

PKF/POST

PALLETS



Sustainable DNA

CSR report 2021



Company profile

PKF/POST Pallets is an independent family business that was incorporated in 1964

Two production sites



Finsterwolde

Finsterwolde has always been our principal site, where we mainly produce pallets for the paper and cardboard industry. Pallets for the food industry are a significant second production element.

Venlo

In terms of facilities, the Venlo site is the mirror image of Finsterwolde. This production site has experienced significant growth over the past few years. Venlo produces many pallets for the chemical sector and the food industry.

Number of employees

In FTE



126 permanent employment

152

26 temps



90% production employees

Number of units

In millions

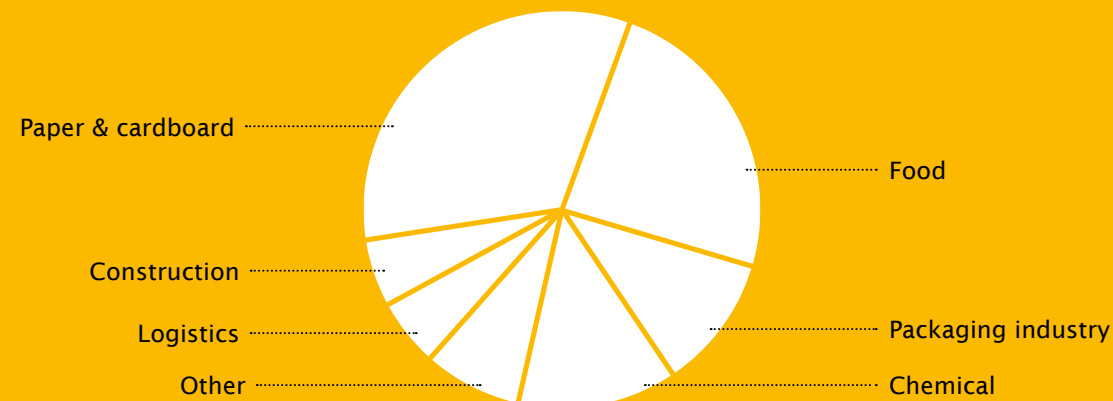


Volume

30% market share in NL

17% export per year

Most important purchasers



Board Egbert Jan Tiggelaar and Erik Post

Sustainable DNA

Corporate Social Responsibility is in the DNA of PKF/POST Pallets. Sustainable growth is second nature to us, now and in the future, for us and for future generations. It ensures we detail our social involvement with a vision focused on the future.

All PKF/POST Pallets employees, including Board members, work to live well. Naturally, that makes it our duty to provide a comfortable workstation in a pleasant environment. This environment goes beyond the area where we live and work.

The production sites - Finsterwolde and Venlo - were not selected specifically; they were the result of market forces. Both places are in the periphery of the Netherlands and are characterised by proud inhabitants. This pride produces great involvement in all our thinking and all our actions; it is the perfect trait for sustainable business operations.

It also means that we are aware of the way we deal with our environment and take care of everything and everybody connected and associated with us. Small scale and close, even when considered from a global point of view. We feel responsible for a sustainable future.

Corporate social responsibility is a choice. We need our healthy annual growth - in volume, turnover and profit - to shape the details of this choice. Growth is also essential to the continuity of our business and to all those who depend on it.

The global pandemic of the last two years has proven that the wellbeing of everyone, and of our employees in particular, is more important than anything else. We have managed to solve the resulting shortages of raw materials and personnel without losing sight of our DNA.

The focus areas that express our sustainable mission and vision are listed clearly on the following two pages and will be explained further on in this report.

This report is a snapshot of the situation in 2021, and is linked directly to our ambitions for the next four years. At the time of publishing this report we are already well on our way to achieving our sustainability targets for 2025.

PKF/POST is a strong family business that was incorporated nearly 60 years ago; it is led by the 3rd generation to think 'in wood'.

How PKF/POST Pallets works on sustainability

To achieve our environmental and other objectives we work with the following six focus areas. First of all our product, more than 6 million pallets per year. Followed closely by our employees, our most important means of production. Next up our raw material - wood - that is only procured from commercial forests. Then there is our machinery, our energy consumption and our logistics solutions, which are all inextricably linked to our environmental impact.



