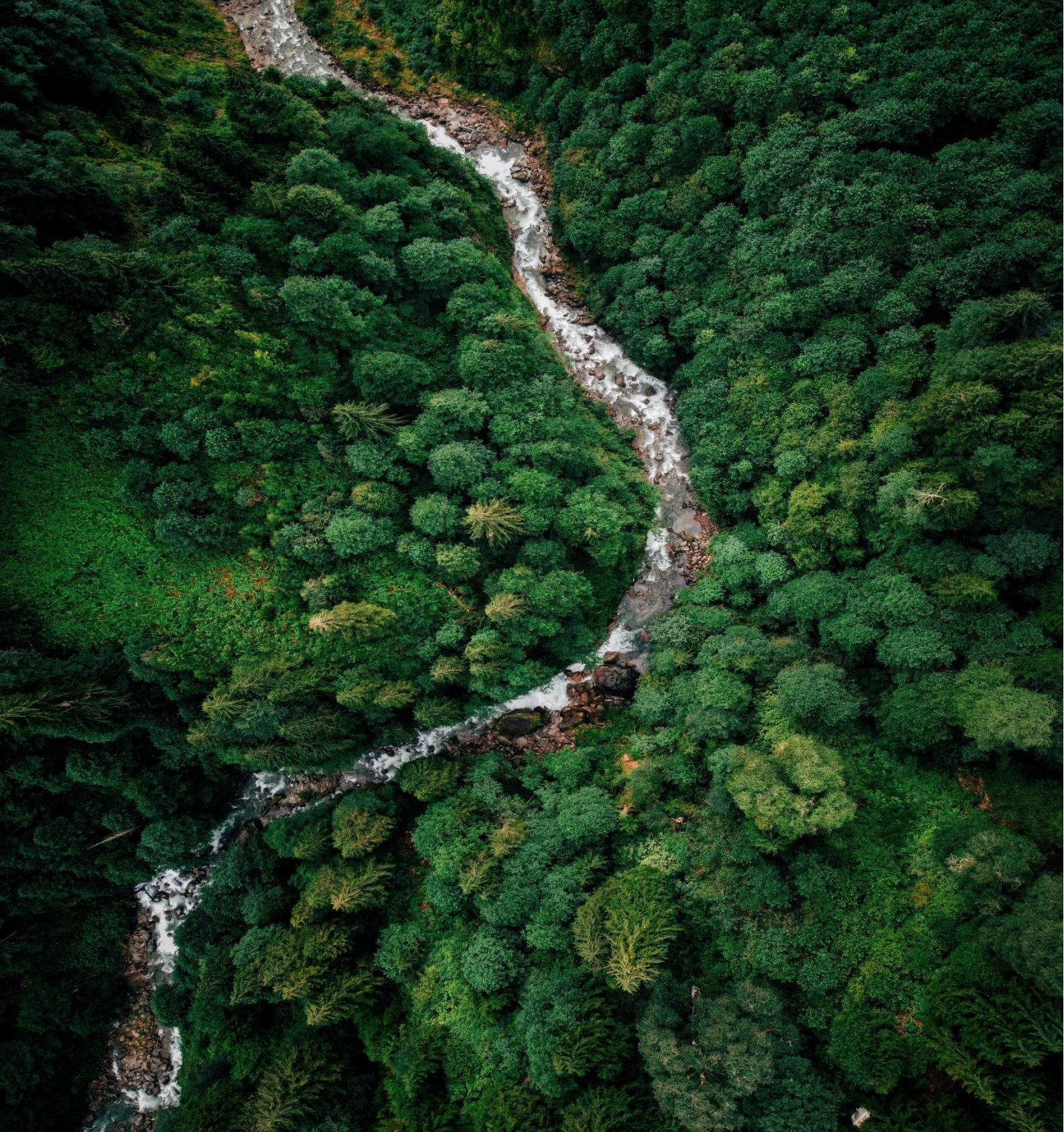


# Sustainability Report 2022



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## About this report

| GRI 102 |

With this sustainability report, Chemos GmbH & Co. KG provides information on how it assumes responsibility for its corporate actions. The objective is to recognise the economic, ecological and social consequences and, at the same time, to take measures to mitigate or compensate for them as best as possible. Unless otherwise stated, the facts and figures in this report refer to the years 2019 and 2020. To increase the timeliness of the report, information from the year 2021 was partially taken into account. In this case, this is explicitly highlighted. All mentioned policies and management approaches contained herein apply without exception to all Chemos® employees or third-party consultants working on our behalf. The structure of the individual reporting categories is mainly based on "relevance and management approach", "measures" and "reporting results".

### Reporting criteria

Our reporting is based on the GRI Sustainability Reporting Standards of the Global Reporting Initiative (GRI). This report has been prepared following the "Core" option as closely as possible. For economic reasons, it is sometimes not possible for us to achieve the reporting scope of large corporations. Nevertheless, we make every effort to fulfil our obligation to provide information. In this way, we achieve the greatest possible comparability and traceability. For a better overview, there is a GRI-index at the end of the report, as well as on our website, which addresses the relevant sources of information for various topics.

### Determination of essential topics

With the Sustainability Report, we want to inform customers, business partners and suppliers, non-governmental organisations and authorities, as well as our neighbours and our employees openly and comprehensively about Chemos® sustainability work. We have therefore identified our most important stakeholders by means of a stakeholder analysis.

The stakeholder analysis should answer the following two important questions:

1. What are the stakeholders?
2. What interests do the stakeholders represent?

The identification process started with brainstorming and interviewing of colleagues. In addition, the stakeholder analyses of competitors were reviewed in order to prevent relevant stakeholders from being overlooked.

Subsequently they were assigned their main interests. When these were unclear, a survey was the remedy.

### Sustainability for Chemos®

Sustainable development is defined as meeting the needs of the current generation without compromising the ability of future generations to meet their needs. Chemos® bases this definition on the sustainable business success of the company and the careful and considerate use of resources of all kinds. Sustainability is firmly integrated into the company's growth strategy. In addition to the moral obligation towards future generations, we see many reasons to pay attention to resource consumption from economic aspects alone. Moreover, Chemos®, like any other company, depends on a functioning environment. For these reasons, we attach great importance to sustainability.

### Involvement of Stakeholders and Elaboration of essential topics

The key point of these considerations is to recognise that Chemos® does have an impact on various stakeholders. It is our task to make this influence as positive as possible and to minimise or compensate for damage of any kind. Therefore, claims of stakeholders are the basis for the selection of topics for our CSR programme. Internal Stakeholders were interviewed about their Interests. For cost and efficiency reasons, the survey of external stakeholders was mostly carried out indirectly. For this purpose, the employees who are most in contact with the corresponding stakeholders have estimated the importance for them. Since the interests of the stakeholders have a significant influence on the topics in the area of sustainability, the involvement of stakeholders should take place at regular intervals, for example through annual employee surveys.

