

# SUSTAINABILITY AT PAL NEXT

## INTRODUCTION

In a dynamic market environment that characterized the year 2025, we consistently focused on our core business: the production of films and series of the highest quality. Sustainability continues to guide our actions during the reporting year. Our corporate culture is based on ecological and social responsibility, which guides our business activities. For us, films and series are not only a way to offer entertainment of the highest quality, but also effective tools for promoting social discourse and raising awareness of pressing issues. As an entertainment group, we see it as our duty not only to monitor our energy footprint, but also to actively manage it. Reducing CO<sub>2</sub> emissions, resource-efficient production, and consistent waste management in our offices are our top priorities. Innovation and AI only unfold their value through the people who stand behind technology with many years of expertise and great commitment. That is

why we at PAL Next are committed to ensuring compliance with working conditions and a working environment characterized by equal opportunities, diversity, freedom of expression, and integrity. Responsible corporate governance based on legal compliance, trust, and transparency also forms the basis for sustainable and successful action.

In 2025, we once again voluntarily report on our key ESG indicators and practices. Our report is guided by the VSME standard – the Voluntary Standard for Sustainability Reporting by Small and Medium-Sized Enterprises – and are thus sending a clear signal of transparency and responsibility toward our environment, our society, and you, our stakeholders. Listed below are the ESG areas of action that are material for us and our key stakeholders, which have been identified based on the classification of topics under the ESRS (European Sustainability Reporting Standards):

### ESRS E1 - Climate Change

- Climate Protection
- Energy

### ESRS E5 - Circular Economy

- Resource Inflows / Use of Resources
- Waste

### ESRS S1 - Own Workforce

- Working Conditions
- Equal Treatment and Opportunities
- Data Protection

### ESRS S2 - Employees in the Value Chain

- Data Protection

### ESRS S4 - Consumers / End Users

- Data Protection
- Child Protection

### ESRS G1 - Business Conduct

- Corporate Culture
- Protection of Whistleblowers
- Corruption and Bribery

In addition to the known ESRS topics, we have identified a company-specific topic that is particularly relevant to us: “**Innovation and AI.**” At our subsidiary **Storybook Studios**, we use AI to redefine storytelling and make production processes more efficient. In doing so, we are committed to adhering to the highest ethical standards and creating a responsible digital environment. We implement strict data protection measures and ensure complete transparency in the use of personal data.

Our sustainability strategy covers topics in the areas of the environment, society, corporate governance, and innovation. This enables us to generate long-term value for our stakeholders. To implement this sustainability strategy, our group has internal guidelines and procedures in place that aim to transition to more sustainable business practices.

**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 reporting years 2024 (base year) and 2025:

ESG-KEY INDICATORS	2024	2025
<b>ENVIRONMENT</b>		
<b>CO<sub>2</sub>-Emissions (Scope 1, 2, 3) - Kg</b>	<b>527,282.60</b>	<b>25,721.27<sup>1</sup></b>
<b>Electricity from renewable sources</b>		
Head Office - %	100	100
Projects - %	39.27	- <sup>2</sup>
<b>SOCIAL</b>		
<b>Total number of permanent employees</b>	<b>21</b>	<b>17</b>
of whom Women - %	48	59 <sup>3</sup>
of whom Men - %	52	41 <sup>4</sup>
Permanent Contracts - %	100	94 <sup>5</sup>
Staff Turnover Rate - %	48	24
<b>Total number of project staff</b>	<b>463</b>	<b>27</b>
of whom Women - %	45	48
of whom Men - %	55	52
Fixed Term Contracts - % <sup>6</sup>	100	100
<b>GOVERNANCE</b>		
<b>Cases reported via the whistleblowing system</b>	<b>0</b>	<b>0</b>

1 The reduction of CO<sub>2</sub> emissions in financial year 2025 is attributable to the fact that no new production was launched in the reporting year and post-production for the projects was already almost fully accounted for in 2024.

2 In the 2025 reporting year, no projects were in the shooting phase. Therefore, no projects were taken into account.

3 Calculated and collected as of December 31, 2025.

4 Calculated and collected as of December 31, 2025.

5 With the exception of one permanent employee, all employees had a permanent contract in the 2025 financial year.

6 All project-based employees have a fixed-term contract with PANTALEON Films.