

Declaration of conformity 2022

Carl Bechem GmbH

Indicator set

GRI SRS

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Indicator set

The declaration was drawn up in accordance with the following reporting standards:

GRI SRS

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Date: 2022, source: company data.
The reporting company is responsible
for the information provided.

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General

General Information

Describe your business model (including type of company, products / services)

CARL BECHEM GMBH, the first German oil factory, was founded in 1834 and today is a leading manufacturer of innovative specialty lubricants and metalworking fluids.

The company focuses on developing and producing high-performance lubricants that are used in almost every industry. The broad product portfolio includes various greases, oils, cooling lubricants, and anti-friction coatings, which are individually produced according to our customers' needs and challenges. As a solution and application expert, BECHEM also relies on value-adding services to fundamentally optimize the efficiency, effectiveness, resource consumption, and environmental impact of the lubricants and friction points.

The key markets for the specialty lubricants include, among others, the automotive, electromobility, railway, foodstuffs, pharmaceutical, textile, open-cast mining, iron, and steel industries. BECHEM also offers products for specific metal processing applications, such as bulk metal forming, deep drilling, metal cutting, wire drawing, sheet metal forming, and cold extrusion. The range includes both water-miscible and non-water-miscible cooling lubricants for metal cutting, supplemented by cleaners and corrosion protection products. In the wake of rapidly changing requirements, the manufacturing of biolubricants based on renewable raw materials is taking a firm place among the company's business areas, among other pursuits. In addition to biodegradable lubricants, we especially emphasize product development in substituting traditional, mineral-oil-based products with modern, water-based solutions and lubricant coatings.

BECHEM takes a leading role through innovations in numerous industrial applications, making them the global leader in a few market segments. Innovations such as converting finite mineral oil to viscous water in cooling lubricants are particularly groundbreaking.

Aiming to guarantee the global availability of its products and services, BECHEM has a comprehensive international distribution network that extends to over 70 countries, as well as production sites in China, India, and the USA.

The family-owned business is currently in its sixth generation and has a total of 288 employees at its headquarters in Hagen, 68 in the Gardelegen-Mieste plant, and 22 in the Kierspe plant. All manufacturing processes occur at the three locations in a certified infrastructure.



BECHEM's

main plant in Hagen

Additional remarks:

Reporting framework: The following declaration and the information it contains pertain exclusively to CARL BECHEM GMBH.

Reporting year: Unless otherwise noted, the dates and reported content relate to 2022.

CRITERIA 1–10: SUSTAINABILITY POLICY

Criteria 1–4 concerning STRATEGY

1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

Sustainability forms an integral element of BECHEM's corporate strategy. In recent years, BECHEM has pursued a variety of aspects related to sustainability, including energy, the environment, alternative raw materials, workplace conditions, and social aspects. The guiding principles for this are prescribed by the company values, the company goals, and the resulting efforts to invest sustainably in innovative technologies, products, and employees.

Because of its product portfolio and association with the chemical industry, BECHEM sees sustainability and climate protection as continuous processes requiring long-term commitment. In 2022, sustainability management was established to coordinate the sustainability activities at the German sites. Based on this assessment, the bronze medal in the Ecovadis Sustainability Rating, and the creation of a materiality analysis, a strategic basic orientation and specific measures for increasing sustainability will be developed.

With its photovoltaic plants, the company is actively contributing to the generation of environmentally friendly energy. Investments in environmentally friendly technologies will have a high priority in the company's agenda in the future as well. Beginning with fiscal year 2023, BECHEM will rely on green energy exclusively. The continual expansion of the photovoltaic plants is planned for the coming years.

BECHEM is highly convinced that consistently operated environmental protection is a key aspect of the company's long-term success. To live up to this claim, we will implement an environmental management system in 2023 in accordance with DIN EN ISO 14001. Ecological commitment is seen as an equal goal with economic success and social responsibility and developed further as part of a continuous improvement process.

BECHEM acts in accordance with the following guiding principles: Avoiding environmental pollution, energy waste, accidents, and health risks take precedence in all processes. Complying with applicable environmental laws, and considering binding international standards and additional requirements regarding energy use, energy consumption, and energy efficiency, is a given.

But beyond complying with statutory requirements and legislation, BECHEM is committed to continually and systematically improving the company's environmental performance and is represented in various national and international associations. These include, among others, the international sustainability consortiums of ELGI and UEIL, which together develop international sustainability standards for the lubricant industry.

In 2023, BECHEM will apply for membership in the United Nations Global Compact and therefore strengthen its goal of strategically anchoring sustainability and making an active contribution to implementing the UN Sustainable Development Goals (SDGs). To integrate these requirements in our operative processes, the "Code of Conduct for Suppliers" will be adopted in the same year as a binding directive for the purchasing processes.

2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

The market and competition environment experiences a constant increase of dynamics and differentiation that continually exposes BECHEM to new challenges. The regulatory framework in Germany and the EU lead to far-reaching changes, especially regarding requirements for raw materials and products. BECHEM views these transformative processes not only as a challenge, but also an opportunity to differentiate ourselves from competitors. This is reflected in the technological changes of the target markets and specific need shifts according to products.

BECHEM functions as an established provider for specialty lubricants and an expert for industries and applications. With innovative strength, outstanding product solutions, and expert customer service, the company sees itself optimally equipped for future challenges. Accordingly, specific opportunities and risks related to our business activity result from sustainability topics. To that end, ecological goals are pursued to the same degree as economic ones. A

product's performance within its application determines its benefits for the customer to a great extent—the more sustainable and efficient, the greater its added value.

From an "inside out" perspective, BECHEM views product development as the decisive lever for influencing the company's sustainability. In this context, BECHEM is dedicated to intensive research and development work to design lubricants that are more efficient and powerful while using less resources. This actively contributes to minimizing friction and wear in customer applications, prolonging service life, and reducing maintenance costs.

