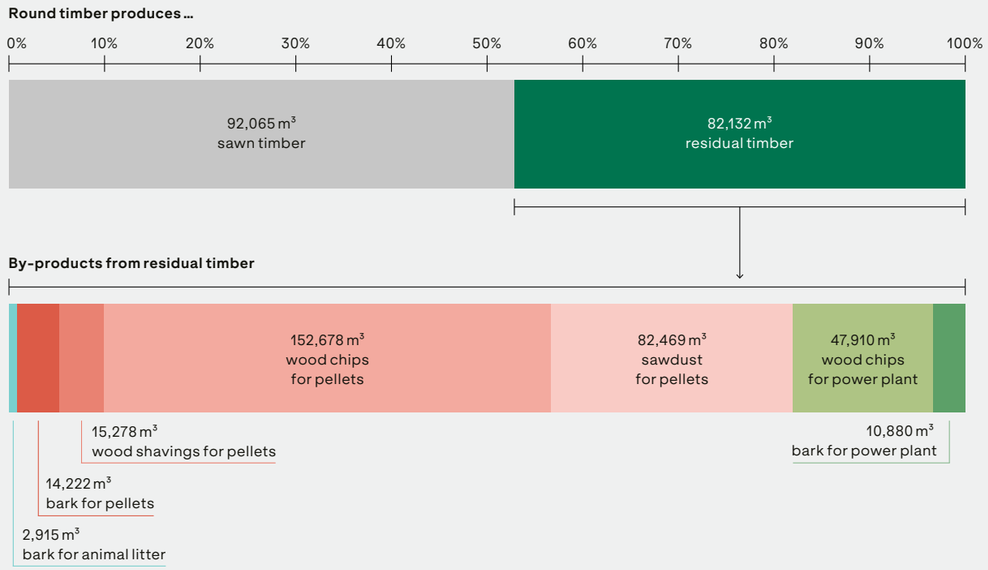
3.2 Waste production

Erlenhof timber life cycle – Gossau SG location

When it comes to wood as a raw material, 'waste' isn't in our vocabulary. The wood that we cannot use in our products or buildings is used to produce pellets, bark briquettes and litter for small animals. And residual wood is used for power generation in our own biomass power plant. We then use the energy it generates for our production. At Blumer Lehmann, every single log is 100 % utilised.

Film on the timber life cycle

RESIDUAL TIMBER RECYCLING IN 2022



Other types of waste

During the construction of buildings and silos, residues of other construction materials and packaging materials are generated at the sites and in production. These materials are delivered to a recycling facility and handled separately. Only glass and films are recycled. The majority of the waste generated at Blumer Lehmann is utilised thermally. Plaster and mixed construction waste end up in the landfill. As we increase the circularity of our products, we are striving to increase the proportion of material recycling. A further objective is to avoid waste.

Type of waste	Quantity	Waste Management
Treated glass (hollow glass, bottle glass, flat glass, window glass)	1.31 t	100 % material recycling
Low density polyethylene film (LDPE)	36.82 t	
Treated waste wood	34.64 t	40 % material recycling, 60 % thermal utilisation with energy recovery
Contaminated sawdust	21.72 t	100 % thermal utilisation with energy recovery
Combustible waste	109.62 t	
Mixed construction waste and mixed demolition waste	33.52 t	Landfill
Plaster	268.26 t	

3.3 Products and supply chain

Origin of raw materials and other materials

Blumer Lehmann obtains the wood as a raw material in the form of round timber directly from the surrounding forests. Construction materials made of wood or other raw materials are purchased from various manufacturers or dealers.

Our round timber comes from sustainably managed forests within an average radius of 80 km from the Erlenhof site in Gossau. In 2022, we purchased roughly 178,400 cubic metres of round timber. Most of this comes from Switzerland (85 %), with the rest coming from southern Germany (14 %) and Austria (1 %). All Swiss wood is labelled with the ‘Schweizer Holz’ (Swiss timber) label of origin. 48 % of the round timber purchased is FSC certified. We only source and process softwood timber, primarily spruce and 13 % fir. We purchase pine, larch and Douglas fir in very small quantities. However, these types of wood are not processed in our own sawmill, but only traded.