In analogy to the declaration of the Global Reporting Initiative standard (GRI 101), a topic is material if it can reasonably be considered important for reflecting the organization’s economic, environmental, and social impacts, or influencing the decisions of stakeholders. In a nutshell materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them.

Additionally, we are referring to the Materiality Map of the Sustainability Accounting Standard Board (SASB) and recommendations of Ecovadis.

The following table shows the results broken down according to internal and external stakeholders:

Internal	Interests	External	Interests
<b>Employees</b>	High Income, social security, self-development, recognition, work-life balance	<b>Customers</b>	Quality, attractive pricing, service, fast delivery time, flexibility, problem solving, corporate responsibility
<b>Owner</b>	Profit, value enhancement, high return on investment	<b>Suppliers</b>	Stable demand, high solvency, high purchase volumes, planning security
<b>Management</b>	Decision-making autonomy, successful leadership	<b>Competitors</b>	Compliance with fair business practices, cooperation within the sector
		<b>Authorities</b>	Compliance with laws and standards, taxes, job security, social benefits
		<b>Creditors</b>	Safe investment
		<b>Society</b>	Preservation of a liveable environment, creating jobs
		<b>Residents</b>	Avoidance of any negative influences on the community, infrastructure development

The subdivision takes place under four essential headings with associated sub-topics:

<b>Environment</b>	<b>Labour- &amp; Human Rights</b>	<b>Ethics</b>	<b>Sustainable Procurement</b>
Energy Consumption and Green House Gas Emissions	Employee Health & Safety	Corporate Mission	Strategy
Local & Accidental Pollution	Working Conditions	Corruption	Targeted results
Raw Materials & Waste	Social Dialogue	Information Security	
Customer Health & Safety	Career Management and Training		
Additional Environmental Services	Child Labour, Forced Labour & Human Trafficking		
	Diversity, Discrimination & Harassment		

## Principles of reporting

### Accuracy

Measured data is given where available. These are usually taken from the ERP system or from the accounts of any service providers. If values were obtained through estimates, this is highlighted in the report.

### Balance

Chemos® transparently discloses both positive and negative developments. This report aims to present a realistic picture of the company.

### Clarity

The table of contents and links in this annual report are intended to make it as easy as possible for the reader to understand. In order to reach as many stakeholders as possible, this sustainability report has been deliberately published in English.

### Comparability

This report covers the period from 01.01.2020 to 31.12.2020. The following annual reports will be based on this report in order to ensure comparability in the future. By closely following the "core" option of the Global Reporting Initiative, the goal is to achieve the highest possible level of comparability of the efforts regarding sustainability between different companies.

### Reliability

The facts mentioned in the report are verifiable. Linked documents are available for download on the Chemos'® homepage.

### Timeliness

The figures in this report refer to the calendar year 2020. If more up-to-date information is available and relevant for understanding, this is additionally integrated into the report.

## Letter from the CEO

Dear readers,

sustainability has always played a major role for Chemos®. We are therefore very proud to publish our first comprehensive report this year. It does not depend on the size of the company but on whether you recognise responsibility and act accordingly. Because our actions today determine what our future will look like, we set ourselves goals for a better tomorrow.

We present our sense of responsibility when it comes to the safety of everyone involved in our business. Especially in the chemical industry, accidents must be prevented at all costs, be it at the supplier, during transport, at the customer or in our production. We are very happy that there have been no major incidents in the history of Chemos® and we are doing everything we can to keep it that way in the future. Our sophisticated safety mechanisms not only protect people but also the environment.

By protecting our environment, we preserve our livelihoods for future generations. For this very protection, greenhouse gas emissions that are harmful to the climate must be reduced to a minimum.

We want to achieve this by further reducing Scope 1 emissions (those that are produced directly by us) through more efficient processes; and Scope 2 emissions (produced by purchased energy) using renewable sources. By 2025, we want to obtain 50% of our electricity from renewable sources. By 2030, the entire electricity supply is to come from renewables. Since 2021 we started tracking part of our Scope 3 emissions: transportation. For letters and parcels, we will only use CO<sub>2</sub> neutral shipping options provided by our logistic partners from 2022. We are currently working on a solution to make pallet shipments through our forwarding company CO<sub>2</sub> neutral as well.

At the beginning of the Covid 19 pandemic, we were able to quickly set up a production line for hand and surface disinfectants thanks to our flexibility and thus make an important contribution to infection control. This production line was already planned with sustainability aspects in mind as the new processes are planned to be efficient and lean. With our work, we support research in a wide variety of industries and are thus an important partner for innovative solutions. We help to solve the challenges of today and tomorrow. With our commitment, we are sending a clear signal that even small companies must take their responsibility seriously. Not many companies with fewer than 15 employees devote so many resources to sustainability. At Chemos®, we are particularly proud of this approach and the high value it places on our corporate identity.

With the following report, we are pleased to inform external stakeholders for the first time about our efforts in the area of sustainability.

Eugen Wolf

## Environment

Chemos GmbH & Co. KG takes its responsibilities regarding sustainability and protection of our environment very seriously. We are convinced that long-term growth of our company connects directly to both local and global ecological conditions. By keeping consumption of raw materials and energy as little as possible we aim to act ecologically and economically at the same time. Furthermore, reducing pollution and waste supports achieving this goal.

The impact of our business for fellow human beings and their health and safety is one core subject of our mission, whether concerning carriers or customers. Due to the many facets of environmental stewardship this policy focuses on the following 5 core topics of energy consumption, pollution, materials & waste, customer health & safety, and additional environmental services.

### Energy consumption & GHGs

| GRI 302 | | GRI 305 |

Global warming affects us all and preventing drastic climate change will be one of the toughest challenges humankind ever faced. Our usage of energy accompanies directly with greenhouse gas emissions. Regarding to the federal environmental agency of Germany about 40% of GHG emissions are produced by power generation. Therefore, we constantly review our processes for efficiency regarding energy consumption and adjust them whenever it is necessary. Employees are encouraged to minimize power usage at any time. While building the new production line energy consumption represented a core factor for layout planning. Thus, transport routes are kept as short as possible, just like the number of lift uses and relocations of materials required. This strategy will also be applied in any further expansions.

### Energy consumption within the organization

| GRI 302-1 |

The energy consumption of Chemos GmbH & Co. KG consists of heating the premises and electricity consumption for lighting and the operation of IT systems. The year 2021 is used as the base year for this part of the annual report.

Energy consumption	2019	2020	2021	2022
<i>Electricity</i>	12.680 kWh	26.300 kWh	29.399 kWh	27.746 kWh
<i>Gas and Heating</i>	82.344 kWh	124.717 kWh	110.371 kWh	79.401 kWh

However, looking at the raw data alone does not map reality. Company growth is often accompanied by higher energy consumption but is essential for the survival of it. Therefore, the values must be set in relation to the quantity handled or produced in the corresponding year. This is the normal case in case of 2021-2022 the company grow in turnover, but reduced the consumption of electricity, Gas and Heating!



