

SUSTAINABILITY AT PAL NEXT

In 2024, PAL Next once again remained true to its convictions: sustainability is inseparable from economic success. Ecological and social responsibility are enshrined in our corporate culture, and they determine our entrepreneurial actions. After all, films and series have the potential not only to offer high-quality entertainment but also to promote important social discourse and raise awareness of sustainability issues. For us, acting sustainably also means observing national and international laws and standards and promoting a corporate culture based on legality, integrity, trust and transparency.

We are therefore laying down a clear marker for transparency and responsibility by also volunteering information on sustainability topics and ESG data for 2024. This sustainability report is based on the specifications contained in the VSME standard – voluntary standard for the sustainability reporting of “Voluntary Small and Medium Enterprises” – and presents the key ESG data for PAL Next. In the process, we focus on the most important sustainability topics for our company and our stakeholders. The existing materiality analysis was also updated as part of a workshop. The available results of the analysis were compared with the topics covered by the ESRS (European Sustainability Reporting Standards) and verified on the basis of the double materiality concept. This revealed the following spheres of action to be essential both for the PAL Next Group itself and for key stakeholders:

Besides ESRS topics, one existing company-specific topic was classified as relevant, i.e.:

“Innovation and AI”. Because PAL Next uses AI (Artificial Intelligence) at its Storybook Studios subsidiary in order to redefine storytelling and make production processes more efficient. Our approach in the field of Artificial Intelligence is focused not only on creating innovative entertainment experiences but also on exerting a positive influence on the environment and society as a whole. The use of AI can make a substantial contribution towards boosting cost efficiency and promoting diversity and inclusion through our entertainment products. In doing so, we undertake to maintain the highest ethical standards and create a responsible digital environment. We guarantee strict data protection measures as well as complete transparency in the use of personal data. We intend to ensure that our AI models are not only focused on a homogeneous user group but also take account of a broad range of needs and backgrounds. In this way, we can better reflect the perspectives and needs of our diverse audience, enhance overall quality and at the same time preserve ethical integrity.

As a general rule, PAL Next’s sustainability strategy comprises topics from the spheres of the environment, society, corporate governance and innovation, focusing on the integration of AI into our production processes. This will enable us to generate value added for our stakeholders over the long term.

ESRS E1 - Climate change

- Climate protection
- Energy

ESRS E5 - Use of resources and circular economy

- Inflows / consumption of resources
- Waste

ESRS S1 - Own workforce

- Working conditions
- Equal treatment and equal opportunities
- Data protection

ESRS S2 - Workers in the value chain

- Data protection

ESRS S4 - Consumers / end users

- Data protection
- Protection of children

ESRS G1 - Corporate policy

- Corporate culture
- Protection of whistleblowers
- Corruption and bribery

To implement the sustainability strategy, the Group has internal guidelines and practices aimed at transitioning to a more sustainable way of doing business:

GUIDELINES/PRACTICES	CONTENTS/PURPOSES
Calculation of the corporate carbon footprint with <i>KlimAktiv</i> Green Shooting Calculator (since 2022)	Goal: To monitor and reduce carbon emissions; calculation in accordance with the GHG Protocol (Greenhouse Gas Protocol).
Commitment to Green Motion minimum standards (since 2021)	Goal: To realize production methods in German cinema, TV and online/VoD productions that are more protective of the climate and resources. Standards are applied to productions and at the Group's main facilities.
Waste management	Goal: To reduce work or make it paperless through digitalization; waste separation in offices and on set.
Diversity Charter (since 2022)	Goal: To advance the recognition, appreciation and inclusion of diversity in the working environment in Germany. The Diversity Charter is supported by the federal government commissioner for migration, refugees and integration.
Regular training and further education opportunities (mandatory and voluntary)	Goal: To offer training for all employees in the following areas: sustainability, data protection, AI, occupational safety, first aiders, compliance, new operating systems.
Health & Safety	Goal: To protect permanent employees and project staff – dedicated documentation of dangers and risks in offices and on shoots.
Code of conduct for employees and code of conduct for business partners	Goal: To explain internal guidelines and rules focusing on non-discrimination, equal treatment, diversity, inclusion, human rights, employees' rights, occupational health and safety, compliance with the law, combating corruption, data protection, fair competition, sustainability, AI.
AI guideline / procedural instruction (since February 2025)	Goal: To ensure responsible handling of AI technologies; fulfilment of legal requirements and specifications under data protection legislation; definition of clear responsibilities. Compliance with principles and procedures in the procurement, implementation and use of AI within PAL Next AG.
Guideline on gifts and hospitality	Goal: To avoid the appearance of misconduct and not to allow business decisions to be influenced. Inappropriate donations can lead to disciplinary measures and criminal prosecution.
Data protection specialist and mandatory training for all employees on the subject of data protection	Goal: Strict compliance with the EU General Data Protection Regulation. The data protection specialist serves as the point of contact for all questions from employees and customers relating to the topic of data protection.
Whistleblower system	Goal: To foster a culture of trust and opportunities to report breaches of internal guidelines or violations of the law by means of a dedicated email and telephone number: compliance@pal-next.com / +49-89-2323855118. The whistleblower system is available to all employees but also to business partners and third parties.

The following table shows the key ESG indicators for PAL Next for the 2024 reporting year. As new ESG indicators were surveyed in 2024, that year will also be used as the base year in the future:

KEY ESG INDICATORS	2024
ENVIRONMENT	
Carbon emissions (Scopes 1, 2, 3) - kg	527,282.60
Electricity from renewable sources	
Head Office - %	100
Projects - %	39.27
SOCIAL ASPECTS	
Total number of permanent employees	21
of whom women - % ¹	48
of whom men - % ¹	52
Permanent contracts - % ²	100
Staff turnover rate - % ³	48
Total number of project staff	463
of whom women - % ⁴	45
of whom men - % ⁴	55
Fixed-term contracts - % ⁵	100
GOVERNANCE	
Cases reported via the whistleblower system	0

1 This indicator was calculated and surveyed as of the reporting date of December 31, 2024.

2 All permanent employees have an indefinite contract.

3 Due to restructuring in the 2024 financial year, staff turnover was relatively high.

4 Of the absolute number for the whole of 2024.

5 All project staff have a fixed-term contract through PANTALEON Films.