As a manufacturer of chemical products, it is impossible for our company to completely avoid all environmental impact, since we consume resources and create emissions during production processes. This means purely reducing the quantity of our emissions is not a useful goal for the purposes of our sustainability strategy. The essential emissions that BECHEM can influence include the Scope 1 and Scope 2 emissions. Part of our required energy is already covered by photovoltaic plants; another part of our required energy will be covered by compensated heating oil. Moreover, BECHEM resolves to convert to 100% green energy within 2023.

A large part of the CO₂e emissions (84%) falls within Scope 3. BECHEM's large percentage of Scope 3 emissions mainly results from using raw materials whose production or extraction produces emissions. Our dependence on suppliers poses a certain risk, since BECHEM has limited influence on the amount of emissions generated while producing these materials.

Additional leverage for reducing emissions lies in investing in new production facilities that, besides having positive effects on the climate and the environment, also increase production efficiency and realize overarching cost savings. Developing ever more efficient lubricants also helps to reduce emissions. Although this reduction is not directly apparent for BECHEM, it still means a decrease in the emissions for Scope 1, Scope 2, and, to some extent, Scope 3 for our customers.

Besides the ecological standpoint, economic and socio-cultural topics become more significant in BECHEM's sustainability strategy. Topics from an "outside in" perspective, such as the demographic change and increasing lack of skilled workers, present a significant challenge. Qualified, motivated workers take on a central stakeholder role and are crucial to the company. BECHEM aims to be a safe, sustainable, and socially responsible employer during its employees' entire professional lives. This includes a special commitment to professional training within the company and creating optimal framework conditions for work-life balance. BECHEM places special value on securing jobs that are sought after due to sustainable, healthy economic growth. Furthermore, well-

founded training and continual opportunities for professional development are paramount for strengthening employees' qualifications.

Another important aspect for BECHEM is the consistent orientation to sustainability, which is seen as a distinguishing feature of the family-owned business both for the current and future employees. Therefore, the company wants to create and maintain a meaningful, responsible work environment.

3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

Sustainability is a fixed component of our company strategy. The most important fields of activity are:

Innovative sustainable solutions

BECHEM is dedicated to research and development work to design lubricants that continually grow more efficient and powerful while using less resources.

Contribution to climate protection

The company is convinced that resolute environmental protection represents a central contribution to long-term company success.

Social commitment

BECHEM considers it essential to be a safe, sustainable, and socially responsible employer during its employees' entire professional lives. This includes a special commitment to professional training within the company and creating optimal framework conditions for work-life balance.

In the strategic areas, BECHEM has given itself initial goals and defined key performance indicators (KPIs). The attainment of the goals is continually monitored in the management review. Here are some examples of specific goals and KPIs:

Strategic goals and KPIs

Description	Prio	Base value 2021	Target value 2025	Status 2022
Reducing greenhouse gas emissions (Scope 1 and Scope 2)	A	5,784.2 t CO ₂ e	Reduction by at least 45%	5,176.9 t CO ₂ e
Install charging stations at all BECHEM locations	C	0	20	(2023) 3
Efficiency ratio (total energy consumption kWh / production quantity kg)	B	0.57	0.57	0.62
Total waste generation / produced quantity kg	B	0.064	-20%	0.039

Operative goals

Measure	Prio	Period	Status
Introducing environmental management in accordance with DIN EN ISO 14001	A	Introduction 2023	In planning
Recertification of environmental management in accordance with DIN EN ISO 14001	A	Every 3 years	In planning
Certification of the sustainability performance by Ecovadis	A	Annually	Continually
Transparency and communication (increasing employee awareness)	B	2023	Continually
Agreement with 100% of A suppliers and 100% of suppliers in risk countries on the Code of Conduct	B	Annually	Introduction
Recording CCF	B	Annually	Continually
Introduce energy management software	B	2024	In planning
Introducing ISO 50.001	B	2024	In planning
Qualifying the trainees to energy scouts	C	Annually	Continually

Sustainable product portfolio

Description	Prio	Goals/measures
Sustainable portfolio development	A	At least 75% of all innovation projects should contribute to the sustainability goals (saving energy and resources)
Sustainable portfolio development	A	At least 90% of all funding projects should contribute to the sustainability goals (saving energy and resources)
Sustainable portfolio development	A	During strategic new developments, the use of PFAS should be avoided. In customer developments, PFAS should be avoided as much as possible
Avoiding potential CMR substances	A	During new developments, the use of LiOH should be avoided.

The goals are prioritized based on their direct influence on improving the organization's environmental performance and on compulsory regulatory or systematic requirements, such as certifications. Consequently, beginning in 2023, all previous measures will be subjected to a materiality analysis, bundled, and paths for a possible enhancement will be checked. To that end, the extent to which specific goals can be established for individual activities will also be determined.

Contribution to the Sustainable Development Goals of the United Nations

BECHEM considers it a central responsibility to contribute to the national implementation of the agenda 2030 as part of the German sustainability strategy and to reach the Sustainable Development Goals (SDGs) of the United Nations.

SDG 3 - Good health and well-being

Through its guidelines for sustainable procurement management and its Code of Conduct, BECHEM has made health and well-being in the supply chain a decisive factor for long-term collaborations with suppliers. The company also offers various programs and initiatives to promote the health and fitness of its employees.

SDG 4 - Quality education

BECHEM invests in young peoples' education and promotes part-time degree programs and further training. The company is actively committed to the professional development and qualifications of its employees.

SDG 5 - Gender equality

BECHEM advocates equal opportunity and diversity. The company creates a work environment marked by mutual respect and diversity. No form of harassment or discrimination is tolerated.