	2019	2020	2021	2022
Traded & produced goods	207to	405to	429to	439to
kWh per to	61 kWh/to	65 kWh/to	69 kWh/to	63 kWh/to
Heated Area <sup>1</sup>	223m <sup>2</sup>	333m <sup>2</sup>	333m <sup>2</sup>	333m <sup>2</sup>
kWh per m <sup>2</sup>	369 kWh/m <sup>2</sup>	374 kWh/m <sup>2</sup>	331 kWh/m <sup>2</sup>	181 kWh/m <sup>2</sup>

Due to the newly established production and the associated electricity consumption of reactors and filling systems, the electricity consumption of 2020 can only be compared with that of 2019 to a limited extent. We explain the slight increase in energy consumption by the significantly more extensive processing of the production items compared to pure trading goods. Self-generation of energy, for example through photovoltaic systems, has not yet taken place. However due the efforts to save energy and gas during 2021-2022 a decrease is visible.

#### Direct (Scope 1) GHG emissions | GRI 305-1 |

All direct emissions can be attributed to heat generation by the central heating system. The combustion of natural gas produces greenhouse gas emissions, which are broken down as follows. For the calculation, the data of the BDEW - (German Association of Energy and Water Industries) are consulted. This results in the following calculation table:

Natural Gas	CO <sub>2</sub> equivalent	CO <sub>2</sub>	CH <sub>2</sub>	N <sub>2</sub> O	SO <sub>2</sub>	NO <sub>x</sub>
<i>g/kWh</i>	290	264	0,83	0,003	0,013	0,192

Thus, each kilowatt hour corresponds to 290g CO<sub>2</sub> equivalent; this results in the following breakdown for the years 2019 to 2022:

CO <sub>2</sub> equivalent	2019	2020	2021	2022
<i>Natural gas consumed</i>	23,9t CO <sub>2</sub>	36,2t CO <sub>2</sub>	32,01 CO <sub>2</sub>	23,03 CO <sub>2</sub>

#### Energy indirect (Scope 2) GHG emissions | GRI 305-2 |

The Scope 2 emissions of Chemos GmbH & Co. KG consist 100% of purchased electricity. According to the electricity supplier, this produces 710.4g of CO<sub>2</sub> per kWh.

CO <sub>2</sub> equivalent	2019	2020	2021	2022
<i>Energy</i>	9,0t CO <sub>2</sub>	18,7t CO <sub>2</sub>	20,9t CO <sub>2</sub>	19,7t CO <sub>2</sub>

<sup>1</sup> Based on calculations from the building floor plan

Other indirect (Scope 3) GHG emissions  
| GRI 305-3 |

In general, this category includes the following activities, which are relevant for the total emissions:

- Employee commuting
- Business travel
- Manufacturing of materials
- Transportation of materials from suppliers to Chemos®
- Transportation to the customer

Rough estimates are used to give an approximate value for 2022:

Category	Quantity	estimated CO <sub>2</sub> equivalent emissions	Strategy
Employee commuting	<i>8 regular commuters</i>	<i>1,8t<sup>2</sup></i>	<i>Many cyclists, short commuter routes</i>
Business travel	<i>960km by car</i>	<i>0,19t</i>	<i>Video calls, visiting fairs online</i>
Manufacturing of materials	<i>not yet measurable</i>	<i>N/A</i>	<i>Shifting supplier structure to Europe and Germany to enhance visibility</i>
Transportation of materials from suppliers to Chemos®	<i>not yet measurable</i>	<i>N/A</i>	<i>Shifting supplier structure to Europe and Germany to reduce emissions</i>
Transportation to the customer	<i>partially measurable</i>	<i>N/A</i>	<i>CO<sub>2</sub>-neutral shipping of parcels</i>

Emission goals

The primary goal must be to keep emissions of any kind to a minimum or to avoid them completely. Since the floor area is not expected to change in the next few years, 2020 can be regarded as a good base year for heating energy consumption in the future. We want to reduce this energy consumption by 20% in the long term, by 2025. We also set ourselves the goal of sourcing 100% of our electricity needs from renewable sources by 2030. Based on year 2020 to 2022 we achieved a reduction of approximately 30% in the energy consumption. We go ahead this route and try to optimize to lower CO<sub>2</sub> emissions further.

<sup>2</sup> based on average commuting distance of 33km round trip and average emissions of 23kg CO<sub>2</sub> per 100km on 220 work days

## Measures to reduce (and track) CO<sub>2</sub> emissions

### Scope 1:

- Installation of a new and more efficient central heating system in April 2021
- More precise education of employees on efficient heating and the reduction of avoidable heat loss

### Scope 2:

- Training employees to use energy responsibly
- Continual process optimisation
- If consumption continues to rise significantly, a percentage dependent switch to electricity from renewable sources is planned before 2030

### Scope 3:

The evaluation of indirect Scope 3 emissions showed that it has not yet been possible to record them completely. The main goal is to find a way to determine the energy consumption and associated emissions of manufacturing. Since the chemical industry accounts for a large share of Germany's total energy consumption (8%<sup>3</sup>), it can be assumed that these emissions are also of great relevance to Chemos® for the calculation of all Scope 3 emissions. The same applies to the transport of the goods from the supplier to us. Due to the great effort of data collection, there is an information deficit.

Further planned reduction measures are:

- Business trips should continue to be limited to what is necessary. Many face-to-face meetings can now be replaced by video calls.
- Our efforts to shift the purchasing volume from third countries to Europe or Germany support us in our goal to further minimise transport costs through shorter distances.
- The transport from Chemos® to the customer should gradually become CO<sub>2</sub>-neutral. For this purpose, we will exclusively use the CO<sub>2</sub>-neutral shipping of our parcel service providers in the future.
- CO<sub>2</sub>-neutral shipping is not yet available for transport by our forwarding agents. We are currently working on a solution to record the resulting emissions to understand their share of total emissions.

## Local & Accidental pollution

The preservation of our local environment represents a prerequisite for the success of our business. Both clean air and water is a vital resource for life. Handling chemicals brings special responsibility and requires caution. For all employees of Chemos GmbH & Co. KG it is mandatory to comply with applicable regulations and laws of the Federal Office for the Environment, Nature Conservation and Nuclear Safety. There have been no violations of these rules so far (GRI 307) and we are doing our utmost to maintain this status.

Particularly relevant for us is compliance with the Water Resources Act, as we are increasingly dealing with substances hazardous to water. These water-polluting substances are of course not discharged into the groundwater but disposed of professionally.

A core of our operations is risk prevention. Since human error cannot be ruled out even with the greatest effort, we work with double safety mechanisms. Leaks and spills are to be further prevented through training of employees and strict controls of packaging. In the event of such incidents, an entry is made in the spill list and the incidents are processed to identify errors and prevent them in the future.