Other construction materials

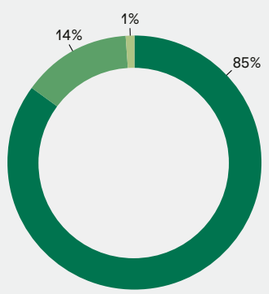
In its Timber Construction and Silo Construction divisions, Blumer Lehmann purchases additional construction materials. These include wood materials, plasterboard, clay board, insulation materials, vapour barriers, wind paper and fasteners.

In the Silo and Facilities Construction division, various steel profiles are required in addition to timber products and fasteners. We purchase these profiles in Switzerland as well as in the German federal states of Baden-Württemberg and Bavaria. We are currently unable to provide any information about the origin of the steel used. The situation is similar with regard to fasteners – here again, we are unable to provide definite answers as to the origin of the raw materials at this time.

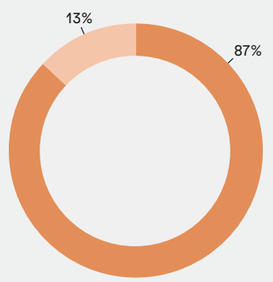
We already know the countries of origin for the wood in the wood materials. It comes from Switzerland or the EU and was harvested in sustainably managed forests. In addition, there is no significant risk of illegality in the supply chain in the countries of origin.

We also source the other construction materials in Switzerland and the EU. However, the origin is only known in some cases. A quantitative survey based on the respective countries of purchase and origin has not yet been carried out to date, but is planned for the next reporting period.

ROUND TIMBER ORIGIN



ROUND TIMBER SHARE



Shared responsibility for environmental protection and working conditions at suppliers

An initial rough analysis of Blumer Lehmann's supply chains revealed that most of the raw materials and construction materials purchased by the company originate from Switzerland or the EU (see 3.3). We therefore buy in countries where violations of labour and environmental law can be ruled out with a high probability or where there is no high risk. But we want to know even more and go even deeper – assume even greater responsibility and play an even more positive role throughout our supply chains. Starting in 2024, we therefore want to take a close look at our supply chains and identify and address potential risks and opportunities for environmental protection and human rights.

Efficient use of raw materials and other materials

In the timber industry
The raw material wood, which we obtain directly from the forest, is fully utilised in our timber life cycle. Depending on the diameter and quality of the logs, we can apply optimised cutting patterns in the sawmill to extract the maximum potential for high-quality sawn timber products from each log and keep the proportion of residual timber per log as low as possible. We produce pellets and energy from the remaining residual timber.

In silo and facilities construction
When using steel and fasteners in our silos, we make sure that they have a long service life and will not need to be replaced within that life cycle. To this purpose, the profiles are given a coating that protects them against weathering and corrosion, and we use special fasteners that do not corrode. With our servicing and maintenance services, we also offer a complete package of services for the proper care and maintenance of silos.

In timber construction
In the buildings we construct, we use materials that comply with current guidelines and standards for buildings and construction products. With our expertise, we use them in such a way that the buildings can be produced in the most durable, energy-efficient and resource-conserving manner possible and can be used flexibly and sustainably. The choice of materials plays a decisive role in this. In addition to the sustainable product of wood, we also endeavour to use renewable or recycled raw materials in other product categories. When selecting insulation materials, for example, we rely on cellulose or glass wool made from recycled waste glass. To increase the use of loose cellulose insulation, we are investing in a new system for blowing the insulation into the timber elements.