Pallets

Results 2021

wooden pallets have 15-25% less environmental impact than plastic pallets

Targets 2025

more pallets with a lower environmental impact
more pallets from kiln-dried wood



Employees

Results 2021

6,87% sickness absence, including Covid-19 quarantine absence
4 occupational accidents with a doctor's visit, of which zero with permanent injury

Targets 2025

reduce sickness absence to <3% pre Covid-19 levels
reduce number of occupational accidents to zero
compulsory access test in view of safety for visitors and suppliers



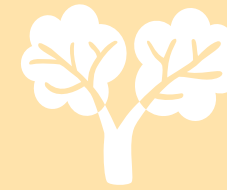
Hout

Results 2021

77% of the used wood is certified sustainable
100% of our wood comes from commercial forests

Targets 2025

at least 90% of the wood we use is certified sustainable



Machines

Results 2021

0.6 kWh energy consumption per finished product
-10.45% in respect of consumption per finished product in 2017

Targets 2025

5% less energy consumption per finished product by renewing machinery



Energie

Results 2021

30% of the used energy is renewable according to the statements from the energy supplier
gas consumption fell by 150,000 m³

Targets 2025

consumption of 75% self-generated renewable energy, supplemented with external purchase



Logistiek

Results 2021

0.32 kg CO₂ emissions per pallet
50% more pallets per transport with HCVs and 30% fuel savings
use of fully electric forklift trucks

Doelen 2025

10% less CO₂ emission per pallet
more efficient internal and external transport solutions



Production of **wooden pallets**
costs **67% less energy*** than the
production of plastic pallets

Pallets

PKF/POST Pallets makes the best pallets at a competitive price. That is an apt description of our product. However, it takes rather more than a couple of boards and a few nails. Our product is also shifting towards a form of total service provision, where we ensure 'the right pallet in the right place at the right time'.

We produce more than six million pallets per year and they are mainly destined for the paper and cardboard, and the food industry. We also produce pallets for the chemical sector, the packaging industry, construction and for logistics companies.

To many of our purchasers a pallet is just a pallet and they are only intended to be used as a transport platform, ideally at the lowest possible cost. So we like to talk about the added value of our wooden pallets compared to pallets made of other materials.

Independent research has demonstrated that the environmental impact of a wooden pallet is 15-25% less* than that of a plastic pallet and not just because of the use of natural raw materials.

The energy required to make a wooden pallet is just a third of what is required to produce a plastic pallet. Furthermore, wooden pallets are easy to repair and often have a second and a third life.

The dimensions of wooden pallets are infinitely variable and can be adjusted exactly to the product that needs to be transported. It ensures that the cargo area of the lorries can be used in the most efficient way. In turn that produces lower transport costs and lower CO₂ emissions per product. PKF/POST largely produces customised pallets.

All the pallets we supply from kiln-dried wood, are calibrated. In calibrated pallets the dimensions of the wood and the pallet always comply exactly with the predetermined values, even when our clients did not request this specifically.

Supplying calibrated pallets yields many benefits for us and our clients. The exact wood size reduces downtime of our production lines. The same applies to our customers' automated production processes. Our calibrated pallets are much easier to process than those with less precise dimensions. Reduced production drop-outs signifies pure gains for our clients; it saves a lot of time and unnecessary returns. Ultimately, the environment benefits too.

By commissioning a completely new PF12 production line in Finsterwolde in 2021, we took the next quality step in producing wooden pallets.

The construction of a storage hall, specifically for food pallets, has already started. This will comply with the food safety HACCP and ISO 22000 standards in the best possible way.

*Source: Dutch Institute for Building Biology and Ecology (NIBE).



Employees

At PKF/POST our employees are of crucial importance to achieving our targets. They are simply the most important pillar of the company. In our family business they represent knowledge and creativity and they have a major share in the innovative ability and the continuity of our company.

Our personnel policy is focused on achieving a comfortable work environment with clear long-term prospects for all employees. Individual development is the priority. PKF/POST offers a range of training options on the basis of a personal career development plan, and this provides employees with the opportunity to move on to other jobs within the company.