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<sup>3</sup> VCI (Verband der Chemischen Industrie e.V.) calculation from the year 2019

<b>Spills/Leaks</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>Quantity</i>	0	0	0	0

Water hazardous goods are stored in a special bearing equipped with extinguishing water barriers to prevent these entering the groundwater. The main warehouse consists of a drip tray for up to 2.000 litres. Underneath the lorry loading zone a built-in catch basin collects possibly dangerous liquids in case of leaks or accidents while loading operations take place. Odorous products are handled underneath suction systems and when possible transferred by means of an emission-free suction lance.

## Materials

| GRI 301 |

The German Environment Agency and several experts urge that consumption of raw materials need to be reduced considerably. Accordingly, Chemos® is constantly looking for alternative and resource-saving manufacturing processes.

The following tables contain the largest, most relevant items of raw materials and packaging materials for 2022:

<b>Raw materials</b>	<b>Water</b>	<b>Various alcohols</b>	<b>Inorganic compounds</b>
<i>Amount</i>	281.000L <sup>4</sup>	88,681to	2,2to

<b>Packaging material</b>	<b>Cardboard</b>	<b>Plastic (HDPE)</b>
<i>Amount</i>	5,62to	7,12to

The data are estimated values, which were created on the basis of purchasing analyses of the ERP system. Consequently, these are exclusively purchased materials from external sources. Particularly in the area of packaging, there is great potential for reducing the materials used. For example, the cardboard boxes used since December 2020 in a special long-term project are reused whenever possible. In this context, after safety, the ecological idea is of great importance to Chemos®. We also check at every opportunity whether reusable solutions can replace cartons. It is difficult at this point to write specific targets in absolute figures, as certain products do not allow any other packaging solutions due to high security requirements.

## Waste

| GRI 306 |

Environmentally friendly waste management is defined as an essential target for companies in a United Nations (UN) resolution of 2015. As a small player, Chemos® also wants to show how to deal with the issue responsibly and places great emphasis on this in the course of its activities.

The best waste is that which is not created in the first place. Therefore, we constantly check the expiry dates of our products and act before they are no longer usable. We would rather buy small quantities at more expensive prices than having to dispose of material. We also

<sup>4</sup> based on the data of the provider

want to encourage our suppliers to package products as well as necessary, but not as well as possible, while maintaining the highest possible level of safety. In our day-to-day work, we work paperless as far as possible and encourage clients and suppliers to do so as well.

Should it be necessary to dispose of chemical material, we call in a competent regional partner who supports us in compliance with the Bavarian Waste Management Act. Data on waste volumes from 2019 are not available and would not be very comparable due to the start-up of production at the beginning of 2020 and the associated increase in waste volumes.

In the following overview all wastes of the Chemos® from 2022 are listed.

The weights are taken from the billing of our waste disposal service provider:

Waste type	Amount
Inorganic chemicals	0,028 to
Organic chemicals	0,195 to
Acidic pickling solution	0,863 to
Alkaline pickling solution	3,308 to
Commercial Waste	27,5 m <sup>3</sup>
Foils	6,6 m <sup>3</sup>
Iron scrap	0,520 to
Bulky waste	0,380 to
Waste wood	1,060 to
Mixed plastics	0,190 to

As we consider chemical waste to be the most relevant environmental aspect, we would primarily like to achieve improvements in this area. It makes sense to put the amount of waste in relation to the goods produced or handled. We want to reduce our chemical waste by more than 20% by the end of 2021 in relation to the volume produced. With a total quantity of 4,394 tonnes and 407 tonnes of traded or produced material, this makes approx. 11 kg of waste per tonne. To reach our goal it must be a maximum of 8.8 kg per tonne of goods handled.

## Customer Health & Safety

| GRI 416 |

All products shipped by Chemos® comply with legal requirements regarding packaging and labelling. Our shipping employees are trained and certified according to IATA and ADR. The products are thus securely packed at all times and an unintentional leakage of material is prevented. Additionally, every shipment contains the prescribed Material safety data sheets (MSDS) with all safety-relevant information. This means that the customer always knows how to handle the substance, which storage conditions must be observed, which protective measures such as personal protective equipment must be taken, or what action must be taken in the event of unintentional contact with hazardous substances. MSDS are updated whenever new classifications or general notes are added.

Our analytical service can provide the customer with various quality checks so that unwanted contamination can be excluded. Should there be any further uncertainties, we are always at the disposal of our customers. The health of our customers continues to be a high priority. Therefore, the number of complaints with potential health risks should remain at 0 per year.

Carriers are always provided with a precise description of the material no matter whether its hazardous or not.

Chemos® operates exclusively in the B2B sector. Customer enquiries about critical products that are subject to special regulations are always processed in accordance with the applicable legal requirements. In practice, this means, for example, that end-use certificates are requested from the customer.

#### Additional Environmental Services

Whenever a product can be substituted by another one that is less harmful to the environment or less hazardous to health, Chemos® will offer this as preferred solution. Unfortunately, this rarely happens in the specialities sector we are operating in. However, suggesting one-time deliveries instead of multiple shipments can reduce transport emissions drastically. Especially in combination with the distribution of more concentrated products, a lot of packaging material and weight can be saved compared to highly diluted solutions. To minimize emissions even further, we are working on offering our customers a climate-neutral shipping option for pallet shipments. As a service, we offer to dispose of material that is no longer usable in a professional manner by a competent partner.

## Labour & Human Rights

Respecting internationally recognized labour & human rights is a very high priority for Chemos®. We are strongly committed to providing the best working conditions for our employees, value diversity and do not tolerate any kind of harassment or discrimination.

Equal opportunities are a matter of course for us. These values for which Chemos® stands are non-negotiable and are adhered to all times. Beyond our company, we are committed to ensuring that our partners also stand for these values.

### Employment and working conditions

| GRI 401 |

Three new employees were hired in 2020, one employee left the company in the same year. This was the only employee to leave Chemos® 2020. According to the BDA formula of the Confederation of German Employers' Associations, this makes a fluctuation rate of approx. 11%.

