

REPORTING YEAR  
**2023**



**CORE  
MATERIALS**

# ESG REPORT

Towards a sustainable, lighter and greener Future.





GRI (2-1, 2-3)

**Name:** 3A Composites Core Materials |  
**Head Office:** Airex AG | Industrie Nord 26 | 5643 Sins, Switzerland |  
**Telephone:** +41 41 789 66 00 |  
**Corporate website:** [www.3accorematerials.com](http://www.3accorematerials.com) |

In this report, we communicate our company’s sustainability performance for the year 2023. Through this annual disclosure, we seek to highlight our commitment to sustainability and corporate responsibility and demonstrate how we addressed challenges and opportunities related to environmental, social, and governance (ESG) aspects during the year.

Detailed financial performance is available in the report published by **Schweiter Technologies AG**, our parent company, following International Financial Reporting Standards (IFRS), and applicable local regulations. We ensure that the data collected, and the results achieved in each reporting period are presented clearly and comprehensively in our financial and sustainability reports, providing a complete and accurate picture of our performance in both areas.

The reporting period of this sustainability report covers from January 1 to December 31, 2023, coinciding with the reporting period of the company’s financial statements.

The editorial team has participated in the review and approval of this report. However, it should be noted that this document has not been externally verified in accordance with GRI standards.

**For more info, please contact us.**

**Juan Matheus**  
 Global Product Manager / Division ESG Coordinator  
[juan.matheus@3composites.com](mailto:juan.matheus@3composites.com)

**Tina Kratochwil**  
 Marketing Manager Core Materials  
[tina.kratochwil@3composites.com](mailto:tina.kratochwil@3composites.com)

Throughout this report, **3A Composites Core Materials** (hereinafter referred to as **3ACM**) is used to denote the entity.



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# EDITORIAL TEAM

Dear Reader,

2023 was a year of consolidation and growth of Environmental, Social and Governance (ESG) criteria into our operations. ESG can be overwhelming as, what seems to be an endless amount of new acronyms and concepts, are introduced to all levels of the organization. Our ESG report for the reporting year 2023 builds up on our successes from the previous year and brings to the table new elements to be known and discussed by all our stakeholders. This includes the kick-off of our multiannual ESG strategy planning, following well respected methodologies for sustainability and a deep understanding of our material impacts.

This report is also a great opportunity to display the full reach of our business, highlighting our people, who are instrumental in delivering our value proposition. We invite you to learn more about what we are doing to leave a lasting impact in our areas of influence, from our neighbors in our plantations, to our employees and into our commitment to the climate, which knows no borders.

We are also proud to present a report that is fully compliant with the GRI standard, which provides the reader with transparent, verifiable, accurate data in a wide array of material topics, as part of our non-financial disclosures.

Challenges are on the horizon as we enter a new era where conflict, environmental risks and social unrest are becoming increasingly common. We believe **3A Composites Core Materials** plays an important role in this new reality and we will continue to do so with more sustainable portfolios, a conscious customer-centric focus and the relentless quest for a lighter, greener future.

**Juan Matheus**

Global Product Manager BALTEK® /  
Division ESG Coordinator

**Seth Beaver**

Regional Sales Manager USA

**Luana Cavalli**

Director Global New  
Business Development

**Thorsten Walter**

Director Sport & Health /  
Director Marketing Core Materials

**Haro Coolen**

Global Sustainability Director





# LETTER FROM THE CEO

Dear Reader,

At **3A Composites Core Materials**, we are dedicated to fostering a culture of corporate sustainability and responsibility. We understand the importance of Environmental, Social, and Governance (ESG) factors in guiding our business practices toward a more sustainable development.

During this year, we will improve our ESG strategy in order to have a clearer roadmap for our business area, outlining key objectives. We will further identify areas where we can make the most significant impact and will set ambitious goals to drive progress. By aligning our efforts with industry best practices and stakeholder expectations, we are confident in our ability to create a greener future.

As a business area, we have been making voluntary decisions that reflect our commitment to sustainability and responsible business practices. These decisions have a tangible impact on our day-to-day operations and underscore our dedication to creating positive change.

I would like to list some actions that we have been undertaking on the Environmental side:

Each year, our business area is planting in average 2.5 millions of trees per year in Ecuador and Papua New Guinea. This incredible performance confirmed our commitment to source wood from plantations and resource conservation.

On the energy side, we move to renewable sources for our sites where choice is possible and also develop Solar PV projects like in 2023 in Ecuador to power our R&D balsa center.

Reduction carbon footprint is pushing us also to implement sustainable practices in our supply chain, in **AIREX® T92** range, we want to increase the share of postindustrial PET content without removing recyclable material from the bottle industry which is pushing the bottle-to-bottle model.

Moving forward, we will continue to monitor our progress, engage with stakeholders, and adapt our approach to address emerging challenges and opportunities. By integrating ESG considerations into our business strategy, we are not only mitigating risks but also unlocking new opportunities for growth and innovation.

Together, we are building a more sustainable future for generations to come.

**Eric Gauthier**

Chief Executive Officer  
3A Composites Core Materials





# BUSINESS AREA OVERVIEW

2023 marked a milestone in the growth of the Core Materials division with the completion of the acquisition of 100% of all shares of **JMB Wind Engineering**. **Schweiter Technologies**, our parent holding company, had owned a 40% stake in the Poland-based company since 2021. With the acquisition, we have incorporated 4 new sites into our footprint, further enhancing our global reach. With locations in Portugal, Brazil and 2 locations in Poland, we consolidated our kitting capabilities for several industries, mainly Wind and Marine.

On the other side of the globe, we completed in 2023 the consolidation of our site in Ecuador, merging all our manufacturing operation into our Quevedo industrial complex. Since it was acquired by **Schweiter Technologies**, the balsa operations in Ecuador went from 5 locations down to one, nevertheless the productivity and output has increased two-fold. This provides evidence that the investments in technology and training of people have bared fruit.

Additionally, our Executive Management team formally inaugurated our facility in Changzhou, China with the presence of local authorities. This site had

been operational since 2020 but due to the effects of the COVID19 pandemic hadn't been able to be formally opened. Its modern and state-of-the-art facilities allows **3A Composites Core Materials** to manufacture both PET foams and balsa wood core materials locally. Using prime balsa wood sourced from our sites in Ecuador and Papua New Guinea as well as using foam recipes developed in our HQ in Switzerland by our R/D team, our Chinese operation supplies the best core materials to the Chinese market, globally inspired and locally sourced.

Last, 2023 saw the start of production of PET foam in our new Polish complex in Nowogard. Our most modern extrusion line has been designed for high throughput and optimal costs to continue building our European capacity and capabilities. Moreover, this site has been planned to be fully integrated with JMB kitting under the same roof, providing shaped core solutions directly to customers from the heart of Europe. Just like our other sites, our newest Poland facility utilizes our renowned PET foam recipes developed in our HQ to provide the best mechanical properties at lower density of its class.



# Corporate values, mission and purpose

GRI (2-23)

## Mission

At 3A Composites Core Materials, our mission is to create product solutions that are stronger, lighter, and greener to the core. Our team is driven by passion and perseverance, and we value the well-being of our global workforce and the communities in which we operate. Our goal is to create green products that enable our customers become more energy-efficient and have a positive impact on the environment.

Our products are both lightweight and strong, impacting a greener future, some are created from balsa wood that we plant and others from recyclable plastic (PET). We strive to inspire others - individuals and companies. That's what we are made of.

## Key elements within management:

### Excellence in everything we do

We strive to offer first-class products with a focus on service and research and development (R&D). We seek excellence in all areas of our company to meet the needs of our clients exceptionally.

### Vendor of Choice

We strive to be the vendor of choice by offering the best Total Cost of Ownership and ensuring availability for a demanding supply chain. We work closely with our clients to understand and meet their needs efficiently and profitably

### Sustainability Mindset

We consider environmental protection and social responsibility as fundamental elements of our business strategy. We work to develop innovative solutions that are respectful of the environment and promote a sustainable future.

## Core Values

In addition to our mission, we uphold the following values:



## How do you live the company's values?

- / **Integrity and responsibility** - Acting with honesty and consistency is our main drive. We prioritize ethical practices and community well-being.
- / **Respect** - We value every individual by treating them with dignity and fairness.
- / **Team spirit** - We develop people's potential by collaborating and supporting each other to achieve a common goal.
- / **Customer orientation** - Our efforts are focused in developing the most suitable solutions to meet customer's expectations and needs.

### Ramón del Pino

Managing Director Americas  
15 years in 3A Composites Core Materials



# About 3A Composites Core Materials

GRI (2-6)

Our operations located in Europe (Switzerland, Poland), the USA (NC and KY), China (Shanghai and Changzhou), Ecuador and Papua New Guinea that make our **AIREX®** foams, **BALTEK®** balsa wood composite materials as well as **FOREX® / SMART-X®** display solutions which are globally manufactured and locally available.

Since its foundation over 65 years ago, our Swiss site has been the divisional head office and produced **AIREX®** special closed-cell foams for sandwich technology and gymnastics, as well as **FOREX® / SMART-X®** lightweight sheets for visual communication.

We have two manufacturing locations in the US: in High Point, NC, home to our North America head office and core materials conversion, and in Glasgow, KY, where our **AIREX®** PET foam products are manufactured.

We also have two sites in China: one in Shanghai that serves as the regional head office in the Asia-Pacific region & core materials conversion, and one in Changzhou that focuses on the production of **AIREX®** PET foams.

In 2022, we strengthened further our PET position by starting a new plant in Nowogard (Poland). This new **AIREX®** production location allowed us to create synergies with JMB Wind Energy (a leading company in core materials kit design and production) and further improved our European supply chain footprint.

Our **BALTEK®** balsa wood cores are manufactured in Ecuador and Papua New Guinea, facilities with a fully integrated model from FSC®-certified owned plantations with world-class manufacturing standards,



being the only balsa wood supplier that can deliver core kits directly from source.

With the addition of **ENGICORE®**, we now offer custom-shaped core solutions that are optimized for specific manufacturing processes and standards. **ENGICORE®** are ready-made kits made from **AIREX®**

PET foams and **BALTEK®** balsa wood manufactured at our locations in Europe (Poland, Portugal) and Americas (Brazil, Ecuador).

**Employees**  
> 1,700

**Countries**  
> 9

**Customers**  
> 1,000

Note 1: The abbreviation of 3A Composites Core Materials is 3ACM.