SDG 7 - Affordable and clean energy

By expanding its own photovoltaic capacity and converting to 100% green energy beginning in 2023, BECHEM is taking an active role in promoting clean sources of energy. This step makes it possible for the company to cover its energy needs with sustainably generated electricity, thereby reducing its environmental impact.

Furthermore, BECHEM has taken a significant step toward reducing emissions by switching from heating oil to natural gas in the Gardelegen-Mieste plant. This measure leads to an additional reduction of the harmful emissions. To compensate for the unavoidable consumption of heating oil, BECHEM supports recognized climate protection projects. This allows the company to help relieve the environment and actively commit to clean energy while pursuing affordable energy solutions.

SDG 9 - Innovative technologies

BECHEM has used groundbreaking standards for sustainable lubricants in numerous innovative collaborative projects. Some examples are Berufluid, phosphate-free wire coating, and biobased thickeners for grease. These efforts were recognized with numerous sustainability awards. In the research area, for example, the University of Applied Sciences Südwestfalen received, together with an industry consortium also belonging to BECHEM, the German Raw Materials Efficiency Prize 2022. The development of these technologies goes along with significant energy savings and an improved CO2 balance supported by the provision of suitable BECHEM lubricant designs.

SDG 17 - Partnerships for the goals

BECHEM is actively committed to partnerships for implementing the sustainability goals, especially by supporting and the planned membership in the UN Global Compact. Moreover, the company strives for a tight integration of suppliers and customers to continually improve sustainability performance.

4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

BECHEM's value chain is divided into various stages that cover the process from procuring raw materials to delivering the completed product to the customer. To that end, sustainability is crucial to all stages. The environmental impact of BECHEM's products is kept as small as possible, but, as with other products, cannot be fully avoided.

Research and development

Strict requirements regulate which ingredients in new and further developments may be used in research and development. BECHEM's "banned substances" list compiles all substances whose use is forbidden or restricted beyond statutory regulations such as REACH. Although the use of hazardous chemicals and substances that harm water is unavoidable for part of the company processes, BECHEM's highest priority is the well-being and health of the people participating in the production process for the products.

Procuring raw materials

BECHEM strives to keep procurement paths as short as possible. The Code of Conduct and BECHEM's quality assurance agreement obligate suppliers not only to technical and organizational framework conditions, but also to sustainable business. The supplier codex is based on the principles of the UN Global Compact. In addition to their self-disclosure, suppliers must provide information on the implementation of management systems in the area of occupational safety and health protection as well as environmental and energy management. Selected suppliers are inspected on a regular basis during supplier audits. And sustainability performance in the supply chain is checked during the annual supplier evaluation.

Production

In production, efficiency is especially important. Production essentially consists of mixing lubricants and related products, primarily based on mineral and/or synthetic base oils with varying additives. Additional process steps are cooling, heating, and stirring. The products are filled into appropriate containers (such as canisters, barrels, and tanks), according to the mixing procedure, and stored until they are sold. As part of that process, reducing Scope 1 and Scope 2 emissions is identified as decisive leverage. Another important strategy is investing in new product technologies.

Quality control

As one of the leading manufacturers of lubricants, BECHEM aims to help shape the global market and be the first point of contact for tribological issues. To fulfil that ambition, a structured, methodical quality planning to secure the production processes and all value-creating processes is pursued, as is the zero-error strategy in cooperation with trading partners and suppliers. The continual improvement at all levels, a company-wide understanding of quality, and a willingness for customer orientation should underscore the claim of this objective.

Packaging and logistics

A take-back system exists for barrels and containers that are reprocessed. Through the use of REKO containers, a total of 466,895 kg CO₂ was saved in 2022. BECHEM products are delivered to customers across various distribution channels. Currently, logistics plays a secondary role in considering materiality.

In the coming years, however, BECHEM will strive to consider all significant Scope 3 criteria.

Customer service and technical support

BECHEM offers technical support, consultation, and customer service to ensure that the lubricants meet the customer's specific requirements and are used optimally. Customers use the lubricants in their applications to reduce friction, minimize wear, and prolong their service lives. BECHEM's value chain is set up to manufacture high-quality lubricants and offer customer-oriented solutions that take industry needs and their applications into account. To that end, the company emphasizes sustainability by searching for environmentally friendly and efficient solutions. In an intensive dialog with customers, requirements for more sustainable products are developed and brought into the development process.

The publication of this DNK [German Sustainability Index] declaration is planned for 2023. In particular, BECHEM wishes to use this instrument to more intensively inform the stakeholders of the sustainability strategy and purposefully enter into a dialog with them.

Criteria 5–10 concerning PROCESS MANAGEMENT

5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

The management, consisting of Christoph Hundertmark and Dr. Michael Gerle, bears the overall responsibility for controlling all aspects of sustainability. This includes defining and establishing goals, planning and controlling courses of action, and continually monitoring the progress. The company recognizes the social relevance of this topic and promotes this conviction both within and outside the organization.

To guarantee that sustainability initiatives will be implemented effectively, a sustainability officer has been appointed. Dr. Pascal Hommen actively promotes the further development of the sustainability management and reports to the management at regular intervals. In addition, as part of the introduction of DIN EN ISO 14001, all sustainability goals are seamlessly integrated into the management system, monitored, and dynamically adapted to changes.

Sustainability issues are advanced and developed during periodic meetings in close collaboration with Operations, HSE, R&D, and the leadership team. During those meetings, it is emphasized that managers play a decisive role in spreading the word about sustainability. They promote acceptance and awareness for these topics and actively integrate the staff into the sustainability process. The shareholders and Advisory Board of the family-owned business are also involved in the sustainability process. They are informed about the progress and further development of the sustainability approach at regular intervals. This ensures that all relevant parties are informed about the intermediate results and the success of the sustainability goals, and that room is created for suggestions and ideas.