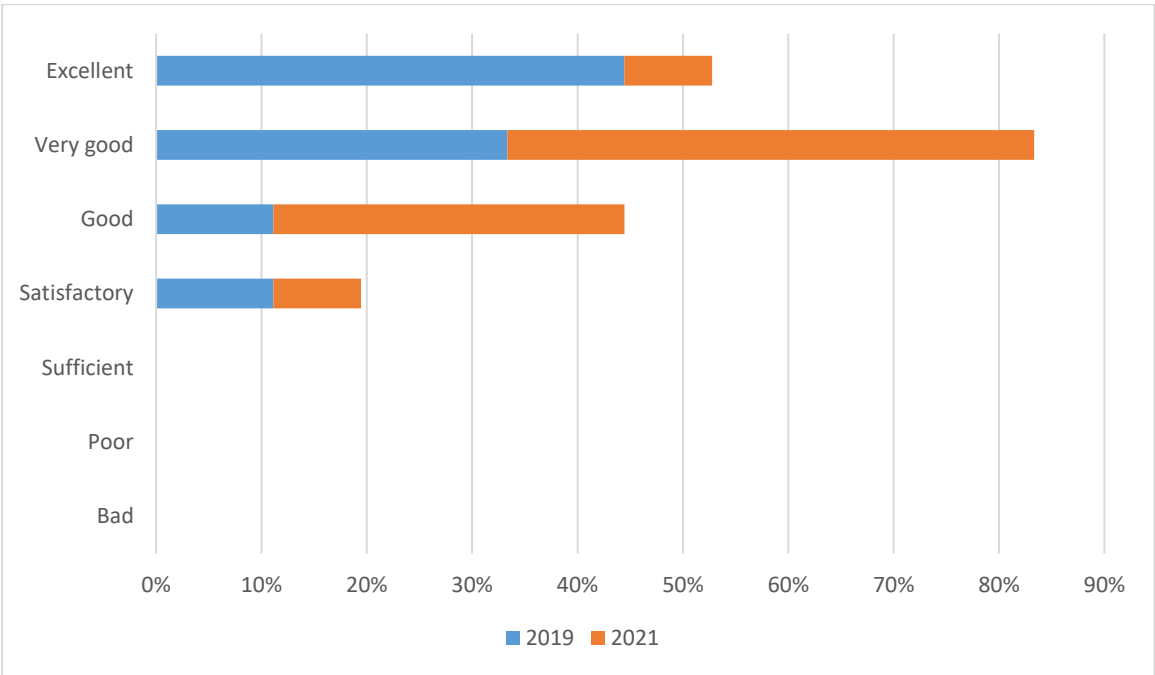
With a working week of 39,5 hours, Chemos® is far below the German average of almost 41 hours for full-time employees. Breaks, holidays and leave periods are established in compliance with local laws and agreements. Flexitime enables employees to plan their own working time within the framework of core working hours. One employee was entitled to parental leave during the reporting period and made use of this opportunity. Due to the return of the employee, Chemos GmbH & Co. KG can show a return rate of 100%.

Team events such as marquee visits, barbecue events in summer or joint lunches when internal milestones are reached loosen up every day working life and strengthen cohesion among colleagues.

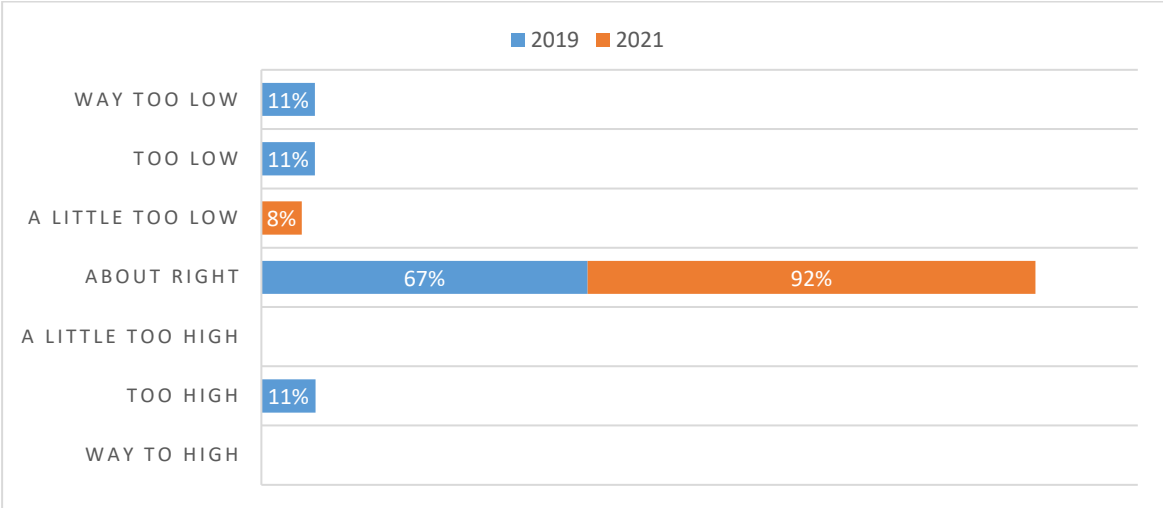
Remuneration complies with all applicable wage laws at any time. Regarding to region and company-size, Chemos® pays high salaries to its employees, which are inspired by the collective agreement of the IGBCE (“Industriegewerkschaft Bergbau, Chemie, Energie” - Mining, Chemical and Energy Workers' Union) and usually exceed it. These salaries are defined equally; we follow a zero-tolerance approach to any discrimination related to nationality, religion, gender, race, age or disabled colleagues. Chemos® provides its employees with extra benefits such as holiday and Christmas pay. The possibility of taking out a company pension scheme was established in Early 2020.

Internal, anonymous employee surveys reflect the unfiltered opinion of employees towards the company. The surveys are usually conducted every two years. Thus, the results from 2019 and 2021 are available for this report. The questions were identical in both years to ensure comparability.

The following graph shows the employees' satisfaction with the general working conditions:



The options "sufficient", "poor" and "bad" were not selected in either survey. The company was also particularly interested in the load distribution among the employees. The graph below shows the employees' opinion of the appropriateness of their workload:



The graph clearly shows that the distribution has improved greatly compared to 2019, with only a small proportion reporting a slightly too low workload. Open communication and a climate of trust allow grievances to be addressed to create a better overall experience for all employees. Chemos® will continue to make great efforts to maintain or further improve working conditions in the future. We see the physical and mental health of our employees as an essential factor for our success. That is why we have dedicated the next chapter to this topic.



## Employee Health & Safety

| GRI 403 |

A company can only achieve success through efficient and strong employees. To ensure long-term health and safety, Chemos® relies on 4 pillars:



In the chemical industry, special attention must be paid to the safety of employees. OSH- (occupational safety & health) training forms the theoretical basis. This is held annually for all employees by an external consulting firm. Questions from staff members that arise during the lecture or during the normal course of business can also be answered here. Additionally, the practical application of protective equipment is of great importance. Especially the correct use of this equipment is part of the training. An external consultant was appointed as the company's occupational health and safety representative in August 2020 to serve as a contact in case of doubt.

Every process is first and foremost developed with the compatibility of the health of our employees in mind. Risk assessments are carried out regularly within the framework of quality management and the Ordinance on Hazardous Substances in order to identify and minimise potential risks to the health of our employees. We use technical solutions to completely prevent contact between emissions and employees whenever possible. The inspection of facilities and equipment takes place as an integral part of the quality management policy in a fixed cycle. This is to further increase and ensure safety for the employees.

Areas with active pharmaceutical substances are secured by biometric systems and are only accessible after extensive briefing. However, Chemos® commits to continual improvement and promotes a workplace environment that supports the physical and mental well-being of all employees. Every employee is encouraged to take action in the event of intentional or unintentional violations of the operating instructions in order to prevent accidents. Two first aiders are available in case of emergency. A comprehensive review of the incident must be carried out in this case so that such errors can be minimised or eliminated in the future.