# Markets - application highlights



*“Contender Boats is a manufacturer of semi-custom sportfishing boats based in Homestead, FL. With current models ranging from 23’ to 44’, Contender has been building high performance center consoles for over 40 years.*

*Our longstanding partnership with 3A Composites Core Materials has helped Contender remain a market segment leader. With the implementation of materials such as AIREX® T92, we have con-*

*tinued to evolve our lamination processes to further refine our models. We appreciate the responsiveness of the 3ACM team, the quality of the materials, and the value we receive throughout the 3ACM product portfolio. We stand behind every boat we build, knowing they are built using quality core materials from 3ACM.”*

**Chris Becker**  
Contender Boats



# Products

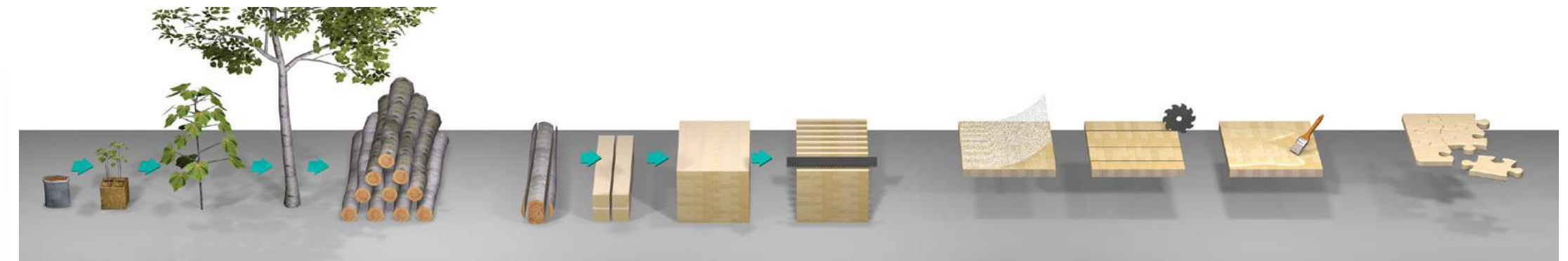
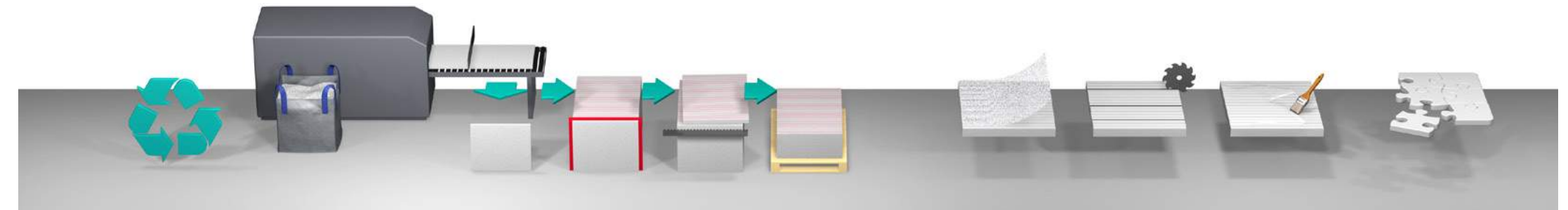
3ACM portfolio consists of **AIREX**® specialty foams, **BALTEK**® balsa wood and **ENGICORE**® shaped core solution products.

## AIREX®

Rigid foam core materials

Sandwich applications with **AIREX**® foams are up to 50% lighter than conventional solutions and require less energy while preserving highest strength, stiffness, and thermal insulation.

Significant weight reduction due to **AIREX**® foams allows switching mass from dead weight to payload. Due to its lower weight-to-stiffness ratio, **AIREX**® foams influence continuous improvement in renewable energy sector allowing construction of longer turbines.



## BALTEK®

Natural, renewable resource - balsa wood

**BALTEK**® is the only structural core material made of a natural, renewable resource – balsa wood. The balsa tree grows fast, has low to medium density, and best-in-class weight-specific mechanical properties. It is the first carbon neutral core material in the world.

We own and manage several thousand hectares of FSC®-certified balsa wood plantations in Ecuador (FSC-C019065) and Papua New Guinea (FSC-C125018) - that's our commitment to watch out for virgin rainforest.

## ENGICORE®

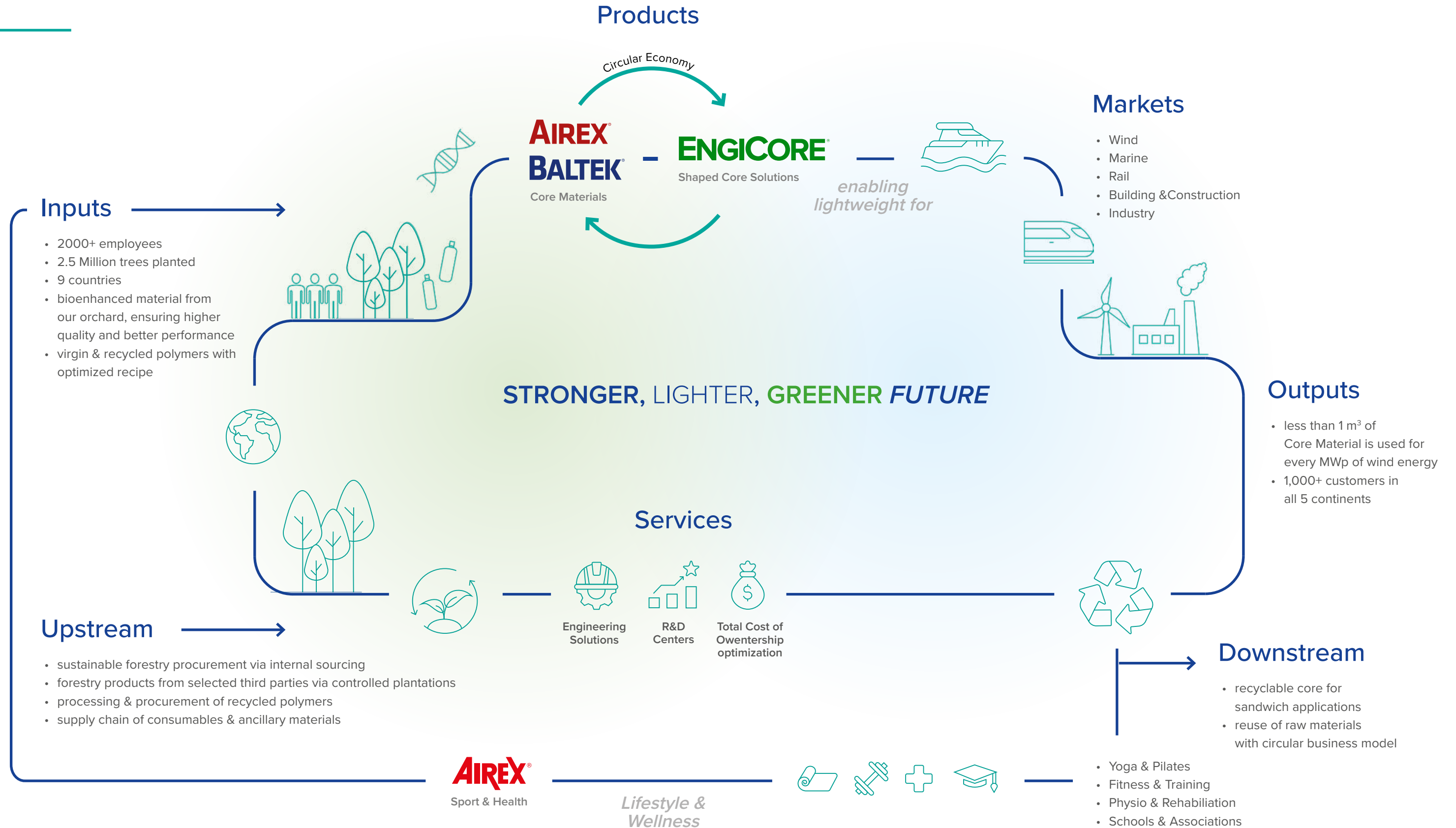
Shaped core solutions

**ENGICORE**® complements our portfolio of **AIREX**® and **BALTEK**® core materials, elevating our offering and providing customers shaped core solutions that adapt and perform in the best way to their manufacturing processes and standards.





# Business model





# Environmental Product Declaration

In the market of composite material manufacturing, sustainability is a mounting concern. At **3A Composites Core Materials**, we are committed to leading the way in reducing our environmental impact, constantly challenging conventional practices for innovative solutions to bring about positive change.

In 2023, we completed the recently validated Environmental Product Declaration (EPD) for our products, **AIREX® T92** PET foam and **BALTEK® SBC** balsa wood. These externally conducted and verified reports are available in the EPD Library section of the environdec.com platform. The research covers cradle-to-gate (A1-A3) in Switzerland for PET and in Ecuador for balsa wood.

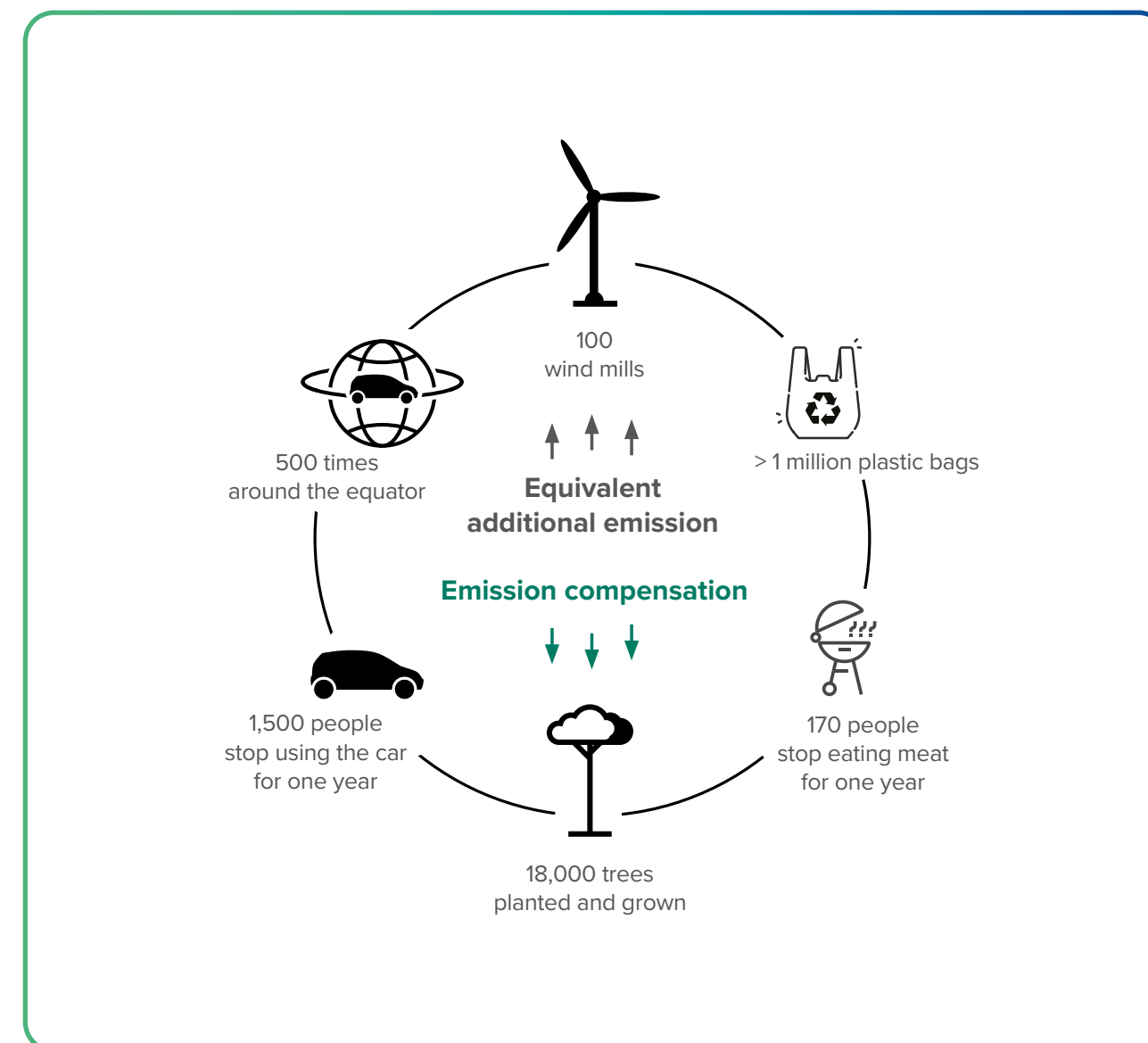
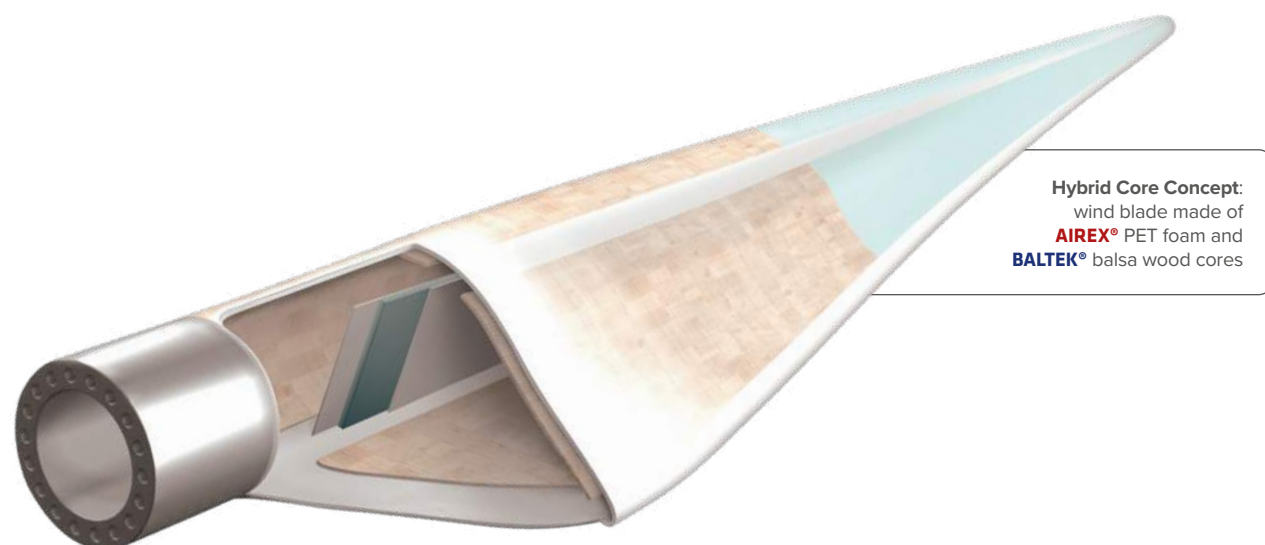
A case study illustrates the crucial impact of core material choice on the carbon footprint of a wind turbine blade. Replacing balsa with PET significantly increases carbon emissions, equivalent to driving a