6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

The corporate strategy and sustainability strategy are made operational through quantifiable goals, specific measures, projects, guidelines, and process descriptions.

BECHEM is setting up an environmental management standard in accordance with [DIN EN ISO 14001](#) for all locations of the GmbH. The Hagen plant is certified in accordance with [IATF 16949](#) and, as a central function of the sites in Gardelegen-Mieste ([IATF 16949](#)) and in Kierspe ([DIN EN ISO 9001](#)) according to their individual certification standards.

For BECHEM, moral and ethical conduct within the organization and along the supply chain is a given, and is guaranteed by the internal Compliance Officer in connection with the [Code of Conduct](#). As of 2023, compliance with that expectation is also supplemented by the [Code of Conduct for Suppliers](#). And a certification through Ecovadis for evaluating the sustainability performance was carried out in 2022, and our performance was awarded the [Bronze](#) status.

Supplier management

Customer requirements cannot always be completely forwarded to suppliers, since BECHEM sometimes works with suppliers who extract raw materials and natural products and are at the beginning of the supply chain. Therefore, we use the approach of sustainable supplier development. The basic requirement for qualification as a supplier is proof of certification in accordance with DIN EN ISO 9001. Additional information on the environmental management system is collected and is also included in the assessment.

Recycling

Recycling plays a central role in securing waste and reusing materials. The company's efforts extend to returning barrels, hobbocks, and containers that are thoroughly cleaned. Reusing resources creates a sustainable cycle through which BECHEM actively helps reduce the consumption of new materials and minimize the environmental impact of the packaging process.

Security

Even during the product and process planning phase, BECHEM identifies possible risks and minimizes them through preventive measures. To that end, the management provides all necessary resources to guarantee plant safety at all times through regular maintenance and consistent repairs. To reach the goals that have been set, the maintenance and targeted further development of the qualifications and skills of the employees on all levels is indispensable. This represents a fundamental condition for the success of our security efforts. A decisive component of our company's development is continual improvement on all levels. To that end, the effectiveness of the strategic and operative measures can be seen in the improved key figures.

Hazardous incidents

In July 2017, the regional administration of Arnsberg evaluated BECHEM as a lower-category company pursuant to the Hazardous Incident Ordinance in accordance with the Federal Immission Control Act. Our hazardous incident concept includes all potential sources of danger both within and outside the company and defines the necessary measures. This ordinance applies to plants containing hazardous substances that exceed the established quantity thresholds. At the Hagen location, the stored quantities of toxic substances, environmentally hazardous materials, and flammable liquids exceed the established quantity thresholds.

7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

BECHEM collects extensive key figures that are evaluated at regular intervals.

For the first time, the foundation and performance indicator of the ecological key figures is determining the carbon footprint for 2021. BECHEM will redetermine the footprint each year. The data on resource consumption (Scope 1, Scope 2, and essential Scope 3 emitters) deliver clear, reliable figures for the first time, which serve as a basis for the sustainable development and have initiated the decision-making processes. At the same time, these figures are performance indicators that document the effectiveness of the measures in the following years.

In the future, BECHEM will collect even more elaborate key figures, as part of GRI reporting, that will be managed with a software system beginning in 2023. The determination of suitable key figures for a qualified evaluation is being developed.

In addition, the sustainability performance is reviewed and evaluated through the annual participation in the Ecovadis Rating.

For each German location, a carbon footprint in accordance with the Greenhouse Gas Protocol (GHG) has been created annually through the platform ecocockpit since 2021.

Economic key figures	
	Annual financial statements
	Revenue figures
	Quality indicators
Ecological key figures	
	Use of energy sources (heating oil, natural gas, Electricity consumption
	Fuel consumption for leased company cars (gasoline)
	Business trips by train and airplane
	Chemical raw materials
	Consumption of wood, paper, and cardboard
	Waste generation
	Water consumption
	Data on employee commutes
Social key figures	
Occupational health and safety; human rights	
	Employee health and safety
	Accident statistics
	Diversity and inclusion
	Equal opportunity
	Employee training, skill development, career management
	Discrimination and harassment
Employee health and satisfaction	
	Employee surveys
	Mental health risks
	Effectiveness and satisfaction with the company's

The performance indicators are at the heart of the controls to trace the development within the company processes. These are discussed in periodic sustainability meetings, and the current status of sustainability efforts is documented and managed.

Key Performance Indicators to criteria 5 to 7

Key Performance Indicator GRI SRS-102-16: Values

The reporting organization shall report the following information:

- a. A description of the organization's values, principles, standards, and norms of behavior.

The goals, strategies, mission, vision, and values are firmly anchored in the company's policies and mission statement. BECHEM's Code of Conduct was

developed based on those values.

In their daily interaction, all employees contribute to a corporate culture that is based on the established BECHEM values characterized by open-mindedness, honesty, appreciation, and tolerance.

BECHEM values

We are diverse. We come from different cultures with different experiences and operate in different markets around the world. Clearly defined values, which are shared and implemented by the entire BECHEM Group, play an important role in our joint success. Our values provide a framework for our daily decisions and guide us in our interactions with each other as well as with customers and partners.

These values give us the courage to effect change, let us move away from what is familiar and comfortable, and make us fit for innovations, pioneering products and processes with a view towards sustainability and digitalization.

Tradition

Our company, family owned for generations, excels in continuity and reliability. The extensive experience of our employees is the foundation for our continued development and guarantees the proximity to our customers. Independence offers all of us the certainty and opportunity to permanently realize our common objectives.

Service

Proximity to our customers means the global provision of our services and the individual assessment of our customers' requirements. We take a targeted approach to the continued development of our offer for our customers and markets. We pay attention to the sustainable and sparing use of resources to generate profitable growth.