We try to give our employees the best possible work-life balance. In addition to the outstanding working conditions described above, we achieve this through a strict separation between leisure time and work. With a few exceptions, the company does not use additional business mobile phones and there is no calls to private mobiles to avoid mixing private and business matters and to allow employees time off.

The fact that we attach great importance to the safety and health of our employees is also reflected in the accident frequency rate. In Germany it is common to present this rate using the "thousand man quote (TMQ)". It describes how many reportable occupational accidents per 1000 employees occur on the total number of employees in the company. Since there have been no occupational accidents, neither in 2019 nor in 2020, this quote is 0.

## Social Dialogue

| GRI 407 |

Chemos® is committed to respect the right of its employees to freedom of association. All employees have the right to form and join trade unions of their own choosing or to bargain collectively. Workers are encouraged to openly communicate ideas and concerns without fear of intimidation, discrimination or harassment in any form. Compliance with the relevant ILO Conventions 87, 98, 135 and 154 is mandatory.

In the Code of Conduct for Suppliers, Chemos® is committed to ensuring that workers' rights are also respected by our suppliers. This includes, among other things, the above-mentioned freedom of association or participation in workers' organisations. By concluding a contract with Chemos®, you agree to this Code of Conduct without reservation. Since verifiability is becoming increasingly difficult for us, especially in the Asian region, the ongoing shift of our purchasing focus to Europe and the domestic market is also of great importance in this respect. Further information on this can be found in the section [Sustainable Procurement](#).

## Anti-Child Labour

| GRI 408 |

Chemos® commits to prevent employment of children below the minimum age according to regional law at any time. Currently Chemos® does not hire minors yet. We will furthermore ensure that employees under the age of 18 will not undertake work jeopardizing their health and safety, including night shifts and overtime. The relevant ILO Conventions 79, 138, 142, 182 and 190 must be complied with at all times. As already mentioned in the chapter "social dialogue", we only use suppliers who accept our Code of Conduct for Suppliers. In order to achieve better verifiability, we are shifting our purchasing focus from Asia to Europe and Germany. Further information on this can be found in the section [Sustainable Procurement](#).

## Slavery and Human Trafficking

| GRI 409 |

Chemos® defines forced labour in line with ILO Convention 29 as any service or work performed involuntarily under threat of penalty. This modern slavery is a crime and a violation of fundamental human rights. The number of unreported cases of human trafficking is so large that any statistics can only represent a fraction of the problem. The ILO estimates that 30 million children and women have been trafficked in Southeast Asia alone over the past 30 years.

Chemos® will not restrict employees' freedom of movement throughout the company-provided facilities nor restrict employees from entering or exiting these. Work must be always voluntary and dependencies beyond a normal employment relationship must be avoided. We are also committed to working with our suppliers to improve working conditions in our

supply chain. We expect the same high standards from all our business partners. When concluding a contract with Chemos<sup>®</sup>, our business partners undertake to respect these and other values of our general terms and conditions, found in our [Code of Conduct for Suppliers](#). Trading with companies that do not share these standards financially supports the violation of human rights. If any irregularities become known, countermeasures must be taken immediately and ultimately, this must also entail the consistent termination of business relationships if the situation does not improve.

According to the Global Slavery Index, there are approximately 7 million cases in India and almost 3.9 million cases in China, where we estimate the greatest risk of violation of the conventions. In direct comparison to other Asian or African countries, the number is still low in relation to the total population; however, Chemos<sup>®</sup> strives to keep the risk as low as possible. By that we take a stand against all forms of forced labour and live up to our sense of corporate responsibility.

### Career Management, Training and further Education

[GRI 404]

Our employees are the engine of all innovations and developments. Standing still means going backwards, which is why Chemos<sup>®</sup> constantly encourages its employees to attend training courses and learn new skills. However, we take special care not to overburden them. Further information on this can be found in the section [Employment and working conditions](#). During the induction phase, new employees should have seen as many areas of activity as possible, or even better, have carried them out themselves. Of course, this already offers many advantages from an economic point of view, such as the variable deployability. By constantly challenging and encouraging, we also prevent boredom and redundancy and thus increase the satisfaction and motivation of our employees. The following table shows the average number of hours spent on external training and development in 2019 and 2020:

	2019	2020	2022
Training hours per employee	9,5 h <sup>5</sup>	12,8 h <sup>6</sup>	13,6 h
Training hours per female employee	2,7 h <sup>7</sup>	30,4 h <sup>8</sup>	32,0 h

Both the number of training hours and the number of training hours for female employees increased significantly from 2019 to 2020. This list does not include the promotion of young talents by Chemos GmbH & Co. KG. Since the end of 2019, Chemos<sup>®</sup> has been working with a university to provide dual training for a student. The latter spent an average of 22 hours per week at the university and 18 hours per week gaining practical experience in the company.

Study costs for this education are borne by Chemos<sup>®</sup>.

At the end of 2020 the management launched a training programme in the field of chemical prohibition regulations of the trade supervisory authority. Upon successful completion of the examination, the company grants a financial bonus.

<sup>5</sup> Average number of full-time employees for 2019 was 8.

<sup>6</sup> Average number of full-time employees for 2020 was 9.

<sup>7</sup> Average number of female full-time employees 2019 was 3.

<sup>8</sup> Average number of female full-time employees 2020 was 2,5.

## Diversity, Equity & Inclusion

| GRI 405 |

Even in 2020, it is not yet a matter of course to be treated equally in all areas of life. Almost one third (31%) of the enquiries to the Federal Anti-Discrimination Agency concern discrimination in employment and occupation<sup>9</sup>. An important legal basis is provided by the German General Equal Treatment Act, which came into force in 2006. Discrimination occurs when people

- (1) are treated less favourably in a comparable situation, this less favourable treatment
- (2) is linked to a characteristic worthy of protection and
- (3) there is no factual justification for it.

Chemos<sup>®</sup> is committed to fostering and preserving diversity, equity, and inclusion. Respectful behaviour and cooperation are mandatory for a positive working atmosphere. In order to move forward we promote the idea of mixed and contrasting perspectives. Different backgrounds can lead to more creativity and bring different solutions to light. We want to encourage everyone to bring their whole selves to work, to develop completely, and to be able to exploit their full potential.

We expect our leaders to be reflective about their own objectivity. Any exclusion not based on inherent requirements of the job is deemed as discrimination. Furthermore, any employee found to have shown any inappropriate behaviour against others may be subject to disciplinary action. We also promote equal remuneration for male, female and diverse employees for work of equal value. At Chemos<sup>®</sup>, there is **no difference** in the basic salary of two employees with the same position but different gender.

We want to play our part in making a significant, global change with the goal of including all people no matter what gender, nationality, age, religion, sexual orientation or political standpoint. We acknowledge that even small companies like Chemos<sup>®</sup> make a difference.

The employee categories are composed as follows:

Gender % of all employees	2019	2020-2022
Male	67%	72%
Female	33%	28%
Diverse	0%	0%

The proportion of women has decreased slightly due to a change in personnel at the end of 2019. Therefore, Chemos<sup>®</sup> commits to further increase the proportion of women in the company back to over 30% until end of 2021.