car around the equator 500 times or more than one million plastic bags. These additional emissions can be offset by planting and nurturing 18,000 trees, preventing 1,500 people from driving a car for a year, or having 170 people abstain from eating meat for a year.

The analysis reveals that using **BALTEK®** balsa wood yields the best performance both in terms of mechanical properties and environmental impact. The second-best option is the **Hybrid Core Concept**, which combines **BALTEK®** balsa with **AIREX® T92 SealX** foam, thereby minimizing the amount of resin required and offering a best-in-class carbon footprint.



3A Composites Core Materials' EPD brochure



Keeping balsa in at least **30%** of the blade can **reduce the emission** of the whole **core footprint** by almost a **half!**





# Care2Core

## An integrated approach to sustainable success

GRI (3-1)

This initiative integrates environmental, social, and governance aspects at the heart of our company.

In this way, we ratify our commitment, develop initiatives, integrate environmental responsibility into our production processes, and ensure our employees feel secure and empowered, thereby driving the success of the business through value creation and active stakeholder engagement.

Fundamental pillars for our success:

Environment	Social	Governance
In our processes, we manage resources efficiently and adopt responsible practices to minimize our environmental impact.	We develop our employees and their capabilities. We promote and protect the rights of our employees. We provide a safe and healthy work environment.  We create social value on an ongoing basis, fostering solid and trusting relationships with our stakeholders.	Our decision-making is oriented to sustainability results, we act responsibly, ethically, and transparently.  We are committed to accountability with our stakeholders.

At **3A Composites Core Materials**, we have an extensive sustainability self-assessment process. This involves consulting various information sources, identifying both internal and external stakeholders as well as their expectations, assessing our performance in key sustainability areas, understanding gaps, and identifying opportunities for continuous improvement.



Customers



Community



Environment



Investors



Employees



Suppliers



Regulations



Academia



**Materiality Analysis**

GRI (3-1, 3-2)

In 2023, we conducted working sessions to identify key issues through an internal process. We utilized consultation as a tool and incorporated stakeholder expectations alongside the previous year's sustainability assessment. Leaving these relevant issues:



As part of our commitment to sustainability and transparency, in 2024 we will initiate the development of the Care2Core strategic planning, which will cover stakeholder dialogue, to identify and prioritize material issues with the participation of the expectations and needs of stakeholders.

The stages of this unprecedented exercise for our organization will include:



This materiality analysis will allow us to strengthen our strategic focus by involving our stakeholders, generate long-term value, increase transparency, and set ambitious and measurable goals for our performance, in line with our Core Materials Vision 2029.



# Environmental

(GRI 3 – Material topics)

At **3A Composites Core Materials**, environmental management is at our core as a key pillar in the management of all our operations. Aware of the challenge presented by climate change and as an identified material issue, we are committed to managing our greenhouse gas emissions and continually improving our use of resources.

The key material issues identified are:

## Climate change mitigation

- / Greenhouse Gas Emissions Management
  - [Summary of GHG Emission by Scope and Source](#)
  - [Ecuador site | VBC Production](#)
  - [High Point site | REX3 Production](#)
- / Energy efficiency Management
- / Renewable energy

## Water

- / Efficient water management in our operation
- / Protection of water sources
  - [Sustainable Forest Management](#)

## Sustainable Forest Management

- / Forest Assets
- / High Conservation Values Assets

## Materials

- / Efficient use of materials (renewable and non-renewable)
  - [Waste Management](#)
- / Circular economy
  - [Waste Management](#)
  - [Lunch dish re-use at Airex PL](#)
  - [Waste to Briquettes or from dust collection systems to recycled](#)
  - [Sustainability Recognition: Honored at the 5<sup>th</sup> Edition of the Sacha Award](#)

In the following, we will provide further details on each of these topics, outlining our approach and the specific steps we are taking to create a more sustainable future.



**Climate Change mitigation**

(GRI 3 - Material topics)

Climate change represents a challenge in the global landscape. At **3A Composites Core Materials**, we understand that we play an important role in creating a sustainable future, so we are committed to transitioning to more responsible and environmentally friendly production.

To achieve this, we focus our efforts on managing our emissions, continuously improving energy efficiency, circular economy models, and sourcing raw materials from responsibly managed forests, always ensuring biodiversity protection.

**/ Greenhouse Gas Emissions Management**

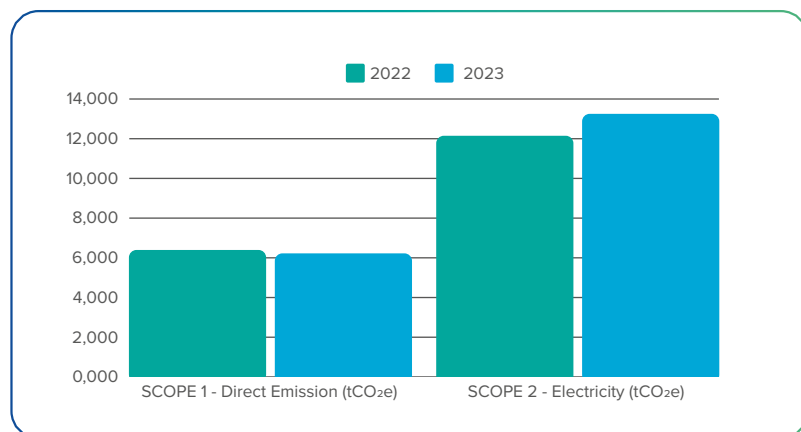
GHG emissions at the organizational level of **3A Composites Core Materials** corresponding to the year 2023 reach a value of **19,719 tCO<sub>2</sub>e**, **67%** of which is made up of Scope 2 emissions, followed by **33%** Scope 1 emissions.

We measure CO<sub>2</sub> emissions in accordance with the Greenhouse Gas (GHG) Protocol guidelines.

In 2023 we monitored the scopes: Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy purchases).

Scope 1 includes direct emissions, such as stationary and mobile combustion of diesel, biofuels, natural gas, liquefied petroleum gas, and light vehicles and forestry machinery, and fugitive emissions from substitution of refrigerant gases and blowing agent leaks. Scope 1 represents **33%** of total emissions, which amount to **6,412 tCO<sub>2</sub>e**.

Scope 2 includes indirect GHG emissions associated with the generation of electricity consumed by the organization, where average grid electricity consumption and 100% renewable electricity are reported. Scope 2 emissions are **13,307 tCO<sub>2</sub>e**, which represents **67%** of total emissions.



**► Summary of GHG Emission by Scope and Source**

(GRI 305-3, 305-2)

From Scope 1, the largest source of emissions is reflected in the consumption of fuel in stationary and mobile sources. On the other hand, Scope 2 corresponds entirely to emissions associated with electricity consumption.

		2022		2023	
		GHG emission tCO <sub>2</sub> e	GHG emission %	GHG emission tCO <sub>2</sub> e	GHG emission %
<b>SCOPE 1 – Direct Emissions</b>					
Stationary & mobile combustion	Diesel	3,501	18%	2,891	15%
Stationary & mobile combustion	Biofuels	469	2%	251	1%
Stationary & mobile combustion	Petrol	1	0%	0	0%
Stationary & mobile combustion	Liquefied Petroleum Gas (LPG)	48	0%	95	0%
Stationary & mobile combustion	Natural Gas	1,423	7%	1,310	7%
Stationary & mobile combustion	Light vehicles	580	3%	778	4%
Stationary & mobile combustion	Forestry machinery & vehicles	1,123	6%	820	4%
Fugitive emissions	<sup>1</sup> Replacement of refrigerant gases	102	1%	197	1%
Fugitive emissions	Blowing agent leaks	150	1%	70	0%
		<b>Scope 1</b>	<b>7,395</b>	<b>37%</b>	<b>6,412</b>
<b>SCOPE 2 – Electricity</b>					
Electricity consumption	<sup>1</sup> Average grid electricity	12,370	63%	13,307	67%
Electricity consumption	100% renewable electricity	0	0%	0	0%
		<b>Scope 2</b>	<b>12,370</b>	<b>63%</b>	<b>13,307</b>
		<b>Scope 1 + 2</b>	<b>19,765</b>	<b>100%</b>	<b>19,719</b>

Note 1: Corresponds to 01.01.2023 to 31.12.2023.

Note 2: Differences have been identified in the 2022 emissions data, driven by improvements in data collection quality and updates to emissions factors. The main variances include a 101-unit decrease in stationary and mobile combustion emissions - light vehicles, attributed to a more accurate data collection process, as well as a 2-unit increase in fugitive emissions. In addition, an increase of 181 units is observed in electricity consumption - average grid electricity, reflected by the updated CO<sub>2</sub> emission factor of Ecuador's National Interconnected System. These adjustments ensure a more accurate and updated sustainability report.

To continue our transition to a sustainable future, by 2024 we will move forward with the development of the scope 3 greenhouse gas inventory for sites:

**USA - Switzerland - China**

We will expand our scope 3 GHG inventory, which is already calculated for our Ecuador site. We are working to complete the 2022 and 2023 carbon footprint verifications for this site. ■



## Re-ECO-Location

### ► Ecuador site | VBC Production

In Ecuador to optimize the production and logistics of our VBC product, we relocated the production line to the main factory, located in the city of Quevedo (Ecuador). Previously, the product was processed in Santo Domingo, which is located 74 km away from the main factory, where the export process takes place.

We successfully consolidated our production and optimized resource management using LEAN principles.