Family

Trust and responsibility are the basis for fast decision-making paths and open up competitive advantages for us, our partners, and our customers. For us, as a family-owned company, the responsibility towards all employees lays the foundation for the future. Openness and tolerance in our interactions with each other and with our customers are a natural feature of our actions within the company.

Virtues

Cooperation – appreciation and honesty are the foundation of our close-knit cooperation. Agile and flexible – we act efficiently and work across departments. We support creativity and innovation with a culture that accepts mistakes. Be human – we accept and respect one another. As a member of the BECHEM family, we treat each other fairly.

https://www.bechem.de/de_de/ueberbechem/leitbild.html

8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

Sustainability goals are integrated in target agreements and handled as monetary incentives. These targets are developed and tracked in cooperation with the Sustainability Team. The evaluation of senior management must include an evaluation of the sustainability goals envisaged for the coming year. BECHEM also offers a variety of non-monetary incentives in the form of attractive [benefits](#).

Health

High-quality workwear for production and lab teams
Cooperation with fitness studio FitX
Company run
BetterDoc Service, to achieve optimal health care
JobRad bicycle leasing
Promoting a feeling of community through company parties (summer party, Christmas party)

Pension scheme

Advice on the company pension plan at no charge
Advice on capital-forming benefits at no charge

Nutrition

Free fruit, mineral water, and coffee
Cafeteria with a variety of products
Snack and drink vending machine

Promotions and individuality

Regular feedback conversations for all employees
Individual career planning and personnel development (through continued training, for example)
Possible deployment abroad in subsidiaries and joint venture companies
Internal Talent Promotion Circle and cross-hierarchical future workshop
Employee suggestion scheme

Flextime

Flexible breaks are possible within the departments

Workplaces can be individually designed

Information and privilege

International employee magazine "1834"

Rookie meeting for young employees

Mentor program for new employees

Children of employees are preferred for internships and holiday work

Parking spaces on the company premises

Bicycle shelter with service station (Hagen)

Corporate benefits: Employee discount programs

FutureBens – sustainable benefits: futurebens.de

Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:

i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;

ii. Sign-on bonuses or recruitment incentive payments;

iii. Termination payments;

iv. Clawbacks;

v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.

b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

Sustainability aspects are part of target agreements and will be handled as monetary motivation. In detail, this information is subject to nondisclosure.

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

BECHEM's remuneration policies are subject to nondisclosure.

9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

BECHEM has defined the relevant stakeholders as part of the integrated management system. The stakeholder groups and associated indicators are continually examined and adjusted during periodic external audits.

BECHEM communicates actively and openly with the stakeholders via various media and channels, depending on the stakeholder group. Environmental topics include avoiding waste; reducing energy consumption, emissions and noise; and dealing with hazardous goods and water conservation. Findings from these dialogs converge in the sustainability management and are considered in the materiality analysis.

BECHEM identified the following groups as key stakeholders:

Internal stakeholders

Employees Dialog with employees is ensured through company meetings and periodic personal interviews with managers. Moreover, sustainability issues are communicated by the sustainability management in emails and as posters on infoboards. Plans are underway to convert the employee magazine "1834" from a print version to a digital intranet version and continually design more continuous communication.

The management provides information about sustainability, among other things, in management videos, which are shown in the BECHEM film studio, and give every employee the opportunity for a personal conversation. And

company parties (summer party, Christmas party) provide additional opportunities for communication.

BECHEM maintains worldwide dialog across locations through international symposia.

Annual sales meetings, meetings of the Special Lubricants and Metalworking business units, and meetings of the executives group are used to communicate sustainability issues.

Shareholders / Advisory Board The management remains in direct dialog with the shareholders and the Advisory Board, and during a reporting it exchanges ideas about compliance with company goals.

External stakeholders

Joint ventures / sales partners The newsletter "Lubrication News" and the field staff inform the international joint ventures and national and international sales partners about current developments at BECHEM.

Customers Customer-centered collaboration and communication occur constantly on various levels, such as through cooperation and the exchange of ideas during the development process, customer visits (in person or virtual), and committed after-sales support.

BECHEM takes the opportunity to exchange ideas with members of the supply chain in many trade fairs. We invite customers, service providers, suppliers of raw materials, and other partners to the BECHEM trade fair booth, or we visit their booths.

Associations / institutions As members of various associations and partners of many institutions, the people responsible remain in direct contact to exchange ideas about compliance with requirements and laws, and about industry trends, in an open manner as partners.

Suppliers / service providers BECHEM remains in direct contact with all the people in charge of our suppliers and service providers. It is our express goal to build and expand strategic, long-term relationships with suppliers. The most popular form of dialog is supplier development interviews, which are held after the annual supplier evaluation. And audits are another type of dialog in which sustainability issues are evaluated.

In-demand expertise BECHEM places great importance on the exchange of ideas across sectors. To that end, employees of the management and BECHEM

experts give lectures and workshops at colleges of applied science or during specialist meetings and conferences. Part of a sustainable dialog is for BECHEM to help shape the work of important organizations. BECHEM is active in multiple working groups. Numerous employees join regional and inter-regional panels of experts.

Transparent information policy Beginning in 2023, BECHEM’s company website will provide information on all measures performed. In the future, BECHEM’s sustainability reports will include all the relevant company key figures and goals that serve to continually improve operational sustainability management. The sustainability report targets not only employees, customers, and suppliers, but also interest groups such as organizations, companies, academic institutions, the press, and politicians.

BECHEM uses social media (LinkedIn, Instagram) to report on sustainability issues to inform customers, suppliers, prospective customers, the public, and future employees through these channels as well.

Key Performance Indicators to criteria 9

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

- a.** Key topics and concerns that have been raised through stakeholder engagement, including:
 - i.** how the organization has responded to those key topics and concerns, including through its reporting;
 - ii.** the stakeholder groups that raised each of the key topics and concerns.