Regional security of supply

As a raw material from the region, Blumer Lehmann primarily sources round timber – exclusively softwood timber – which is processed in the in-house sawmill. Due to the consequences of climate change, we expect that the availability of softwood in local forests will decrease. We currently source our timber from forests that, fortunately, have been less affected by climate changes so far due to their location. At higher altitudes, sufficient rainfall and adapted forestry practices ensure vital and resilient stands of forest, so we can assume a secure supply of softwood in the short to medium term. Nevertheless, a residual risk remains that extreme weather events or dry spells could also increase at higher altitudes and reduce the availability of raw materials.

Political restrictions such as forestry use restrictions or export bans on round timber from Germany or Austria could also lead to a shortage of raw material. Due to the large number of round timber suppliers in Switzerland, this would have very little impact on the short- and medium-term security of supply for Blumer Lehmann.

Sustainable building planning

In order to develop buildings that are as sustainable as possible, Blumer Lehmann tries to get involved in the planning of the projects as early as possible. In collaboration with architects and clients, we can develop a sustainable overall concept in which the following criteria are taken into account:
- Embodied energy of the building (grey energy)
- CO_2 emissions from the construction of the building
- Operating energy during building use (type of energy, consumption, energy storage)
- Amortisation period of the grey energy
- Selection of natural construction materials
- Circularity and resource conservation
- Sustainable water cycle
- Biodiversity

To investigate and evaluate construction materials with regard to their sustainability properties, Blumer Lehmann uses instruments such as EPDs (Environmental Product Declarations) and various life cycle assessment databases such as ecoBau, KBOB and Ökobaudat.

Circular Economy

Circularity is already practised at Blumer Lehmann on various levels. Our timber cycle (see 3.2) is a very good example of how a circular economy can be environmentally and economically beneficial. We also demonstrate this with our modular constructions. In addition to swift installation at the construction site, modules have another significant advantage: they can be dismantled quickly and easily and re-assembled in a different location. For many modules, the second use is already planned before the first use. Some temporary constructions have even been used up to four times. There have also been repeated uses across borders – for example, the temporary venue of the Theater St. Gallen was sold to Ingolstadt as a replacement venue for the renovation of the Stadttheater.

As for the use of individual components, timber elements, and silos, or the non-destructive dismantling of modules into their individual parts, development of the business model is still in its early stages.

However, the circularity of the materials used has already been taken into account in individual lighthouse projects. Step by step, we want to make circularity the standard in all of our projects and products (see 2.3).

Project example HORTUS

Project example Theater St. Gallen

Project example City schoolhouses ZM10

4 Social sustainability

4.1 Principles of our employment policy

Blumer Lehmann is an owner-operated family business in which we practise a spirit of mutual appreciation and cultivate respectful interaction on and between all levels of the hierarchy. We assume a certain duty of care towards all employees, which can extend well beyond what is normally expected. This might mean that employees in difficult situations in their private lives receive targeted individual support.

Targeted employee development

We nurture people and their potential: By fostering the personal responsibility, commitment and performance of our employees, we empower them to develop their skills and potential. We create an innovative and motivating environment for this very purpose. Our company working practices are based on trust, appreciation, tolerance and a healthy dose of humour.

With the newly founded Blumer Lehmann Academy, Blumer Lehmann wants to support its employees in their professional and personal development. The available training and development opportunities strengthen their individual skills and the collective know-how within the company. In addition to the further training and development of our own employees, basic training and partner and customer training form the three pillars of the Blumer Lehmann Academy.

We're also big on team-building events at Blumer Lehmann. For example, every spring we have a company ski weekend, go on a company hike in summer and end the year with a company Christmas event. In 2023, we also held the first annual Blumer Lehmann Day. Once a year, all employees from all locations will spend a day at the Erlenhof headquarters, take advantage of further training opportunities, and enjoy the chance to spend some time together.

Our values

Integration of people from the intermediate labour market

People who want to be reintegrated into the labour market can get a fresh start with us. Various factors have to be in place in order not to overwhelm the existing teams and employees during the reintegration phase. The team therefore has a critical role in deciding whether an integration should take place. A number of successful reintegrations into the labour market have already been achieved through this programme.