This initiative helped us achieve:

- More efficient management of resources and costs.
- A more sustainable and resilient operation.
- Long-term operational efficiency. ■

*“By consolidating all stages in one place, we have optimized access to raw materials, simplified movements and resources, and improved workflow efficiency.”*

*This transition has given us greater control over production times, which translates into a more efficient final product. In summary, the move to Quevedo has been a successful strategy to improve the efficiency and integrated management of our VBC manufacturing process.”*

**Delcito Zambrano**

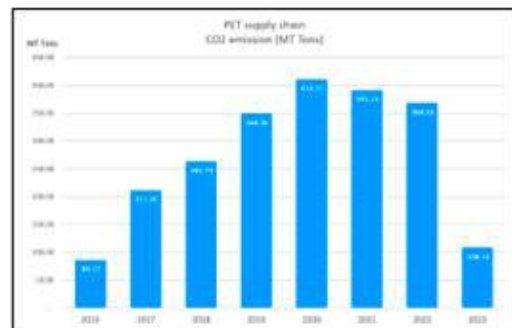
Production Supervisor at Ecuador site

### ► High Point site | REX3 Production

As a part of our business strategy **Baltek Inc.** decided to relocate our extrusion line from Glasgow, KY to High Point, NC.

The extrusion line has successfully run at our **3A Composites** Glasgow, KY facility since 2016. Since then, we have produced more than 200,000 M3; all the production was transported via truck or containers, towards High Point, NC for internal use or Charleston, SC for exports.

The number of trucks needed to accomplish these logistic movements equals to 2589 53’ truck loads, representing a total of 1’272,000 miles approximately; according to the EPA, in average about 32% of the trucks on the road have an emissions rate at or above 1.760 kg CO<sub>2</sub> per mile.



During the full production years, the CO<sub>2</sub> emissions of transporting the goods from Glasgow, KY to High Point, NC reached an average 380 MT tons per year.

By relocating the production of our raw materials next to our finishing conversion, we are creating a stronger, lighter, and greener future. ■

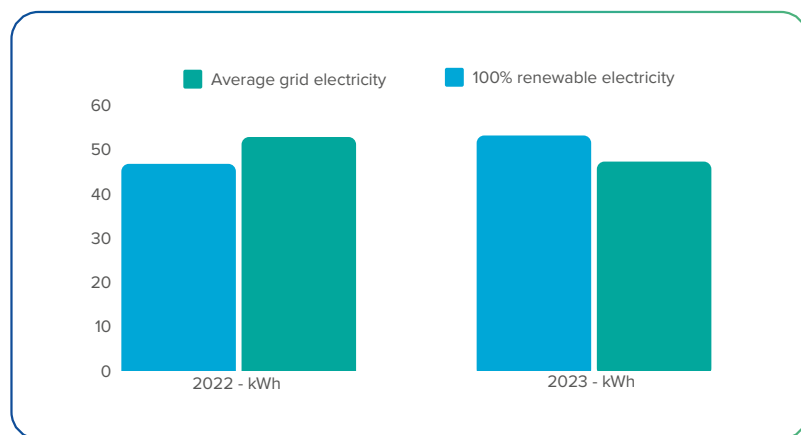




/ Energy Efficiency Management

(GRI 3 - Material topics)

Energy is an essential resource for the operation of the organization since it is necessary to maintain operational continuity and meet production objectives. Therefore, for **3A Composites Core Materials** it's important to manage this resource responsibly, both to reduce costs and to minimize the environmental impacts associated with the generation of electricity from fossil fuels.



In our daily operations, the use of energy is essential for the functionality of our operation. In 2023, we have used a total of **40,375,559 kWh** of energy, which is equivalent to a significant amount of electrical energy.

However, we are committed to sustainable and responsible energy management and are therefore proud to report that **47%** of our energy consumption comes from renewable sources. This is an important step towards sustainability and care for the environment and reflects our commitment to reducing our carbon footprint

		2022		2023	
		kWh	%	kWh	%
Electricity consumption	Average grid electricity	21,021,201	47%	21,505,371	53%
Electricity consumption	100% renewable electricity	23,932,729	53%	18,870,189	47%
<b>Total</b>		<b>44,953,930</b>	<b>100%</b>	<b>40,375,559</b>	<b>100%</b>

Note 1: Corresponds to 01.01.2023 to 31.12.2023.

Note 2: Electricity certified as 100% renewable (Ecuador and Switzerland site).

While transitioning to renewable energy across all our sites presents challenges, we remain committed to our focus on increasing dependence on clean energy sources. We're actively exploring and implementing solutions to overcome these hurdles and propel our progress towards a more sustainable future.



We are developing a prototype to transition to green energy. At our site in Ecuador, we face a climate challenge as the area tends to be cloudy. Therefore, we are working on measuring sunlight to determine how much solar energy we can benefit from.



## Water

(GRI 3 - 1)

### / Efficient water management in our operations

(GRI 3 - 1)

Part of our commitment is to efficiently manage water in all our operations.

For the development of our operations, we use water for foam production (cooling process and extruder machine cleaning), seedling production (irrigation process), for firefighting systems to protect our employees and facilities, and also in our administrative offices for human consumption and maintenance.

Wastewater discharge and drinking water shortages are part of the environmental risks and impacts identified; to mitigate these risks, we have an annual environmental impact monitoring assessment following the quality standards of each country, as well as wastewater treatment plants and initiatives to improve water consumption efficiency.

**While we do not yet have complete information on our water consumption, we are working forward to collect, analyze, and share this data.**

### / Protection of water sources

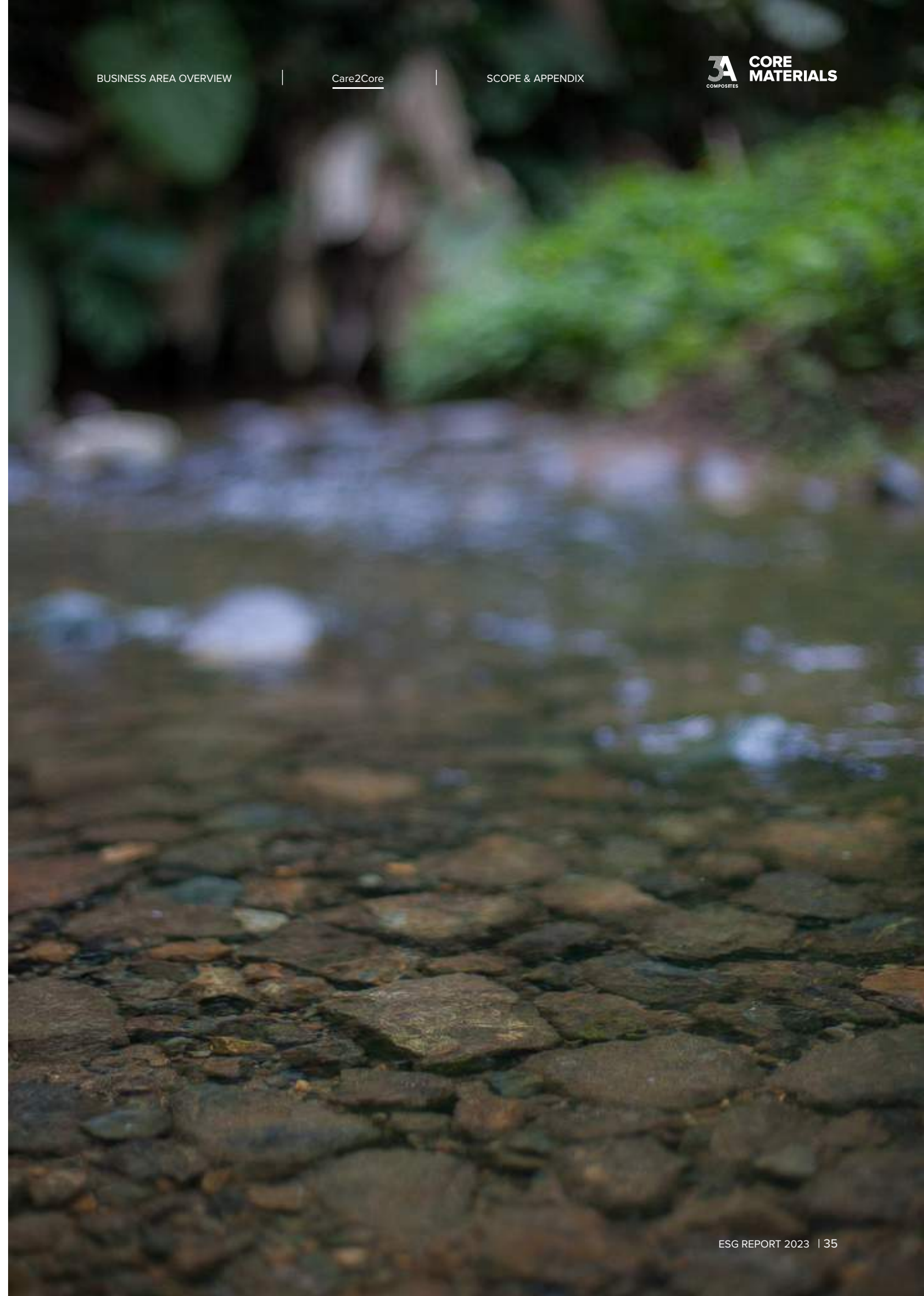
(GRI 3 - 1)

Water plays a fundamental role in our operations and the daily lives of the communities around us. From supplying the basic needs of our workers, and our production process, to being used for the livelihoods and crops of local neighbors, water sources are an essential element in our environment. However, we are aware of the threats to water quality and availability.

Among the impacts are forestry operations and improper use of the resources, which can lead to the depletion of water sources and water quality, directly affecting the communities that depend on them and our operations.

To guarantee the long-term availability of the resource, we maintain a comprehensive monitoring and management program that includes the following actions:

- Annual monitoring of water sources to analyze the availability of the water resources in our forestry operations. At the moment we are making efforts to carry out tests to ensure the quality for human consumption and to take timely preventive measures when required.
- Promotion of the responsible use of water among our employees and in our agricultural operations.
- Training to our personnel on the importance of conserving ecosystem services.
- Buffer zones around water sources to protect them.
- Promotion of sustainable agricultural practices; sustainable agricultural practices are carried out and the preventive maintenance of equipment to avoid any type of contamination on our farms.





► Sustainable Forest Management

(GRI 3 - Material topics)

Sustainable forest management is critical for climate action. Forests serve as a primary defense by absorbing CO<sub>2</sub> from the atmosphere, converting it into carbon, and releasing oxygen into the air.

We understand the role that forests play in offsetting carbon emissions, so we ensure that we operate under sustainable premises to ensure the optimal use of forest resources, conservation areas, and the ecosystem services that forests can provide for the benefit of all.

In our forestry operations, we prioritize the sustained production of forest products, the well-being of people, and the protection of the environment. ■

/ Forest Assets

(GRI 3 - 1, 304 - 1)

Breakdown of our forestry assets, distribution between “Own Assets” and “Assets under Agreement”, that encompass forests managed by small producers under agreements with us.

	Units	2022	2023
Own Assets	Ha	9,208	8,991
Assets under agreement	Ha	6,099	6,373
<b>Total</b>	<b>Ha</b>	<b>15,307</b>	<b>15,364</b>

Source: Forestry Management

Note 1: All figures correspond to the sum of forestry assets of our Ecuador and Papua New Guinea sites.

Note 2: Corrections were made to the forestry asset totals for the year 2022. This difference is due to adjustments made in the process of data collection and analysis.

We hold FSC® Forest Management certifications for our plantations: in Ecuador (FSC-C019065) and Papua New Guinea (FSC-C125018). These certifications reflect our commitment to sustainable forest management.



100% voluntary certification that aims to reduce deforestation and protect tropical forests from destruction by promoting environmentally appropriate and socially beneficial practices. This allows clients and consumers to know the traceability of the fiber purchased and companies to ensure that their products are not obtained from controversial sources.