Aside from specific personal courses, we also provide the following standard training: First Responder and AED, SCC, Electrical switching, Service/maintenance mechanic, Forklift truck driver, Elevated work platform category 3B, AGV instruction and the Dutch language. Recently, an internal 'Operator level 3' training course was started up. In 2021, 100% of the participants passed first time.

The average age of our employees is 42 and the average number of years of service is 9. Our Finsterwolde site has relatively more people who have been with us for 25 years or more. We even have people with 50 years of service.

In 2021, the sickness absence percentage of PFK/POST was 6.87%, including Covid-19 quarantine absence. In normal times, our sickness absence is well below the national average. This year we had four occupational accidents with a doctor's visit, but all were without permanent injury.

For 2025, our target is to have sickness absence below 3%; back to the level from before the pandemic. Safety is one of the most important factors in achieving this target, and with compulsory personal protective equipment and reflective work clothing we have taken steps in the right direction. The same applies to clearly marking safe walk routes and safety instructions near all machinery. We do not tolerate unsafe behaviour.

Ergonomic workstations have our constant attention as part of a continuous improvement process.

Finally, there is a company medical officer on set days on both sites, where our employees can just walk in without an appointment.

**kiln-dried wood is lighter
and allows for 50% more
wood per transport**

Wood

Wood is the most important raw material for the pallets produced by PKF/POST. As we work with natural materials, we consider it our obligation to care for the environment. Our production only uses wood from European commercial forests.

In contrast to popular opinion, the pallet industry only works with waste wood. It works with the by-products of timber mills. The core of a tree trunk has the best quality wood and that is mainly used by construction and furniture industry. Timber mills consider the edges of a trunk to be a by-product, and this is the wood we use to produce wooden pallets. Sometimes this produces pallets with wane in the wood; they are planks where you can still see a bit of the round log.

PKF/POST does not process hardwood from South America or Africa for example, but only softwood from Europe or Eastern Europe. This is wood from fast-growing pine trees from commercial forests, planted specifically for this purpose.

In European commercial forests, two new trees are planted for every felled tree and that guarantees a rapidly expanding acreage of commercial forests. These young trees extract more CO₂ from the air than is released during the production of pallets. The woods are managed in accordance with the rules of the PEFC.

There are two quality marks, the PEFC and the FSC. Both organisations work tirelessly for sustainable forestry and for increasing the total surface area of certified forest. The PEFC also pays attention to the well-being of the forestry workers. PKF/POST is PEFC certified.

We prefer to work with PEFC or FSC certified wood. In 2021, a total of 77% of the wood we used was certified sustainable.

Some 90% of the wood processed by PKF/POST is imported kiln-dried, and that produces significant environmental benefits in respect of fresh-sawn wood. Kiln-dried wood is lighter and allows for 50% more wood per transport. Pallets made of fresh-sawn wood need to be dried with expensive Dutch energy prior to export, whilst this is not necessary for pallets of kiln-dried wood.

When we cut the wood for our pallets we work as efficiently as possible, and we are able to reduce the amount of waste material to almost zero. The released shavings and sawdust are used as bedding in stables, whilst residual wood is machined into raw materials for chipboard and pallet blocks.

In 2025, at least 90% of the wood we use will be certified sustainable.



PEFC (Programme for the Endorsement of Forest Certification) is a global non-profit organisation that promotes sustainable forestry independently of governments.

Machines

The machinery of PKF/POST is the most modern in our sector. Due to continuous innovation, with plenty of in-house developments, we are managing to produce the best pallets in the Netherlands at a competitive price.

Our new PF12 pallet production line is a good example of our innovative power. This line is 'the bee's knees' when it comes to automated pallet production. It is a hybrid machine, suitable for a wide range of pallets. Small 390 x 390 mm pallets, but also so-called twin pallets. They are linked pallets that are only separated by the end user of our purchasers. This line has a switch-over time of five seconds.

Our production lines for the paper and cardboard industry are also unique. We produce different sizes of pallets in one continuous production flow in batches from one to unlimited. The pallets are produced in the client's required order, focused on the production process of our purchasers.