BECHEM currently exchanges ideas with all relevant stakeholders. Topics and concerns are proactively pursued and, if possible, cleared up promptly and satisfactorily for both sides.

The reactions and comments obtained from our stakeholders are handled sensitively and secretly. Therefore, we decline to publish this information.

10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

Product management plays a decisive role in identifying market trends and customer needs. Beyond the BECHEM sales network, information is continually exchanged with product users through participation in trade fairs, seminars, and research projects. This regular interaction helps identify new product requirements and bring them into the development and innovation process. New market requirements are discussed and projected, and the progress of their implementation is monitored, as part of industry- or application specific "global teams."

As already described under "materiality," BECHEM believes product development offers great leverage for influencing sustainability. Through its portfolio, BECHEM reduces friction and wear in the customer's application, increases service life, and minimizes maintenance. This saves resources such as materials for machines or tools. And this means a higher service life for customers.

A special role is also given to raw material procurement. Through active, sustainable supplier management, environmental objectives such as reducing our product carbon footprint (PCF) or increasing the percentage of renewable resources in our products can be systematically considered. This results in innovative products and technologies that offer advantages both economically and in terms of sustainability.

The BECHEM product portfolio is subject to continual new and further development in consideration of social and ecological sustainability aspects and the inclusion of innovative ideas and approaches. To reach the sustainability goals, defined requirements are established in the product development process.

Examples:

- Dispensing with already regulated substances (such as short- and medium-chain chlorinated paraffins). This also applies to substances for which no transitional period applies yet.
- Dispensing with PFAS unless the customer explicitly requests them. Any request for the use of PFAS must be set forth in the functional specification document in writing.
- If a chemically or technologically equivalent raw material is available both in biobased (renewable) and petrochemical versions, the biobased raw material must be selected if the raw material price does not exceed a framework typical of the market and the

biobased components do not exhibit higher PCF values than the petrochemical components. This does not apply to raw materials that were manufactured directly through the consumption of CO₂. In this case, the origin of the CO₂ is irrelevant (such as e-fuels). This also applies to raw materials that were obtained through processing or recycling.

- PCF data (cradle-to-gate) in accordance with ISO 14067 must be determined for all raw materials used. To that end, direct data from the supplier should be provided if possible. If this is unavailable, literature data or categorized data from available databases must be stored and periodically (at least annually) checked or updated.
- A theoretical lifecycle assessment must be performed for each product developed. As part of that process, the best and worst case scenarios must be assumed. This should occur as part of a development proposal in consultation with the respective technology manager. For new developments, the sustainability of the production method must be checked. If technologically possible for BECHEM, products must be introduced using a modern, sustainable production procedure that can reduce greenhouse gas emissions and energy consumption.

The innovation management established in 2018 focusses on multiple goals. It aims to increase the degree of innovation and is committed to promoting basic research and new testing procedures, including feasibility studies. It should also promote the establishment of new cooperations with universities, institutions, and industry partners and support the implementation of funding projects. Furthermore, it takes on the support of degree theses as part of innovation projects and serves as a catalyst for innovative and/or sustainable projects.

Successes such as cooperation projects with leading companies of key industries, establishing the research network with universities and technical colleges, and establishing new testing procedures must be named here.

Innovations with sustainability contributions are expressly supported from the sustainability strategy. One long-term goal is to make innovations more sustainable than the previous products they replace. Due to poor performance, high prices or both, sustainable lubricants were not fully competitive in the past and could not succeed on the market. To change this, the company combines innovations both with sustainability issues (footprint) and technical performance and customer benefits in the application (handprint). Only then will more sustainable products gain an increasing market share. BECHEM has set the standard for sustainable lubricants in numerous innovative collaborative projects (such as Berufluid, phosphate-free wire coating, and biobased thickeners for lubricants). This commitment was distinguished with numerous sustainability prizes, including the German Raw Material Efficiency Award 2022. This strategy has recognizably increased the acceptance for more sustainable lubricants. The company assumes that the market share of sustainable lubricants will notably increase in the coming years

Key Performance Indicators to criteria 10

Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening.
(Note: the indicator should also be reported when reporting to GRI SRS)

Strictly speaking, BECHEM does not make financial investments. Rather, BECHEM invests in foreign subsidiaries to further expand its global business.

No investments are actively managed, making ecological or social tests irrelevant.

Criteria 11–20: Sustainability Aspects

Criteria 11–13 concerning ENVIRONMENTAL MATTERS

11. Usage of Natural Resources

The company discloses the extent to which natural resources are used for the company’s business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

BECHEM deals responsibly with natural resources.

Consuming natural resources conscientiously means avoiding waste and keeping the air, water, and soil clean. BECHEM is a potentially hazardous production operation that gives special consideration to the environment, and in so doing goes beyond the requirements of many technical sets of rules and official guidelines.

As a company in the chemical industry, BECHEM consumes substantial resources, primarily in the value creation processes of purchasing and production. BECHEM’s express goal within the sustainability strategy in the coming years is to purchase energy increasingly from sustainable production, so it relies on green energy and photovoltaics to minimize its ecological footprint. Developing recycling processes, avoiding production errors, and separating recyclables responsibly are ways to reduce production residues.

When consuming natural resources such as electricity, heat, and water in the buildings, employees handle them responsibly.

Energy key figures	Unit	2021 Starting point	2022	Difference with 2021
Total energy consumption kWh	kWh	17,380,836	17,327,258	-53.578
Annual revenue	€	125,605,415	137,945,793	12,340,378
Energy key figures	(Total energy kWh / sales in EUR)	0.57	0.62	0.05

12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

The greenhouse gas balance represents the starting point for the established goals (see Chapter 3). BECHEM has set itself the specific, quantifiable environmental goal of reducing the Scope 1 and Scope 2 emissions by 2025 by at least 45% compared with 2021. The first interim balance in this area can be expected in 2023.