/ High Conservation Value in our areas of operation

To prevent environmental impacts associated with our forestry operations, we identify environmental values (native, endangered, critically endangered, and/or threatened species) and social values (community services and cultural values) within our forestry heritage, where potential impacts are evaluated to identify them and generate measures to prevent or mitigate them.



Initially, we start with the **identification**, which is based on the interpretation of the six HCV attributes in the local context; verify which are present in the area of interest and which HCVs could be affected by forestry activities.

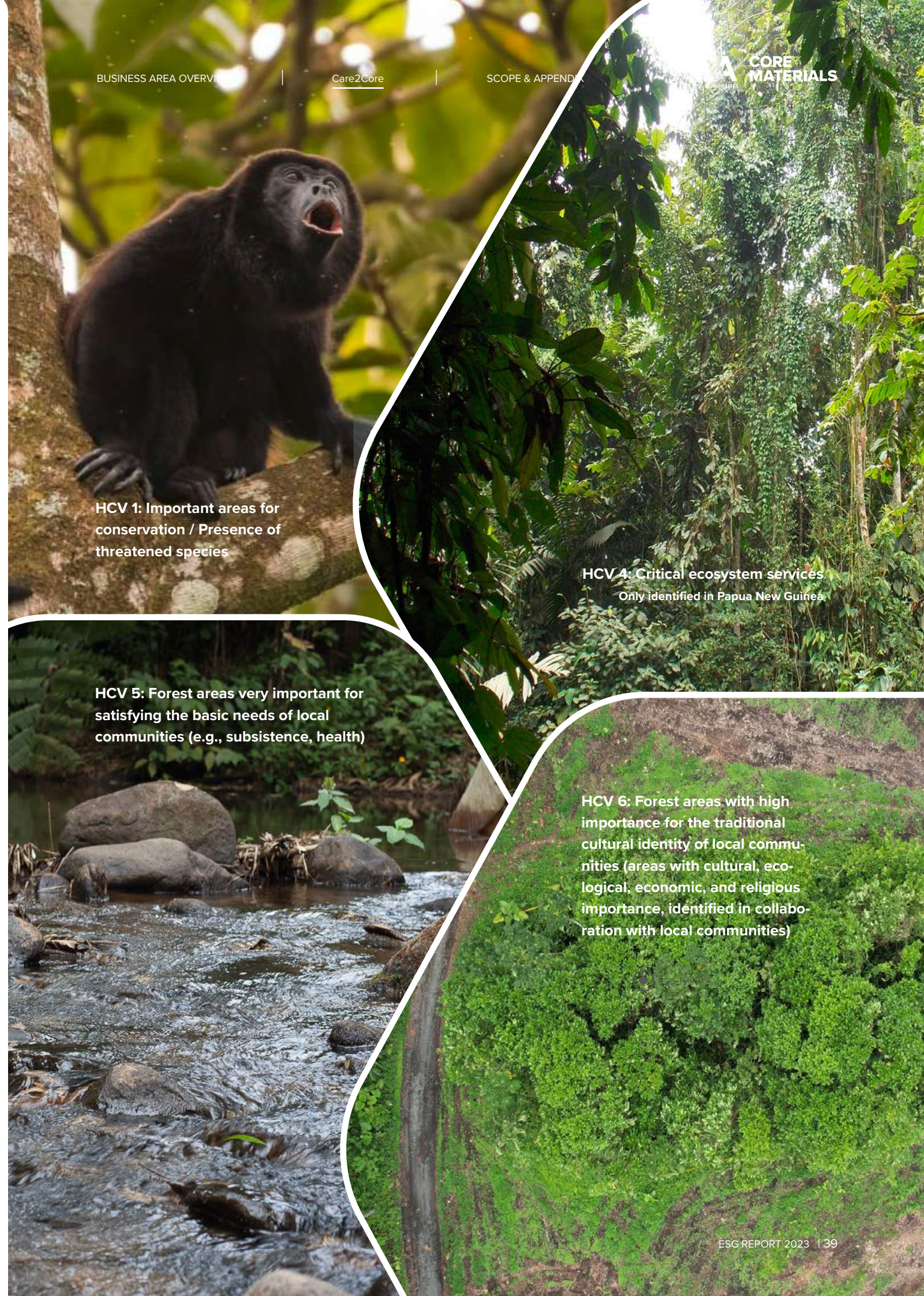


The status of identified HCVs (presence, absence, maintenance, and/or degradation) declared in the forest estate is constantly **monitored**.



The **management measures** identified in the monitoring are carried out, which are established to maintain and increase the High Conservation Value Attributes previously identified in the heritage.

The purpose of monitoring is to gather useful information to evaluate management results and guide management decisions, which helps to conserve HCVs within the forest estate and to try as much as possible to avoid, mitigate or repair environmental impacts if they are identified.



**HCV 1: Important areas for conservation / Presence of threatened species**

**HCV 4: Critical ecosystem services**  
Only identified in Papua New Guinea

**HCV 5: Forest areas very important for satisfying the basic needs of local communities (e.g., subsistence, health)**

**HCV 6: Forest areas with high importance for the traditional cultural identity of local communities (areas with cultural, ecological, economic, and religious importance, identified in collaboration with local communities)**



## Materials

(GRI 3-1, 301-1)

### / Efficient use of materials (renewable and non-renewable)

Material choice is a key pillar in sustainable procurement and ESG performance. In addition, raw materials can account for a large portion of the carbon footprint (mainly scope III).

Our business model is also involved in the manufacturing of core materials made out of balsa wood (**BALTEK**) and foams (**AIREX**) made mainly of PET and other synthetic polymers (mainly elastomers).

Balsa wood represents a renewable material as it is sourced from our own plantations as well as controlled plantations from selected 3<sup>rd</sup> parties. Other materials that are non-renewable are mainly polymers derived from oil.

**BALTEK** balsa wood core material manufacturing involves mainly internal sourcing from **3A Composites Core Materials** forest patrimony which has been increasing in size and providing exosystemic services and capture carbon.

**AIREX** foams production includes also circularity with internal recycling with agglomerate generation of the process that is fed back as a raw material for the next production cycle. This is in addition to the incorporation of increasingly larger percentages of recycled raw material as opposed to virgin polymers.

Ancillary materials for manufacturing include adhesives, additives, coatings, resins, gases and fuels that are constantly being monitored and properly disposed according to local regulations for waste management of hazardous and non-hazardous items.

In addition, packaging includes renewable and non-renewable materials. This mainly consist of wooden or paper pallets / boxes as well as wrapping that is plastic-based. In some markets with close proximity and high interest in reducing environmental impact there are already initiatives implemented that promote circularity where **3A Composites Core Materials** retrieves back the boxes to be used on the next shipment.

### ► Waste Management

(GRI 3-1, 306-3, 306-4, 306-5)

Waste can have a significant impact on the environment and human health if it is not managed properly. In line with our commitment to sustainability, it is critical to understand and effectively address the generation and treatment of waste in our operations.

At **3ACM**, waste management practices and policies are presented, highlighting our commitment to reducing, reusing, and recycling waste.

Total waste generated (tons)	Units	Region	2022	2023
<b>Type of waste</b>				
Non-Hazardous	Ton	AMER	22,630	16,920
Non-Hazardous	Ton	EMEA	3,163	3,224
Non-Hazardous	Ton	APAC	21,605	20,835
Hazardous	Ton	AMER	7	5
Hazardous	Ton	EMEA	21	11
Hazardous	Ton	APAC	3	21
<b>Total</b>	<b>Ton</b>		<b>47,429</b>	<b>41,016</b>

Non-hazardous waste treatment method (tons)	Units	Region	2022	2023
to regular landfill		AMER	971	994
		EMEA	-	266
		APAC	6,602	6,640
to incineration		AMER	-	-
		EMEA	971	716
		APAC	14,419	13,301
to biomass landfill		AMER	11,484	9,703
		EMEA	-	-
		APAC	-	-
to recycling		AMER	117	144
		EMEA	60	72
		APAC	584	895
3 <sup>rd</sup> party		AMER	117	144
		EMEA	60	72
		APAC	584	895
to incineration		AMER	10,059	6,079
		EMEA	-	-
		APAC	-	-
to agglomerate production	%	AMER	-	-
	%	EMEA	2,131	2,170
	%	APAC	-	-
of which from biomass		AMER	67%	48%
		EMEA	0%	0%
		APAC	0%	0%
<b>Total</b>	<b>Ton</b>		<b>47,398</b>	<b>40,979</b>

Hazardous waste treatment method (tons)	Units	Region	2022	2023
to disposal	Ton	AMER	7	5
		EMEA	21	11
		APAC	3	20
to recycling		AMER	-	-
		EMEA	-	-
		APAC	0	1
<b>Total</b>	<b>Ton</b>		<b>31</b>	<b>36</b>

Note 1: Acronyms correspond to our regional locations:

- AMER:** Americas (United States, Ecuador)
- EMEA:** Europe, Middle East and Africa (Poland, Switzerland)
- APAC:** Asia-Pacific (China, Papua New Guinea)

Note 2: **Hazardous waste** includes items and substances that pose a threat to the environment and human health. This includes used mineral oils, contaminated absorbent materials, expired or out-of-specification products, contaminated containers and personal protective equipment, luminaires, lamps, fluorescent tubes, energy-saving bulbs containing mercury, inks, paints, hazardous resins, bio-hazardous healthcare waste, used ink or toner cartridges, sewage treatment sludge, spent batteries and contaminated solid waste.

Note 3: In Switzerland, the use of landfills for waste disposal is strictly prohibited.

Note 4: Biomass landfill (only balsa production sites).

Note 5: Agglomerate (only foam production sites). We are currently standardizing our methods of collecting data on the total amount of agglomerate reused in our PET production sites.

All waste generated is regulated according to the regulations of each country.



The AMER region experienced a decrease in non-hazardous waste generation, with **5,170 tons less** from 2022 to 2023. This reduction is mainly due to the **re-eco-location of our VBC Production and REX3**. Additionally, there was a decrease in harvested balsa wood hectares, pointing to an expected reduction in biomass waste sent to landfills.

The EMEA region experienced an increase in non-hazardous waste generation, with an **increase of 61 tons** from 2022 to 2023; attributed to the start of production in **Airex Poland**, PET extrusion. At **3ACM**, maintain our dedication to more efficient and sustainable waste management practices is top priority.

The APAC region experienced a decrease in non-hazardous waste generation, with **769 tons less** from 2022 to 2023. ■

► **The Never Waste Campaign**

**Launched in February 2023 in the Baltek Inc. Facility**

**Baltek Inc.** is committed to minimize the impact of our organization has on the environment and supporting those who are working to improve the global environmental sustainability. We have set 3 objectives that defined our 2023:

**Raise Awareness**

We have launched “The Never Waste Campaign” to the employees within all levels of the company. The primary goal of this endeavor was to enhance awareness, foster attitude and behavioral shifts, and impart the significance of conserving water, energy, and promoting recycling practices. As part of this initiative, comprehensive recycling training sessions were conducted, elucidating the fundamental principles and procedural steps necessary for the successful execution of our recycling program within our facility.

**Assigned Roles & infrastructure for waste disposal**

We have delegated specific responsibilities to various employees within our facility to oversee the diverse forms of waste disposal inherent to our company. Each designated individual overseeing waste disposal categories — including general waste,

hazardous materials, and non-hazardous materials — bears the overarching responsibility of monitoring monthly disposal quantities (measured in tons) and updating the waste management matrix. This matrix consolidates all pertinent information concerning waste disposal and recycling efforts.

Furthermore, we have established designated areas within our facility to facilitate proper waste disposal. These areas include segregated bins for recycling, general trash, metal scraps, pallets, paper, and dust, ensuring organized and efficient waste management practices.