We deliver quickly. Pallets ordered before noon will be delivered to the paper and cardboard factories that same day. Our drivers deal with unloading once they arrive at our clients, and again this is in the order required by the purchaser.

There are more robots on the production lines too, reducing the need for heavy repetitive work by manpower. It gives our machine operators the time to monitor the quality of our pallets.

Both product sites use completely new planing-cutting mills, and we only use kiln-dried calibrated wood. All planks have guaranteed dimensions at PKF/POST, and these calibrated dimensions produce less drop-outs and stoppage of our machinery and increase the production speed. At the end of the line, pallets roll off the conveyor with a consistent quality. The latter also benefits the automated processes of our purchasers.

In PKF/POST the pallet production is controlled digitally - from order to delivery of the finished product and from raw material purchasing to transport logistics. We use software we developed in house. The used raw materials and the produced pallets are fully traceable throughout the production process.

The production lines at both sites are comparable, in the event of any emergency orders can be exchanged between the two sites. In essence that represents a 100% guaranteed delivery!



Far-reaching **automation**
enables us to **produce pallets**
in the Netherlands



75% renewable energy

📍 Energy

The CO₂ emissions per pallet produced by PKF/POST amounted to 0.32 kg in 2021. These emissions are largely caused by the energy used during the production process. Although this figure is low compared to pallets made of other materials, we strive to reduce the emissions even further.

In the choice of how our energy is generated, we are still fully dependent on the supply of our energy suppliers. In 2021, some 30% of our electricity consumption was generated by renewable sources and that is double the amount compared to previous years.

We are planning to install 10,000 solar panels with a joint capacity of 2.5 million kWh. When the soil is excavated, we will fit a geothermal system to heat our production halls.

We also aim to install three small-scale wind turbines with a capacity of 34,500 kWh each per year. These turbines are a Groningen product and are built near our site in Finsterwolde. Our aim is to produce fully energy-neutral pallets in the future.

Besides generating our own energy, we focus on reducing our consumption. When we replace or expand our machinery, the energy consumption of the new machines is an important criterion.

Using the latest servo motors, PLC technology and frequency-controlled roller and chain conveyors produce significant reductions in electricity consumption. Furthermore, our machinery is set up in such a manner that the machinery only works when raw materials are actually processed. In the event of any stoppage there is virtually no energy consumption.

In 2018, we stopped using a drying chamber for heat treating our pallets in Finsterwolde, reducing our annual gas consumption by 150,000 m³. Instead of drying it ourselves, we now prefer to buy kiln-dried wood. Kiln-dried wood weighs less and our suppliers can transport 50% more kiln-dried wood per trip compared to fresh-sawn wood. This has reduced the CO₂ emissions of our raw-wood transport by 30%.



🚚 Logistics

Logistics is part of the DNA of our business operations and PKF/POST often offers its purchasers a complete logistics product. We supply pallets, but also ensure that our clients have the right pallets in the right place at the right time where they can be used in their production process. This may be on the client's call, or at our initiative as we deal with remote monitoring of some clients' pallet stocks. For other clients we maintain a buffer stock, in our own storage facilities, that is available immediately.

With our HCVs (high capacity vehicles) we transport 50% more pallets per trip with fuel savings of 30%. Our modern lorries all drive with Euro-6 engines, the most current emission standard for combustion engines in Europe. Financial and environmental benefits go hand in hand.

Where possible, we take back the used pallets and reduce empty trips to an absolute minimum. Used pallets are given a new lease of life by our sister company Palletmatch; they check the pallets, repair them where necessary and then market them through their own channel.

The two production sites of PKF/POST came about as result of market forces. Finsterwolde, in the province of Groningen, is at the heart of the paper and cardboard industry that has always been in that area. Venlo in Noord-Limburg is part of a highly industrialised area

with a large diversity of purchasers, not to mention the German Ruhr region that is just across the border.

This geographically strategic location means our purchasers can be served quickly with a limited transport distance and correspondingly low CO₂ emissions. Our external transport planner ensures our vehicles are loaded in the most efficient possible way and empty or half empty trips are reduced to a minimum.