Temporary employees

Approximately 13 % of Blumer Lehmann's employees, or a total of 60 people in 2022, are temporary employees whose employment relationship with the company is only for a certain period of time. They work mainly as carpenters in assembly or production. Temporary employees replace missing full-time employees. This high proportion of temporary employees can be a hindrance to the successful implementation of a value-oriented corporate culture and it is important to keep an eye on this.

On the other hand, it is beneficial for the company to use the concept of 'temporary work' to attract new qualified permanent employees. We've managed to do precisely that on several occasions in recent years.

4.2 Blumer Lehmann Academy

More about the Blumer Lehmann Academy

We develop and enhance the individual skills and collective knowledge of the talented people in and around our company through targeted training opportunities. To this end, we recently founded our Blumer Lehmann Academy.

The Blumer Lehmann Academy encompasses the following three pillars:

Basic training

As a host company, Blumer Lehmann offers apprenticeships for young people. The objective is to foster technical, personal and social skills. We also train people in the foundations of specialist professions and activities 'on the job' as part of our in-house professional training.

Blumer Lehmann offers four apprenticeships:
- Carpenter EFZ
- Timber Industry Specialist EFZ
- Woodworker EBA
- Draughtsperson (specialisation in architecture) EFZ

As a host company with a cantonal education permit, Blumer Lehmann also demonstrates its commitment to vocational training with the host company label. We ensure that the Swiss economy can also count on highly qualified specialists in the future.

Partner and customer training

This includes specific training, workshops and tours for students, apprentices and business partners. We also strongly believe in training specialist cohorts from different apprenticeships as well as students and specialists in timber construction, engineering and architecture. Blumer Lehmann experts in the fields of planning, architecture and engineering give students and other interested participants an in-depth introduction to timber construction, for example, through customised multi-day workshops, lectures or guided tours. In 2022, 15 specialist cohorts visited us.

Further training and development

Development and career planning for specialist and management pathways for existing employees.

We support development and career planning for our employees on their path to specialist and management careers. Annual staff evaluations serve as a foundation for this. Supervisors and employees decide together if and when specialist and social competencies will be fostered and supported financially via internal or external training programmes.

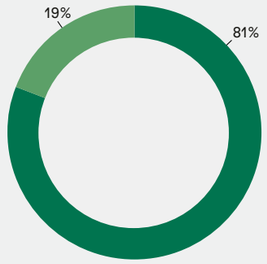
4.3 Occupational health and safety

We take responsibility for the health and safety of our employees. Legal regulations such as the guidelines of the Federal Coordination Commission for Occupational Safety (FCOS) provide the framework for occupational safety. The provision of full personal protective equipment, regular first aid courses and instruction on the vehicles, machinery and equipment we use are just some of the obligations we fulfil. We also use the resources and preventive measures provided by the Swiss National Accident Insurance Fund SUVA. We invest in the health of our employees with a variety of conventional and new preventive measures.

Blumer Lehmann implements measures for the occupational health and safety of its employees as 'tangibly' as possible so that employees will benefit from them long-term and be prepared to protect their health both in their private and professional lives. Since 2023, all employees throughout the company have also been trained on selected safety and prevention topics in the context of a joint 'We are Blumer Lehmann' day.

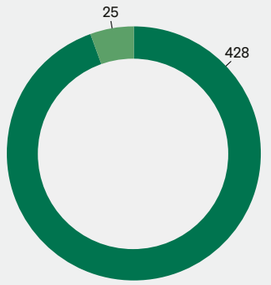
4.4 Personnel key figures

FULL-TIME/PART-TIME BREAKDOWN



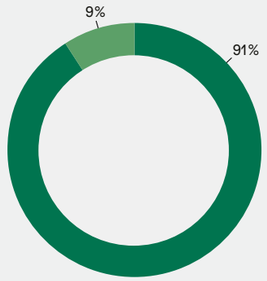
- Full-time employees
- Part-time employees

PERMANENT/TEMPORARY BREAKDOWN



- Permanent staff
- Temporary staff

GENDER BREAKDOWN



- Male
- Female

OCCUPATIONAL SAFETY, TRAINING AND DEVELOPMENT

42
Reportable work accidents

25
Trainees

1872
Annual training hours

Economic sustainability

5.1 Measures to ensure the medium- to long-term success of the company

Expansion of production capacities

We are investing in our production capacities to handle ever-larger timber construction projects.