**Recycling**

Following the inauguration of the „Never Waste“ Campaign, we achieved notable success in recycling throughout the year 2023. Specifically, we recycled a total of 51.5 metric tons encompassing cardboard, plastic, glass, metal cans, and paper. Additionally, 43 metric tons of wood pallets and 562 pounds of electronic waste (E-waste) were effectively recycled.

At **Baltek Inc.**, we pride ourselves on our commitment to sustainability, reflected in our recycling practices. On average, we recycle approximately 9% of the waste intended for landfill by incorporating recycling initiatives into our waste management protocols. ■



*“My name is Lu, and I have been with Baltek Inc. since July 2018.*

*Since the launch of the “Never Waste Campaign” it has helped raise awareness amongst our operators as well as me on the importance and the valuable roll that we play in the environment when we contribute through recycling. We have learned about the impacts we have on the environment through training and participation, and we have learned the difference that we make when we take time to recycle something as small as a plastic bottle or piece of cardboard. Since the launch and through the help of management enforcing this campaign, I have seen how the operators minds have changed and how habits have changed little by little (you can actually see people stop and take time to think whether to throw a plastic bottle in the trash can or recycle bin until it has slowly turned to an automatic habit) so it’s pretty cool to see how we have evolved and have made changes.*

*I believe this campaign has not only helped environmentally but it also has helped with the appearance of our facility overall, in my opinion it has helped keep our facility looking cleaner and more organized. The “Never Waste Campaign” in my opinion is a great campaign that has taught me recycle practices that not only apply while I’m at work but also are practices that I have applied at home, it has expanded my knowledge on things that can be recycled that I never thought we could recycle or things that we thought we could recycle that are actually not recyclable. At the end of the day knowing that I have played at least a small role in helping our environment and our planet throughout the day whether at work or home is definitely always a plus in my book.”*



/ Circular economy

We are constantly implementing initiatives to increase the reuse and recycling of waste, which generates a positive impact by minimizing our waste and making the useful life of those materials considered as waste. With these initiatives, we seek to prevent contamination and waste, while at the same time taking advantage of the waste for use and the environmental impact generated by our operations.

► Boiler optimization

Steam generation is crucial for the drying process of balsa wood. For this purpose, we use a biomass boiler, which allows us to use the balsa waste from the production process as fuel, in addition to the use of African palm fiber, which is abundant in the Quevedo sector, instead of relying on fossil fuels.

In line with our commitment to operate sustainably, we have set a goal of increasing the use of condensate, which results in a significant decrease in water consumption (third-party sources). We have redesigned the lines to increase condensate utilization to 80%, resulting in savings in energy needed to produce steam, better quality feed water with low silica and dissolved solids, reduced costs in chemical water treatment, and reduced the use of well water or make-up water to 20%, thus having a greener and more circular process, using our resources more efficiently. ■

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*„The key to success is teamwork, we have achieved and consolidated a production process that in its management identifies challenges as opportunities to optimize the use of resources to continuously contribute to the strategy of our business area.“*

**Cristian Velez**  
Production Supervisor

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► Lunch dish re-use at Airex PL

During ramp-up of our new extrusion site in Poland, Airex Poland Sp. z o.o. the project manager Philipp Angst and his team, were not only technically challenged but also responsible to provide good lunch options for the new employees. As the site is too small for a canteen and it is far away from the city, the only option was to establish a food ordering system. Likewise, the PET extrusion process, re-use and recycling are important to us, the team paid also particular attention to avoid waste during lunch time. To have disposable tableware was not an option to them and a more sustainable solution had to be found. Beata Palica, the office manager, finally could find a food delivery company that was ready to take used dishes back for washing and re-use. That way, already from the beginning Airex Poland is fully applying our Care2Core concept. ■

► Waste to Briquettes or from dust collection systems to recycled

As we all know, green environmental protection has always been a theme that the world is actively exploring and promoting.

**Our products are focused on stronger, lighter, and greener, actively seeking green environmental protection.**

Our main products are Balsa and PVC, dust will inevitably be generated in the production process. If directly discharged into the air, it will cause serious pollution and environmental harm to the atmosphere, which is not in line with our original intention of promoting green environmental protection.

To this end, we have established a waste collection system (dust collection system) and a dust compacter, aiming to recycle and reuse waste in the production process, truly dedicating ourselves to environmental protection concepts from the source.

The process involves dust capture, collection, compaction into briquettes, and eventual recycling by a trusted third-party company. ■



**Dust recovery**  
recycle by a  
third-party company





**► Sustainability Recognition:  
Honored at the 5<sup>th</sup> Edition of the Sacha Award**

At our site in Ecuador, we won three awards at the 5<sup>th</sup> Edition of the Sacha Awards, celebrating our sustainability initiatives. Awarded second place in Regulatory Services, our collaboration with the Mariscal Sucre International Airport in Quito focuses on the assessment and replanting of native forests to offset emissions from airport operations. We are grateful to be able to work with Quiport Corporation, which operates and manages the main international gateway to Ecuador.

We achieved third place in Ecosystem Services with our project that involves pre-silvicultural monitoring and zoning of forest units, in line with the company's principles. The 'Maintains Values' initiative includes

multidisciplinary assessments, engaging stakeholders and studying the diverse flora and fauna in the area.

In addition, we were honored with a Special Photography Award for "The Gentle Giant," a stunning image of the balsa tree. The Sacha Awards recognize outstanding sustainability practices and celebrate environmental heroes. Our competition included 200 projects from Latin America, showcasing our commitment to green business and sustainability. ■

**ALSET Solar CyberSedan**

*FAU High School's Advanced Experimental Vehicle Club at The Cane Institute for Advanced Technologies at Florida Atlantic University High School consists of a group of highly motivated and very talented students who have spent the last several years building a street-legal, all-electric supercar, electric formula-e go-karts, and hydrogen-powered RC cars. We are now looking to push the limits of alternative energy with a new ambitious project: a Solar Cruiser!*

*Team members are currently designing and building the first Cruiser Division solar car in Florida! Cruisers are multi-occupant solar vehicles that are conceived to compete in long-range (over 1,000 miles) solar races based on the best compromise between energy consumption and payload.*

*This car will be built to compete in the National High School "Solar Car Challenge" which will be held at the Texas Motor Speedway in July 2024. Next year,*



*the Solar Car Challenge will be a cross-country race on the open road!*

*We would like to thank 3A Composites Core Materials for providing all foam core for our carbon-fiber sandwich composite board. Without the help of 3ACM, VectorPly, Scott Bader Inc., and Mahogany Composites, we would not have been able to fabricate an all-custom carbon-fiber body and chassis. While many sponsors have helped us get this far, 3A Composites Core Materials is truly at the core!*

**Allan Phips**

Director of The Cane Institute for Advanced Technologies



At **3A Composites Core Materials**  
we strive to understand and mitigate our impacts.

We don't try to compete with nature for resources  
but to be one with nature.

Our ultimate goal is a lighter, **greener future**.





# Social

(GRI 3 – Material topics)

At 3A Composites Core Materials, we firmly believe that sustainable success is not only measured by financial results but also by our ability to contribute positively to the social well-being and development of the communities in which we operate. We are committed to responsible and sustainable business management, which promotes equity, respect for human rights and collaboration with local communities. In this chapter, we are pleased to present the achievements and challenges of our social performance, and how we are working to strengthen our contribution to society in the long term.

## Employee engagement

- / Workforce overview
- / Recruitment
- / Training and Development
- / Equity
  - Security personnel
  - Sponsoring of EV CUP with employee driver: Green Motor Sport

## Health and Safety

- Health Services
- Elderly home Sins engagement
- Support of engagement for children suffering cancer
- OHS Committee
- CoreVita

## Diversity and inclusion

## Communities Engagement

- Swisscham



## Employee engagement

### / Workforce overview

(GRI 2-7)

As of December 31, 2023, 3ACM had 1798 employees.

#### Global employees by gender (FTE & PTE)

		2022	2023
of which - female	Total	229	268
of which - male	Total	1413	1530
of which - prefer not to disclose	Total	0	0
<b>Total</b>	<b>Total</b>	<b>1642</b>	<b>1798</b>

#### Global employees by category (FTE & PTE)

		2022	2023
of which - Blue collar	Total	1369	1478
of which - White collar	Total	273	320
<b>Total</b>	<b>Total</b>	<b>1642</b>	<b>1798</b>

Note: White Collar represent administrative positions and Blue Collar represent operational employees.

#### <sup>1</sup> Global by employment contract

		2022	2023
<b>Full-time employees (#) by gender</b>	<b>Global</b>	<b>1562</b>	<b>1713</b>
	Full-time female	208	251
	Full-time male	1354	1462
	Full-time prefer not to disclose	0	0
<b>Part-time employees (#) by gender</b>	<b>Global</b>	<b>15</b>	<b>20</b>
	Part-time female	7	5
	Part-time male	121	17
	Part-time prefer not to disclose	0	0
		<b>1577</b>	<b>1733</b>

Note 1: The total number of employees in the U.S. is not reflected in the breakdown of employment contract types, as local regulations allow for employment based on offer letters. As a result, these categories are kept separate, and the figures are not combined in this category.

The data provided presents key performance indicators for our 3ACM employees. At year-end 2023, we had a total of 1798 employees. Of the total workforce, 268 were women and 1530 were men. For reporting year 2023, we included the figures for our

newest site in Nowogard, Poland, which had ramp up at the end of the year serving our European customers with new capacity of PET Foam and Shaped Core Solutions.

### / Recruitment

(GRI 401-1)

Effective and ethical recruitment plays a fundamental role in business strategy and responsible human resource management.

#### Global New Hires (FTE & PTE)

Employees hires by gender (#)	2022	2023
Female	38	37
Male	260	221
Prefer not to disclose	0	0
<b>Total</b>	<b>596</b>	<b>516</b>

Through an approach focused on equity, inclusion, and quality, we seek to attract highly trained professionals committed to our values and sustainable goals.

At year-end 2023, there have been 516 new hires in the workforce.

### / Training and Development

At 3ACM, we are committed to the continuous development of our team through talent management programs. Annually, we conduct a fair evaluation of each employee's performance and talent, regularly review job descriptions, and communicate expectations. We define financial and functional goals aligned with our strategic objectives, which are reviewed semi-annually.

We actively work on a tracking system for all the training programs we perform at every level of the organization since this information is not fully available.

We also constantly evaluate our strategic planning to identify strengths and design development and succession plans within the company. These programs ensure that 3ACM employees are well-prepared to contribute to organizational success and meet future challenges.

### / Equity

In 2023, we had a total of 268 female employees, who contributed their knowledge and experience in a wide range of positions, including training. In addition, we proactively prepared our female staff to take on new roles, enhancing their professional development and growth opportunities.

#### <sup>1</sup> Global Female employee distribution (%)

	2022	2023
Executives, managers, and senior management	1%	2%
Professionals and technicians	5%	5%
Operators	9%	8%
<b>Total</b>	<b>14%</b>	<b>15%</b>

Note 1: 2022/2023: There may be differences due to rounding when converting heads to FTE&PTE and viceversa.

At 3ACM, we are committed to promoting gender equality and providing safe workplaces and professional development opportunities for women. We have conducted a comprehensive diagnosis to identify the weaknesses and strengths of our organization in terms of gender equality. Based on the results, we have developed action plans and proposals for improvement, including the promotion of female team members to key roles.

We acknowledge increasing the percentage of female representation, especially in top management positions remains a challenge, and part of our future goals.



► **Security personnel**

(GRI 410-1)

At **3ACM**, we prioritize the presence of security personnel who are well aware of human rights policies and procedures. This commitment ensures the safety and well-being of all our employees. In compliance with national regulations in most of the geographic areas in which **3ACM** operates, security guards receive specialized training that covers human rights principles. It is important to note that our security personnel are fully outsourced. ■

► **Sponsoring of EV CUP with employee driver: Green Motor Sport**

As part of our environmental commitment, we sponsored a colleague, Edwin Haro, participation in the first-ever Latin American Eco Electric Championship organized by FEDAK (Ecuadorian Motorsport and Karting Federation) and the KIA Brand.