The decarbonization activities are discussed in periodic meetings and continually monitored, the long-term focus being on attaining greenhouse gas neutrality by 2045. To that end, various technologies are examined and evaluated in scenario analyses.

Another emphasis is on research and development, in which specific, quantifiable goals have also been defined (see Chapter 3). As a lubricant manufacturer, BECHEM places special value on the sustainability of its products regarding their service life and use. Continual work is performed to prolong the lubricants' service life, optimize consumption, and reduce the need for raw materials.

BECHEM relies on a cooperation as partners with suppliers to design the supply chain to be more sustainable. BECHEM wishes to ensure through a regular exchange of information and close dialog that suppliers also reach their climate goals and reduce their CO₂ emissions. The shared goal is to develop innovative, environmentally friendly solutions and offer products that make a significant contribution to sustainability.

At BECHEM, resource efficiency has been firmly anchored in the corporate culture for decades. By preparing for certification under DIN EN ISO 14001, company processes are once more being scrutinized and optimized, including in the area of resource utilization.

Key Performance Indicators to criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:

- i.** non-renewable materials used;
- ii.** renewable materials used.

Raw materials for manufacturing BECHEM products

2021: 30,592.9 t, thereof renewable materials used (recycled): 990 t

2022: 28,151.1 t, thereof renewable materials used (recycled): 923 t

The total quantities of the different types of packaging were not recorded. The use of REKO containers saved a total of 466,895 kg CO₂ in 2022.

Key Performance Indicator GRI SRS-302-1: Energy consumption
The reporting organization shall report the following information:

a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.

b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.

c. In joules, watt-hours or multiples, the total:

i. electricity consumption

ii. heating consumption

iii. cooling consumption

iv. steam consumption

d. In joules, watt-hours or multiples, the total:

i. electricity sold

ii. heating sold

iii. cooling sold

iv. steam sold

e. Total energy consumption within the organization, in joules or multiples.

f. Standards, methodologies, assumptions, and/or calculation tools used.

g. Source of the conversion factors used.

	Year	Electricity	Oil kWh	Gas kWh	Total kWh	Production quantity kg	Efficiency ratio
Total	2020	5,133,310	9,468,682	1,868,142	16,470,134	27,094,642	0.61
	2021	5,658,254	7,987,147	3,712,301	17,380,836	30,592,867	0.57
	2022	5,393,083	3,387,360	8,546,815	17,327,258	28,151,182	0.62

Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

- a.** Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b.** Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c.** Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d.** Standards, methodologies, assumptions, and/or calculation tools used.

Total energy consumption was reduced in 2022. The consumption and strategies for savings were discussed in periodic energy meetings.

At the Kierspe site, BECHEM reduced electricity consumption by an impressive 68,584 kWh in 2022. This resulted from a wide range of measures to use less energy:

- Optimizing the runtime of the agitators needed for production.
- Installing energy-efficient LED lighting and motion detectors.
- Optimizing the burner for the steam heating used in order to reduce heat loss.

At the Gardelegen-Mieste plant, the fuel was switched from heating oil to gas in 2022. And the plant, which previously consisted of two independent systems, was optimized with one oil burner each. The use of a hydraulic separator created a redundancy and optimized consumption.

Key Performance Indicator GRI SRS-303-3: Water withdrawal
The reporting organization shall report the following information:

- a.** Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i.** Surface water;
 - ii.** Groundwater;
 - iii.** Seawater;
 - iv.** Produced water;
 - v.** Third-party water.

- b.** Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i.** Surface water;
 - ii.** Groundwater;
 - iii.** Seawater;
 - iv.** Produced water;
 - v.** Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.

- c.** A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
 - i.** Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids);
 - ii.** Other water ($> 1,000$ mg/L Total Dissolved Solids).

- d.** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

BECHEM consumed 12,931 m³ of drinking water in 2021—that changed to 12,104 m³. in 2022. Of that amount, 3,949 m³ of water was allocated to products in 2021 and 3,566 m² in 2022.

4,909 m³ of wastewater was accrued in 2021, and 4,049 m³ in 2022.

Key Performance Indicator GRI SRS-306-3: Waste generated
The reporting organization shall report the following information:

- a.** Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.

- b.** Contextual information necessary to understand the data and how the data has been compiled.

Waste prevention and recycling in consideration of the waste hierarchy are essential measures for attaining sustainability goals. The more waste it prevents, the more sustainable the measure.

The following information pertains to the Hagen and Kierspe plants:

In Hagen, 64.29 t of industrial waste was sorted out and 52.5 t of recyclable materials overall. The 81.66% separate collection rate attained was barely beneath the previous year's level.

In Kierspe, 9.52 t of industrial waste was sorted out and 4.13 t of recyclable materials overall. The 69.74% separate collection rate attained was far beneath the previous year's level. This is because a great deal of waste wood was accumulated due to cleanup work in 2021, which makes up the difference in the calculation of the separate collection rate for the Kierspe plant. The quantity of waste wood accumulated was 26.34 t in 2021 and 8.64 t in 2022.

2022 total quantity of waste in Hagen	538.3
2021 previous year	1,328.4
Change in percentage	-59.5%
2022 total quantity of waste in Kierspe	239.7
2021 previous year	268.3
Change in percentage	-10.65%
2022 total quantity of waste in Gardelegen-Mieste	333.3
2021 previous year	366.2
Change in percentage	-9.8%

13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

As the most important greenhouse gas, carbon dioxide (CO₂) is an essential component in balancing of the company's climate-relevant environmental impact. This means the qualitative goal is the additional improvement of the CO₂e balance. The greenhouse gas emissions were calculated using the "ecocockpit" tool of EffizienzAgentur NRW. The balancing was carried out in accordance with the GHG methodology and the requirements for a quantitative determination, and for reporting greenhouse gas emissions and their extraction at the company level pursuant to ISO 140641: 2012.