Logistics is also important on our sites. These are efficiently arranged, based on the flow of commodity. By reducing the number of traffic movements, safety has also improved on our sites. A logical material route also produces minimum internal transport requirements.

Our internal transport means, such as forklift trucks, have been replaced by electric ones that do not produce any CO₂ emissions. This is good for the environment and for our employees, as they do not need to breathe in exhaust fumes in the production halls.

The first unmanned forklift trucks, the so-called AGVs (automatic guided vehicles), are driving around the new PF12 production line to supply wood. They drive continuously between the sawing machine, the stocks and the infeed tables, and are controlled by our production software.



PKF/POST made wood available to the village primary school Kindcentrum De Bouwsteen in Finsterwolde for an artwork on its facade. All the children worked on producing this art project.

Cooperation

Caring for the environment starts at home, but PKF/POST also considers it to be a shared responsibility of the entire sector. Therefore, PKF/POST plays an active role in encouraging sustainable thinking and actions throughout the production chain.

By only purchasing wood from sustainably managed commercial forests we send an important signal to our suppliers, competitors and purchasers.

We visit our suppliers and purchasers regularly to discuss our shared responsibility for sustainable business operations. This chain cooperation has been embraced by all and is bearing fruit.

PKF/POST is an active member of several sector associations, including the Foundation implementing the Dutch Wood Marking Program (SMVH), and the Dutch Packaging & Pallet Industry Association (EPV). This association has been the sector organisation for producers, traders and repairers of wooden pallets and packaging for 70 years. The EPV promotes the interests of this sector in general and of its members in particular.



Involvement

One of the core values of PKF/POST is to care for its neighbours and its surroundings. We support local associations, cultural and other activities and good causes with funds and facilities. We make a contribution to the well-being of the people who live in our working area.

Social

Through the foundation Klein Voorhout (youth support for young people and young adults), we have ensured that all their children and young people had a laptop to attend digital education.

The debt-support organisation Schuldhulpmaatje Oldambt helps people to get their finances back in order. Specially trained volunteers help clients with financial issues. PKF/POST helps this foundation with its accommodation.

Beterboek

We support the healthcare project BeterBoek for the Children's Ward of the VieCurie Medical Centre in Venlo and the Ommelander Hospital. It explains what is about to happen in simple terms, and explains words such as narcosis, a drip, or x-rays. The information is given in a fun way in the form of cartoons, jigsaws and games.

Clubs

Local sports clubs are supported with funds and material, for example by sponsoring the shirts of various football teams. We also support annual local events, such as Poppodium Grenswerk in Venlo and Dickens Day in Beerta.



2021 in figures

 **PKF/POST**
maakt pallets

Samen zorgen we ervoor
dat de juiste pallets op het
juiste moment op de juiste
plaats bij onze klanten
geleverd worden.

Wij werken veilig
Wij werken netjes
Wij werken secuur

Het belang van onze klanten
is ook ons belang. Elke pallet die
hier de deur uit gaat is perfect.
Dit geeft zekerheid voor nu én in de
toekomst en maakt ons werk leuk.

Mission and vision

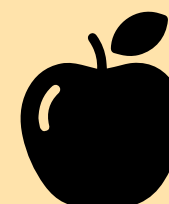
The mission of PKF/POST is to produce and supply high-quality pallets of all types and dimensions, taking account of the interests of our clients, employees, suppliers and our immediate surroundings.

This is achieved by putting our vision - creating sustainable growth with innovation and efficient working practices - into practice. A safe and comfortable workstation for our employees and care for the environment are our core values.

The ingredients we use to put our mission and vision into practice are:

- expanding a sustainable culture and structure where our employees feel good and can develop further
- applying dynamic management
- to increase our strategic flexibility
- encouraging innovation
- reducing waste

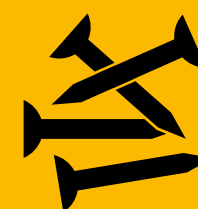
With this platform we are convinced that we will continue to achieve our environmental and other targets now and in the future.



5,023 kg
fruit for our
employees



131,000 m³
wood for pallet
production



> 500,000,000
nails



605,543 km
completed by our preferred
transport company



100%
of participants
passed first time



2,000
pallets per
operating hour



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