<sup>9</sup> According to the fourth Discrimination Report of the Federal Anti-Discrimination Agency

Employees <sup>10</sup> categorized by age	2019	2020
Under 30 years	0%	20%
30-50 years	40%	50%
Above 50 years	60%	30%

The age structure has diversified considerably. The growth in the under-30 age group in particular has a positive impact on the diversity of the workforce.

The Chemos<sup>®</sup> team is very diverse with regard to the country of origin of its employees. Among these, one third have either an additional citizenship or a non-German citizenship. This value is far above the average of approx. 13% foreigners in occupations in Germany<sup>11</sup>. As in 2019, there were no incidents of discrimination in 2020. ILO Convention 111 is always complied with (GRI 406).

## Ethics

This section of the report is based on our Code of Conduct and describes our management approach to preventing unethical behaviour. These principles are communicated to all our employees through several channels. The following principles are communicated to all employees. We have also decided that from 2022 onwards, the [Code of Conduct](#) will be included as an integral part of the induction and communication of the company's policy.

## Corporate Mission

Our corporate mission comprises 6 core topics:

1. Safety for people and the environment are guaranteed at all times.
2. The quality of our products and services meet the highest standards.
3. Our actions are oriented towards the needs of the market, economically and socially.
4. We do not tolerate any form of discrimination.
5. We are a reliable, honest and sustainable partner.
6. We work together as a team to continue to be successful in the future.

These core themes are visually communicated and reminded to staff on a daily basis in various locations throughout Chemos<sup>®</sup> buildings. In addition, our managers are required to exemplify these principles and to present the corporate identity to both external and internal stakeholders.

## Customer relations

The satisfaction of our customers is Chemos<sup>®</sup> top priority. Our employees contribute to the positive perception of Chemos<sup>®</sup> and to the economic success of the company by dealing

<sup>10</sup> Full-time & half-time employees

<sup>11</sup> Statista 30.07.2020 - <https://de.statista.com/statistik/daten/studie/167622/umfrage/auslaenderanteil-in-verschiedenen-berufsgruppen-in-deutschland/>

professionally with customers. Our high-quality standards for products and services are designed to satisfy even the most demanding customers or to exceed their expectations. Great focus is on reliability and punctuality. Chemos® expressly forbids any form of bribery. This refers primarily to payments and benefits beyond generally accepted business practice. Employees are not permitted to accept such payments or benefits. Further information can be found under the heading [Corruption](#).

### Supplier relations

Suppliers are our partners. The high standard of our suppliers' materials, goods and services is directly responsible for the quality, reliability and value as well as the punctual delivery of our service to our customers and thus for the satisfaction of our customers. We strive for long-term partnerships and sustainable growth. Further information can be found in our [Code of Conduct for Suppliers](#). We are also working against corruption and conflicts of interest on the supplier side. More on this can be found in the following section.

### Corruption

| GRI 205 |

Granting illegitimate benefits to third parties, such as public officials or employees of private companies is prohibited. The German Anti-Corruption Act, which came into force on 26 November 2015, is always observed. We see a particular risk of collusion or unfair benefits in purchasing and sales processes. However, through complete and transparent documentation of these, misconduct can be traced very quickly. Decisions for or against a supplier must therefore be based on objective, measurable factors and the choice must be always justifiable. If the size of the company continues to increase 25 employees, Chemos will take additional organisational measures, such as separating the purchasing and sales processes. Furthermore, gifts and invitations can give the impression that the giver or inviter expects benefits in exchange. Only in exceptional cases we do accept and grant gifts of small value or invitations, provided they are appropriate and not contingent on anything in return. Gifts and invitations to mandate holders are prohibited without exception. We do not grant or accept gifts and invitations addressed to the private address. In 2019 as well as 2020, there were no incidents of corruption at Chemos®.

### Competitors and fair business practices

| GRI 206 |

We adhere to fair business practices. We are committed to fair competition and see it as a driver of innovation. Chemos® is committed to ensure and maintain the free interplay of forces between companies in the market. This principle is a central idea of the existing antitrust laws and is therefore mandatory for us. In the history of Chemos®, there have been no court cases for anti-competitive behaviour, and we are committed to keeping it that way (GRI 206-1).

### Conflict of Interest

A Conflict of Interest is a situation where one or more persons or entities have competing interests and the serving of one interest may involve detriment to another.

- In the event Chemos® decides that a customer should be made aware of the potential for a Conflict of Interest and the arrangements that will be put in place to manage the conflict.
- Circumstances can be, for example, orders and assignments for which personal motives do not permit an objective assessment.
- Personal relationships, for example in the purchasing process, must not be a basis for decisions for or against suppliers.
- In the event of a suspected conflict of interest, this must be reported by the employee to the superior and the further procedure must be agreed upon.

### Whistleblower

If legal offences are observed, they can and should be reported anonymously. This should prevent greater damage and stop illegal activities as quickly as possible. The channel set up for this purpose and further information can be found in our [Whistleblower policy](#).

### Responsible information management

[GRI 418]

A modern and trustworthy company must also handle all types of data reliably and responsibly. Chemos® has never received complaints regarding the loss of customer data or suffered data theft (GRI 418-1). An external service provider helps us with the implementation of cyber security and is available as a competent contact in the event of any suspicion of malware. To further prevent misuse and security risks, the following basic rules apply to every employee.

#### Handling personal data

Everyone is responsible for protecting the personal data entrusted to them by consumers, customers, contractual partners and employees. This data can only be used for legitimate purposes, which are defined prior to collection. We ensure that we use appropriate technical and organisational security measures: against unauthorised access and disclosure and to maintain the integrity and availability of data. We always comply with the basic data protection regulation (EU) 2016/679. Further information can be found [here](#).

#### Handling confidential information

The trust of our customers and suppliers is important to us. We protect confidential information and know-how. We choose passwords according to the security requirements and change them at regular intervals. We conduct conversations with confidential content in such a way that unauthorised third parties do not gain knowledge of them. Confidential information must be safe from third parties even in the absence of the workplace.

## Sustainable Procurement

On Friday, 11 June 2021, the Bundestag passed the Federal Government's Act on Corporate Due Diligence in Supply Chains. This means that the legislator is now also making companies responsible for their supply chains. The goal behind this is to better protect human rights and the environment in the global economy. Of course, companies should not only ensure that sustainability is practised within their own company but should also expect this from their partners.

For Chemos<sup>®</sup>, sustainable purchasing is an important issue and a powerful tool to make the world a better place. We want to use our power as buyers to encourage suppliers to also act sustainably. At the same time, there are clear red lines which we will not cross. These include the guidelines of our [Code of Conduct for Suppliers](#). By sending a quotation, the supplier undertakes to comply with all the listed points. Procurement processes from outside the European Union are always REACh-compliant.