We are returning previously outsourced jobs to our headquarters, the Erlenhof site in Gossau, SG. In 2024, we will expand element and module production, optimise silo production and set up an apprentice workshop. Blumer Lehmann is also completing the timber life cycle at the Erlenhof and installing the production of glued semi-finished products on the upper floor of Hall 16. This will enable us to expand our production capacities, increase added value and contribute to our net-zero strategy by reducing transport costs, thus increasing our competitiveness.

Site development

Blumer Lehmann also intends to continue the efforts it has undertaken at its sites in Germany and Luxembourg to continue developing, to support its employees and to invest in services, production resources and market opportunities. We will also continue to invest in the development of our subsidiary oa.sys baut GmbH in Alberschwende, Austria. We are also looking at working with other companies that can expand our skills and capabilities in the future. Being close to our customers enables us to understand their needs and the conditions in our primary markets. We are continuing to expand our network by working with regional service providers and partner companies. We are taking advantage of our market opportunities and expanding our options.

Process optimisation

In order to remain competitive in the future, Blumer Lehmann must continuously improve its services, processes and products relating to timber as a material. This depends not only on investments and flagship projects, but also the daily work of each and every one of us. We want to work in a cost-conscious manner, use new methods and technologies, stay innovative and creative and serve our customers with a service-minded approach. To improve workflow, we are digitalising our processes step by step and have deployed a new, efficient ERP system. In the Timber Industry division, we have also implemented a holistic lean management system to make our processes more effective and efficient on an ongoing basis.

5.2 Sustainability – opportunities and risks

At Blumer Lehmann, we work with the sustainable material of wood, which actually binds carbon as it grows. So we buy, process and install a 'CO_2 storage system'. That puts us in a good position from the outset. Moreover, wood consumes little energy during processing, so the energy costs for production and processing are automatically lower than for other construction materials. Through our timber life cycle, we also use our residual timber to generate renewable energy, which we then use for the production of timber products, timber constructions and silos. As a result, we only have to purchase a small share of externally generated energy.

For many buildings, compliance with defined sustainability criteria is already a requirement of equal importance to economic criteria. The choice of sustainable construction materials is already a prerequisite for public buildings such as schools, kindergartens and other buildings. Demand for timber constructions will therefore continue to increase, which is why we are expanding our capacities throughout the company and investing in additional production spaces.

On the other hand, political uncertainties and regulations, as well as new ordinances and laws in the construction sector, are tying up capacities within the company. Although threats such as climate change, social inequality and illegal supply chains are nothing new, effective tools to combat them have only recently been developed. How to broadly apply and implement instruments such as the corporate carbon footprint and sustainability reporting is not yet always fully clear. Implementation in the private sector will initially be a matter of trial and error. Open questions about implementation will make comparability and verifiability within the industry more difficult. If the instruments needed to address new ESG regulations and laws are not implemented in a timely and appropriate manner, this may make market access more difficult. We intend to pre-empt this situation by coming to terms with these future instruments in advance.

5.3 Significance for the regional economy

For the Gossau, SG location and the surrounding area, Blumer Lehmann primarily offers a wide range of jobs. In addition to the approximately 400 jobs at the Gossau site, we train an additional 25 apprentices in four different occupations.

In addition to commercial and wage tax revenues, the hospitality industry in the city of Gossau benefits from the numerous international customers who regularly visit Blumer Lehmann's headquarters. There are also positive effects for businesses and service providers in Gossau – thanks to long-term framework agreements with us as a company and regular purchases by our employees in Gossau.

Faszination Holz
↳ blumer-lehmann.com

Blumer Lehmann