This championship marked a historic moment in Latin American motorsports, featuring races exclusively with 100% electric cars. Recognizing the initiative's significant environmental impact and its alignment with the company's core values.

The competition saw nearly 70 electric cars race across various tracks in Ecuador. Edwin Haro secured victories in several races and achieved a commendable 6<sup>th</sup>-place finish overall. It was driven by a shared vision – to champion environmental sustainability, aligning perfectly with **3A Composites Core Materials's** vision.

Following the championship, the electric car driven by Edwin will become the property of **3A Composites Core Materials Ecuador**. This car will serve a dual purpose: providing rides in Quevedo for visiting colleagues from other company sites and embodying a story of environmental commitment. ■



**Health and Safety**

(GRI 403-1)

At **3A Composites Core Materials**, our Occupational Health and Safety Management System governs our approach to minimizing safety, health and environmental risks. It is based on the requirements of the International Organization for Standardization (ISO) and incorporates policies, roles and responsibilities, training, programs and initiatives, and mechanisms to measure the effectiveness of our management approach.

It applies to all employees in the organization. This includes everything from office workers to field personnel and those operating in industrial or production environments. Each site has an Internal Safety Committee, responsible for proactively defining preventive actions in response to safety-related findings.

- Addressing findings detected by employees.
- Communicate findings and define preventive actions.

(GRI 403-1)

At **3A Composites Core Materials**, we ensure the quality of hazard identification and risk assessment processes through the implementation of an occupational health and safety management system.

Each site conducts its own risk analysis, develops risk identification and risk assessment matrices for its operations, which are under constant evaluation and ongoing management. The main objective is to implement corrective measures in order to eliminate or minimize the identified risks. In the event that it is not possible to eliminate them completely, the aim is to determine effective controls for those risks that are significant.

In **3ACM**, we have a clear and accessible process for employees to report dangerous work situations. Workers are guaranteed protection against retaliation for reporting such situations, fostering an environment of trust. The Health & Safety Team assesses potential risks in each process's activities to minimize incidents- accidents for all company employees:

**Industry**



- Working at heights, with suspended load, in confined spaces, hot work.
- Exposure to dust, dust inhalation
- Exposure to noise
- Risk of being run over
- Contact with equipment with moving parts
- Falling materials
- Handling of equipment

**Forestry**



- Traffic accidents involving a cargo transport vehicle, including injuries or traumas
- Fall from height
- Exposure to chemicals
- Crushing
- Second or third-degree burns.
- Cuts by objects or tools



► **Health Services**

(GRI 403-3)

Across our six operational sites, we prioritize employee well-being through comprehensive **occupational health services**. Some of our larger sites have medical dispensaries that offer free medical care to all employees.

At all of our sites, annual checkups are tailored to the specific risks associated with each position. This can include everything from eye exams, blood tests, X-rays, and hearing tests. Health screenings are mandatory for all new hires, and follow-ups ensure continued care. ■

► **Elderly home Sins engagement**

Airex AG successfully started a pilot project for our apprentices with the local retirement home Aettenbühl in Sins. Every second week, one of our apprentices spends an afternoon at the retirement home to interact with the residents. They play board games, have conversations, bake, do crafts together, or accompany the resident on a walk. The exchange brings joy to the young and the old. The apprentice can learn to shift their perspectives and think about age and society. Airex AG is happy and proud to be able to contribute to the personal development of our students in this area. ■

► **Support of engagement for children suffering cancer**

Airex AG provided gifts in 2023 for the private engagement of an employee, Massimo Santarossa, offering a special wish to children suffering cancer. During that event of the organization “Awishcomestrue”, kids can enjoy a ride in a racing car and forget about their horrible illness. Airex is planning to extend its engagement further to a related project in the coming year as Airex balance products are well received for the rehabilitation process. ■

► **OHS Committee**

(GRI 403-4)

Our priority is to guarantee optimal working conditions, reduce accident rates, recommend improvements in processes and promote the physical and mental well-being of our employees.

At each site we have a Safety Committee, where regular meetings are held to address safety concerns and improvements. There are representatives from all hierarchical levels and monthly meetings. ■

► **CoreVita**

At 3ACM, we strive to create and encourage employee wellness for its employees. Our program has the goal to improving employees mental and physical health, by taking time to just stretch, relax and meditate for 15-20 minutes, which the results are just overwhelming.

This program has had a positive impact on employees in both personal and work life. It has helped us to build strength, and flexibility, manage stress, and reduce pain.

It is also a way of starting the day on a positively high note. It leaves us at a point where, after every moment of stretches and meditation, we feel at ease, charged, energetic and ready to seize the day and its challenges, with a clear conscience and a fresh start. ■

*„The company has invested a lot in employee wellness, this made us feel that our employer values us, the employees. We would like to thank the company for the great initiative and for its continuous support.“*

**Karen Tulusan**

Human Resources



Elderly home Sins engagement



Support of engagement for children suffering cancer



**Community Engagement**

(GRI 413-1)



Each year, we actively participate in the transformation and development of communities near our operations by conducting annual surveys to gather information on the profiles of the communities in the areas of influence. Purpose: Establish and maintain solid and trustworthy relationships with our stakeholders who share the forestry environment daily, to preserve and generate social value on an ongoing basis.

This information allows us to deeply understand their environment and needs, and identify positive impacts such as local employment development and diversification of the local economy, as well as negative impacts such as road usage and dust that may come from our forestry activity.

Our objective is to build and maintain permanent relationships of trust with these interest groups.



Our balsa farming program is committed to providing economic participation opportunities to communities by raising awareness among small growers.

At our Papua New Guinea, our management team held a meeting to foster relationships with small growers.

This time we had the opportunity to share in Taulil, Gazelle district, about balsa market prices. ■



Part of our initiative is to maintain a relationship of trust and value with our communities.

At our site in Ecuador, we invite communities to be part of our forest management planning, monitoring and impact assessment.

We had the opportunity to collaborate with 60 families in the Chonero sector, Pichincha. This effort seeks to foster long-term positive relationships with our communities. ■



**Swisscham**

In Ecuador, we are part of the Board of Directors of SwissCham, whose goal is to strengthen and promote trade relations between Switzerland and Ecuador. We participated in a meeting organized by SwissCham, along with Ambassador Marianne Jenni, for the presentation of the new sustainability committee, of which we are co-presidents. This marks a milestone in our commitment to sustainability in our trade relations. This committee aims to integrate partners, forge strategic alliances, and share knowledge for a more sustainable future. Additionally, additional committees for Communication and Swissness, as well as Innovation, were created to strengthen our work within the Chamber. ■



3A Composites Core Materials believes that our people are at the core of everything we do.

We continue doubling down our bet in developing our talent to their full potential.

Sustainable solutions require conscious, motivated, and resilient individuals.

This is also true for our neighboring communities.





# Governance

(GRI 3-1)

At **3A Composites Core Materials**, corporate governance is the essential pillar for long-term sustainable growth. Through our principles, practices, and governance structure, we demonstrate the importance of integrating economic performance with environmental and social aspects. In addition, throughout our supply chain, we continue to join efforts to achieve a more sustainable future.

## Governance Structures

GRI (2-9, 2-10, 2-11)

**3A Composites Core Materials** is a global unit within the 3A Composites Group, which is a part of Schweiter Technologies (SIX Swiss Exchange: SWTQ).

Our operations span across Europe, America, China, and Papua New Guinea.

The mission of the **3A Composites Core Materials** Board of Directors is to effectively direct and manage the organization's resources and assets to achieve the company's strategic objectives, maximize its financial and operational performance, manage risks and opportunities, and maintain accountability to stakeholders.

## Sustainability Committee

Open communication and building trust for all stakeholders, including shareholders, employees, customers, suppliers, and society as a whole.

In 2023, we established a dedicated Sustainability Committee. This committee, composed of Management members and representatives from various departments oversees environmental, social, and corporate governance issues. The main goal is to develop and implement the organization's sustainability strategy, monitor the organization's ESG performance, and report progress to stakeholders.

For detailed information to overview our corporate governance structure, including the formation and election process, please refer to the **Schweiter Technologies Report 2023**. This report provides a comprehensive overview of our governance structure, including the process for selecting and appointing our officers.

Building trust with our stakeholders, including shareholders, employees, customers, suppliers, and society, is fundamental to our success. To this end, we act transparently, ethically, and responsibly.

We recognize that sustainability is not only an environmental and social issue, but also one of good governance and ethical business practices, and we remain committed to maintaining the highest standards of corporate governance as we work to achieve our sustainability goals.



Schweiter Report

## Principles and Policies

We support our Sustainable practices through:

- Code of Conduct
- Stakeholder engagement
- Transparency and disclosure
- Board Accountability
- Compliance and risk management

We recognize the importance of transparency and disclosure of our policies related to governance and sustainability. We believe in the responsibility to provide our stakeholders with easy access and relevant information about our sustainability objectives, initiatives, and practices. The policies that govern us can be consulted through our website.

We actively review our policies based on our strategic direction and as we continue to evolve and improve our approaches to address social and environmental challenges.

## 3A Composites Code of Conduct

We address the following policies in our code of conduct:

- Corruption
- Human rights
- Environment
- Sustainable procurement

Applicable to the entire business area **3A Composites Core Materials**.

**Environmental Policy:** We stand by principles of pollution prevention, environmental protection, and efficient use of resources for all our operations. We apply them at each of our operating sites, adapting to local legislation and assessing specific environmental risks. We implement control measures to minimize our environmental impact and continuously improve performance

**Supplier Code of Conduct:** We ensure that we continue to have a positive impact by promoting the same behaviors that drive us throughout our supply chain

We ensure that our policy commitments are effectively communicated to workers, business partners, and other relevant parties through internal training sessions, supplier guidelines, and prominently on our website. This approach ensures that all stakeholders are well-informed and aligned with our dedication to responsible business conduct.

We encourage open communication and ethical conduct at **3A Composites Core Materials**. Employees seeking advice on our Code of Conduct, reporting potential violations, or with inquiries about policies or laws are encouraged to contact their direct managers. Anonymous reporting options are also available through our Code of Conduct guidelines. Some locations have established local grievance mechanisms overseen by their HR departments to ensure concerns are addressed promptly and fairly.



**Legal Entities**

3A Composites Core Materials is a global unit within the 3A Composites Group, which is a part of Schweiter Technologies (SIX Swiss Exchange: SWTQ). Our operations span across Europe, America, China, and Papua New Guinea.

3A Composites Core Materials has a global presence through various locations and affiliated companies, including:

**Airex AG**

Location: Sins / Switzerland

**Airex Poland Sp. z o.o.**

Location: Nowogard / Poland

**3A Composites (China) Ltd.**

Location: Shanghai / China

**Airex Composites Ltd. China**

Location: Changzhou / China

**Baltek Inc.**

Location: High Point, NC / United States of America

**Plantaciones de Balsa Plantabal S.A.**

Location: Guayaquil / Ecuador

**3A Composites PNG Ltd.**

Location: Kokopo / East New Britain, Papua New Guinea

All legal entities associated with JMB Wind Engineering are out of scope for this report, as the full acquisition of shares was completed during the reporting period.

During the reporting period, each legal entity maintained full compliance with all applicable laws and regulations. We are pleased to report that no significant instances of non-compliance, fines, or non-monetary sanctions occurred during this period. As part of our commitment to transparency and accountability, we continuously monitor and assess our adherence to legal requirements and implement robust controls to prevent non-compliance. Our rigorous internal processes ensure that we uphold high standards of ethical conduct and regulatory compliance across all operations.