### Strategy

Chemos<sup>®</sup> works with many globally based suppliers in its procurement. The link to our [Code of Conduct for Suppliers](#) is included in both the enquiry process and the order process and is automatically sent along. Suppliers agree to meet every listed requirement when submitting an offer to us. Due to the great distance of some suppliers, it is very difficult to check whether the agreed requirements are actually met.

The low transparency and lack of clarity as to whether legal requirements are being complied with are an important reason why we try to move our procurement to Europe or Germany as far as possible. Our most important supplier in terms of turnover is located in Germany and certified to ISO 9001:2015 quality management and ISO 50001:2011 energy management. If we need to source our products from third countries, we also try to source from sustainable sources. Our largest third-country supplier claims to source all products from ISO 14001:20004 environmental management certified sources.

### Shifting supplier structure to Europe and Germany

[GRI 204]

In order to better understand the development of purchasing and to make our efforts in this area visible, the years 2019 to 2022 are taken into account for comparison. The supplier breakdown at Chemos<sup>®</sup> is into the three groups Germany, member states of the European Union (excluding Germany) and third countries. The following table compares the percentage share of the total purchase volume:

<i>% share of purchasing</i>	<b>Germany</b>	<b>EU</b>	<b>Third Countries</b>
2019	23%	12%	65%
2020	51%	10%	39%
2022	60%	15%	25%

The trend is clearly towards local sourcing. Here, we rely on sustainable, long-term business relationships and thus make an additional contribution to strengthening the local economy.



The aim is always to create an atmosphere of trust with our business partners to generate value and economic growth together.

### Targeted results of the shift

Chemos® has set itself the goal of expanding further into Europe and Germany. To this end, we have set ourselves the goal of generating less than one third of our turnover in third countries by 2025. The goals pursued by this are manifold, but can be divided into the following topics:

#### Short distances

Shorter transport routes saving emissions is self-explanatory. However, Chemos® can also benefit from shorter delivery times and thus more flexible service for customers. The short distances also facilitate communication, both for linguistic and time difference reasons.

#### Improved product quality

Experience has shown that we are less likely to have to complain about goods from our European or German suppliers than from suppliers from third countries. This ensures a better product experience for our customers and saves time and CO<sub>2</sub> due to transports that would otherwise be required for replacement goods.

#### Transparency

Transparency regarding compliance with various requirements is significantly higher with suppliers from Germany or the European region. This starts with correct pre-declarations of goods and the use of correct customs tariff numbers and extends to compliance with human rights.

#### Regional procurement

Chemos® procures all pallets from our direct neighbours, the Landshut workshops. This facility is a subsidiary of “Landshuter Lebenshilfe” and an accredited workshop for people with disabilities. People are employed here who, due to their mental, physical or psychological impairment, cannot, not yet or not yet again be employed on the “general labour market”.

Additionally we source some of our packaging materials from companies within a 15km radius of our site.

### Contribution to corporate responsibility during the pandemic

Right at the beginning of the outbreak of the corona pandemic, Chemos® started the production of disinfectants for hands and surfaces with the production line that had just been completed. Through this, we were not only able to curb the enormous demand and thus increase the safety and protective measures of the people against the virus, but also supported the local hospitals. The Landshut Hospital in Achdorf received 500 litres of ready-to-use disinfectant as a donation from us.

The St. Marien children's hospital also received disinfectants as a donation from us. In addition, Chemos® has taken over the transfer service from large drums to small dispenser containers several times free of charge, so that the hospital staff can do their work safely.

Chemos® donated 1000€ to Childrens Hospital for Cancer section.

## GRI-Index

GRI Standards and Disclosure Number		Comment	References & Links
Organizational Profile			
<b>102-1</b>	Name of the organization	Chemos GmbH & Co. KG	
<b>102-2</b>	Activities, brands, products, and services		<a href="#">About us</a>
<b>102-3</b>	Location of headquarters	Altdorf	
<b>102-4</b>	Location of operations	Germany	
<b>102-5</b>	Ownership and legal form	GmbH & Co. KG Shareholder: Rene Graewe	
<b>102-6</b>	Markets served	Customers worldwide in chemical, pharmaceutical, and food industry, research institutions, universities	
<b>102-7</b>	Scale of the organization	-12 Employees -1 facility -total capital 2,287 Mio. € unique products sold in 2020: about 540 products in portfolio: more than 100.000	
<b>102-8</b>	Information on employees and other workers	10 full-time-employees (3 female, 7 male) 2 part-time-employees <sup>12</sup> (1 female, 1 male)	<a href="#">Annual report p.14</a>
<b>102-9</b>	Supply chain	≈400 suppliers 2020 Total: >1000, consisting of manufacturers and distributors around the world, mainly Europe and Asia.	

<sup>12</sup> 20 hours per week or lower

<b>102-10</b>	Significant changes to the organization and its supply chain	Volume shift from Asia to Europe	<a href="#">Annual report p.23</a>
<b>102-11</b>	Precautionary Principle or approach	Precautionary principle in the area of environment and safety	<a href="#">Annual report p.10</a>
<b>102-12</b>	External initiatives	N/A	
<b>102-13</b>	Membership of associations	N/A	
Strategy			
<b>102-14</b>	Statement from senior decision-maker		<a href="#">Annual report p.6</a>
<b>102-16</b>	Values, principles, standards, and norms of behaviour		<a href="#">Code of Conduct</a> <a href="#">Annual report p.20</a>
<b>102-18</b>	Governance structure	N/A	
Stakeholder engagement			
<b>102-40</b>	List of stakeholder groups		<a href="#">Annual report p.4</a>
<b>102-41</b>	Collective bargaining agreements	Remuneration inspired by collective agreements	<a href="#">Annual report p.14</a>
<b>102-42</b>	Identifying and selecting stakeholders		<a href="#">Annual report p.3</a>
<b>102-43</b>	Approach to stakeholder engagement		<a href="#">Annual report p.4</a>
<b>102-44</b>	Key topics and concerns raised		<a href="#">Annual report p.5</a>
Reporting practice			
<b>102-45</b>	Entities included in the consolidated financial statements	Chemos GmbH & Co. KG	
<b>102-46</b>	Defining report content and topic Boundaries		<a href="#">Annual report p.5</a>
<b>102-47</b>	List of material topics		<a href="#">Annual report p.5</a>
<b>102-48</b>	Restatements of information	N/A	
<b>102-49</b>	Changes in reporting	N/A	

<b>102-50</b>	Reporting period	01.01.2020 – 31.12.2020	
<b>102-51</b>	Date of most recent report	N/A	
<b>102-52</b>	Reporting cycle	Annually	
<b>102-53</b>	Contact point for questions regarding the report	Eugen Wolf (chemos@chemos.de)	
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards		<a href="#">Annual report p.3</a>
<b>102-56</b>	External assurance	N/A	

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### Legal notice

This report contains forward-looking statements based on assumptions and estimates made by Chemos' management. Although we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. The assumptions may involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that could cause such differences include: Changes in the economic and business environment, fluctuations in currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services and changes in business strategy.