**Financial Report**

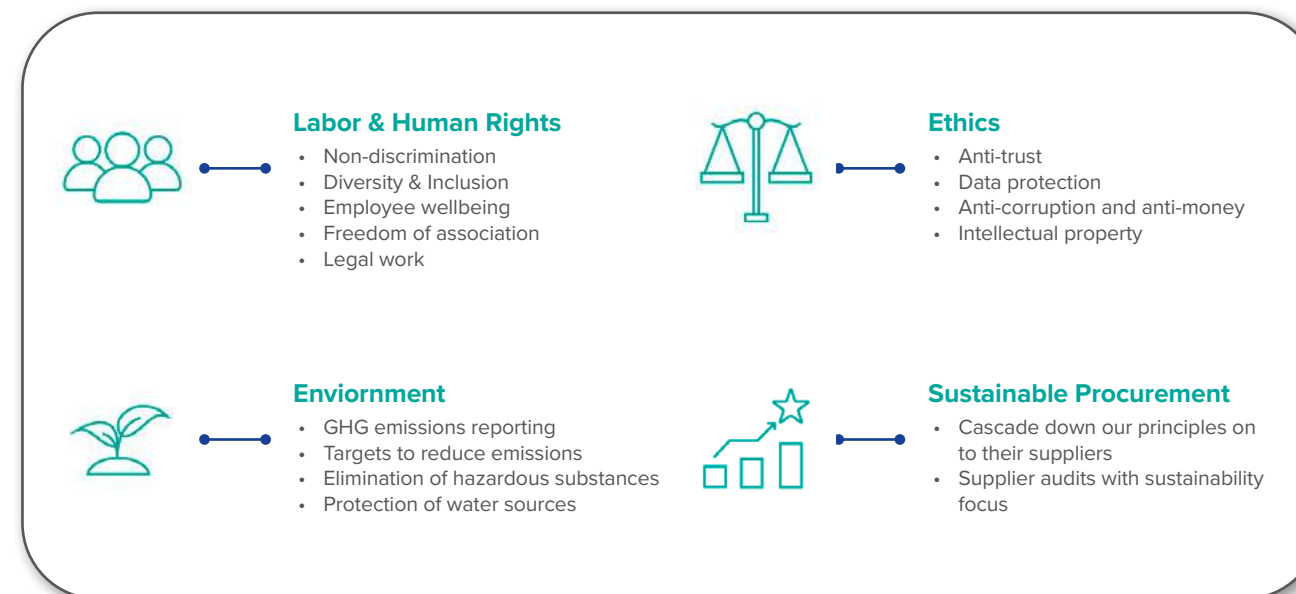
3A Composites Core Materials is an important part of Schweiter Technologies. For more information on the division's financial performance, please refer to the Schweiter annual report 2023.



Schweiter Report

**Sustainable procurement**

2023 marked another milestone for 3A Composites Core Materials. During the reporting period, the new Supplier Code of Conduct (SCoC) was successfully introduced and deployed to all our major suppliers who met the criteria. Acknowledging that not only our performance in sustainability is relevant but also to source from suppliers who are also committed to a greener, more responsible supply chain, we are pleased to have obtained a countersigned copy of the SCoC from 100% of receiving parties.




The selection criteria included all suppliers at all reported legal entities who supply goods and/or services to us above a certain monetary value, are raw materials directly used in our products or correspond to packaging.

Some of the highlights include the following:

- Request suppliers to measure and report their carbon footprint and set targets to reduce it
- Ban all forms of child and/or forced labor
- Obligation to declare the use of hazardous or banned substances per the REACH lists issued by the European Chemical Agency (ECHA)
- Ban of raw materials considered to be "Conflict Minerals"
- Respect and preservation of biodiversity
- Ethical behavior and implementation of anti-bribery and corruption policies
- Data protection and information security
- Policies to eliminate discrimination and harassment in the workplace





Good corporate governance, fair and ethical business and the utmost respect to the law where we operate is the only way to obtain our triple bottom line: Profit, people & planet.





# SCOPE & APPENDIX

This report outlines our commitment and contributions to ESG criteria (Environment, Social, and Corporate Governance). We believe that promoting sustainable practices is essential to creating value for our stakeholders, and it is a fundamental part of our corporate strategy. Our commitments are based on principles and standards that align with respect for human rights, transparency of our operations, and care for the environment.

The information presented in this report covers the period from January 1st to December 31st, 2023. To ensure transparency and accountability, we have followed the Global Reporting Initiative (GRI) Standards (2021) in the preparation of this report. This approach has enabled us to effectively measure

and evaluate our progress and impact in the social, economic, and environmental aspects of our organization.

Moving forward, we are committed to continuously improving our sustainability reporting and using it as a valuable tool to advance our ESG communication. We are committed to making a positive impact on our stakeholders and the environment. We are excited about the progress we can achieve in the coming year. By incorporating ESG considerations into our decision-making processes and operations, we are confident that we can make a significant contribution to building a sustainable future.



# Principles and Standards

**GRI content index**

**Statement of use** 3A Composites Core Materials has reported in accordance with the GRI Standards for the period January 1, to December, 31 of 2024.

**GRI 1 used** GRI 1: Foundation 2021

GRI Standard	Disclosure	Reference*	Reason for omissions
<b>GRI 2: General Disclosures 2021</b>	<b>The organization and its reporting practices</b>		
	2-1 Organizational details	2	
	2-2 Entities included in the organization's sustainability reporting	64	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	2/29	
	<b>Activities and workers</b>		
	2-5 External assurance	2	
	2-6 Activities, value chain and other business relationships	12	
	2-7 Employees	52	
	2-8 Workers who are not employees		Some data is currently unavailable in its entirety due to the simultaneous use of various systems. We are actively working to provide comprehensive details in the future.
	<b>Management</b>		
	2-9 Governance structure and composition		
	2-10 Nomination and selection of the highest governance body		
	2-11 Chair of the highest governance body		
	2-12 Role of the highest governance body in overseeing the management of impacts		
	2-13 Delegation of responsibility for managing impacts		
	2-14 Role of the highest governance body in sustainability reporting		Not applicable in this context as 3A Composites Core Materials is not a legal entity; its results are included in the reports of Schweiter Technologies AG.
	2-15 Conflicts of interest		
	2-16 Communication of critical concerns		
	2-17 Collective knowledge of the highest governance body		
	2-18 Evaluation of the performance of the highest governance body		
2-19 Remuneration policies			
2-20 Process to determine remuneration			
2-21 Annual total compensation ratio			

**Strategy, policies and practices**

2-22 Statement on sustainable development strategy	23	
2-23 Policy commitments	63	
2-24 Embedding policy commitments	27/51/62	
2-25 Processes to remediate negative impacts	62	
2-26 Mechanisms for seeking advice and raising concerns	62	
2-27 Compliance with laws and regulations	62	
2-28 Membership associations		Some data is not yet available in full detail. We will endeavor to communicate in the future.

**Stakeholder engagement**

2-29 Approach to stakeholder engagement		Currently, developing a structured approach to stakeholder engagement, which we plan to implement and communicate in the future.
2-30 Collective bargaining agreements		Some data is not yet available in full detail. We will endeavor to communicate in the future.

**GRI 201: Economic Performance 2016**

**Profitable growth**

201-1 Direct economic value generated and distributed		Not applicable in this context as 3A Composites Core Materials is not a legal entity; its results are included in the reports of Schweiter Technologies AG.
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**GRI 3: Material Topics 2021**

**Disclosures on material topics**

3-1 Process to determine material topics	25	
3-2 List of material topics	25/27/51/62	
3-3 Management of material topics	27/51/62	

**Environment**

**GRI 301: Materials 2016**

301-1 Materials used by weight or volume		
301-2 Recycled input materials used		Some data is not yet available in full detail. We will endeavor to communicate in the future.
301-3 Reclaimed products and their packaging materials		

**GRI 302: Energy 2016**

**Energy**

302-1 Energy consumption within the organization	32	
302-4 Reduction of energy consumption	32	



**GRI 303:  
Water and  
Effluents 2018**

303-1 Interactions with water as a shared resource	
303-2 Management of water discharge-related impacts	Some data is not yet available in full detail. We will endeavor to communicate in the future.
303-3 Water withdrawal	
303-4 Water discharge	
303-5 Water consumption	

**GRI 304:  
Biodiversity 2016**

<b>Biodiversity</b>	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Some data is currently unavailable in its entirety due to the simultaneous use of various systems. We are actively working to provide comprehensive details in the future.
304-3 Habitats protected or restored	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	

**GRI 305:  
Emissions 2016**

<b>Greenhouse gas emissions</b>	
305-1 Direct (Scope 1) GHG emissions	28/29
305-2 Energy indirect (Scope 2) GHG emissions	28/29
305-3 Other indirect (Scope 3) GHG emissions	Some data is not yet available in full detail. We will endeavor to communicate in the future.

**GRI 306:  
Waste 2020**

<b>Resource-efficient production and use of materials</b>	
306-1 Waste generation and significant waste related impacts	40
306-2 Management of significant waste related impacts	40
306-3 Waste generated	41
306-4 Waste diverted from disposal	41
306-5 Waste directed to disposal	41

**Social**

**GRI 401:  
Employment 2016**

<b>Attractive employer</b>	
401-1 New employee hires and employee turnover	53

**GRI 404:  
Training and  
Education 2016**

404-1 Average hours of training per year per employee	Some data is not yet available in full detail. We will endeavor to communicate in the future.
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**GRI 403:  
Occupational  
Health and Safety  
2018**

<b>Occupational health and safety</b>	
403-1 Occupational health and safety management system	55
403-2 Hazard identification, risk assessment, and incident investigation	56
403-3 Occupational health services	56
403-4 Worker participation, consultation, and communication on occupational health and safety	56
403-5 Worker training on occupational health and safety	Some data is not yet available in full detail. We will endeavor to communicate in the future.
403-6 Promotion of worker health	Some data is not yet available in full detail. We will endeavor to communicate in the future.
403-8 Workers covered by an occupational health and safety management system	55
403-9 Work-related injuries	Some data is not yet available in full detail. We will endeavor to communicate in the future.
403-10 Work-related ill health	

**GRI 405:  
Diversity and  
Equal Opportunity  
2016**

<b>Human rights standards</b>	
405-1 Diversity of governance bodies and employees	Not applicable in this context as <b>3A Composites Core Materials</b> is not a legal entity; its results are included in the reports of <b>Schweiter Technologies AG</b> .
405-2 Ratio of basic salary and remuneration of women to men	Available data combines various job roles and skill levels concentrated in different geographical regions with different costs of living and salary levels, making meaningful comparisons difficult. Still, per site, a pay gap analysis is conducted.



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**GRI 413:**  
Local  
Communities 2016

**Sustainable local communities**

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413-1 Operations with local community engagement, impact assessments, and development programs	58
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**Governance**

**GRI 205:2016**  
Anti-corruption

**Governance**

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205-1 Communication and training about anti-corruption policies and procedure	We actively work on a tracking system for all the training programs we perform at every level of the organization since this information is not fully available.
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Europe | Middle East | India | Africa

**Airex AG**

5643 Sins, Switzerland

T +41 41 789 66 00

[corematerials@3AComposites.com](mailto:corematerials@3AComposites.com)

North America | South America

**Baltek Inc.**

High Point, NC 27261, USA

T +1 336 398 1900

[corematerials.americas@3AComposites.com](mailto:corematerials.americas@3AComposites.com)

Asia | Australia | New Zealand

**3A Composites (China) Ltd.**

201201 Shanghai, China

T +86 21 585 86 006

[corematerials.asia@3AComposites.com](mailto:corematerials.asia@3AComposites.com)

[www.3ACcorematerials.com](http://www.3ACcorematerials.com)



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