In 2021, the Corporate Carbon Footprint (CCF) was determined for the first time. From these calculations, the largest sources of emissions could be precisely identified. The most important climate reduction measures on the path to climate neutrality are:

- Dialog with suppliers to reduce emissions in the purchased raw materials
- Purchasing 100% green energy beginning in 2023
- Investing in plant and process technology to make them state-of-the-art.

The data quality was evaluated as “very good” for most of the greenhouse gas balance. For a few data sources (mainly Scope 3), there are still some estimated uncertainties. The data collection is subject to the continual improvement process.

Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.

b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ or all.

c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.

d. Base year for the calculation, if applicable, including:

i. the rationale for choosing it;

ii. emissions in the base year;

iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.

e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

f. Consolidation approach for emissions; whether equity share, financial control, or operational control.

g. Standards, methodologies, assumptions, and/or calculation tools used.

2021: 3,713 t CO₂e

2022: 3,203 t CO₂e

Under Scope 1, the following emitters were recorded:

- Business trips with company cars
- Transport with the company's own transporters
- Use of energy sources for internal combustion

Technical gases

The emissions from "business trips with company cars" in 2022 was around 68.5 t CO₂e higher than in 2021. In 2021, fewer business trips were taken due to the coronavirus pandemic.

In 2022, emissions from "use of energy sources for internal combustion" were reduced by 566 t CO₂e. As a whole, Scope 1 was reduced by 510 t CO₂ in 2022.

At the Gardelegen-Mieste plant, the fuel was switched from heating oil to gas in 2022. Switching fuels contributes greatly to the significant CO₂e reduction.

The calculations were made with the ecocockpit tool; essential sources are Gemis 5.0 and EEW 2022.

Key Performance Indicator GRI SRS-305-2: Energy indirect
(Scope 2) GHG emissions

The reporting organization shall report the following information:

- a.** Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- b.** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- c.** If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- d.** Base year for the calculation, if applicable, including:
 - i.** the rationale for choosing it;
 - ii.** emissions in the base year;
 - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

2021: 2,071 t CO₂e

2022: 1,974 t CO₂e

The external power supply is emitted under Scope 2.

As mentioned above, the calculations were made with the ecocockpit tool; essential sources are Gemis 5.0 and EEW 2022.

The reduction by 97,053 kg CO₂e is due to the measures described under “performance indicator GRI SRS3024: reducing energy consumption.” Moreover, the photovoltaic plants in the Hagen and Gardelegen-Mieste plants were put into operation. In 2022, a total of 156,241 kWh electricity was generated in-house. Each plant has a capacity of 180 kWp PV.

The calculations were made with the ecocockpit tool; essential sources are Gemis 5.0 and EEW 2022.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.

b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.

c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.

d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.

e. Base year for the calculation, if applicable, including:

i. the rationale for choosing it;

ii. emissions in the base year;

iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.

f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

g. Standards, methodologies, assumptions, and/or calculation tools used.

2021: 28,480 t CO₂e

2022: 28,374 t CO₂e

Under Scope 3, the following emitters were recorded:

- Business trips with external means of transport
- Chemical raw materials
- Technical gases
- Wood, paper, and cardboard
- Disposal
- Water
- Employee commutes

Scope 3 was reduced by 105.7 t CO₂e in 2022.

The “business trips with external means of transport” increased in 2022 compared with 2021. In 2021, fewer business trips were taken due to the coronavirus pandemic.

The largest share (27,376 t CO₂e) is allocated to “chemical precursors.” The identical values were assumed here for 2021 and 2022. Most of the value is based on estimations, so the uncertainty is high.

The biggest savings could be realized by minimizing the accrued “disposal.” In 2022, 314 t CO₂e was saved. By reducing production in 2022, the total waste generation was reduced.

The calculations were made with the ecocockpit tool; essential sources are Gemis 5.0, UBA, and EEW 2022.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a.** GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.
- b.** Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- c.** Base year or baseline, including the rationale for choosing it.
- d.** Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e.** Standards, methodologies, assumptions, and/or calculation tools used.

The appropriate aspects are handled in the preceding items.

Criteria 14–20 concerning SOCIETY

Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

For BECHEM, guaranteeing all its employees equal, social, and fair working conditions, paying adequate remuneration, and protecting the rights of employees without being asked is a given. In Germany, where all the employees of CARL BECHEM GMBH work, the participation rights of the employee representatives are anchored in the German Works Council Constitution Act (*Betriebsverfassungsgesetz, BetrVG*). National and EU-wide statutory regulations on occupational health and safety and protection from dismissal, and on employee participation, such as the General Act on Equal Treatment, are consistently applied.

At its plants in Hagen and Kierspe, BECHEM has entered into an in-house collective agreement with IG Metall, and at the Gardelegen-Mieste plant, it has done so with IG BCE (mining, chemistry, energy). The company's actions and work practices are firmly anchored in the principles of the International Labour Organization (ILO), which concentrate on fundamental labor standards and rights.

The employees have the opportunity to report suspected legal infringements to their supervisors, the employee representatives, or the HR department at any time. And the whistleblower portal is available for the purposes of the EU Whistleblowing Directive.

At BECHEM, the works council and representatives for severely disabled persons are firmly established. The works council constantly exchanges information with the management and is committed to employee concerns at all locations.

An employee suggestion scheme is established at all locations. Suggestions for improvements in the areas of environmental protection, occupational safety, and saving energy are particularly considered. Ideas and expertise for improving our environmental management have come from all company divisions for a long time.

Moreover, company meetings are held to give employees current information and involve them in the strategy process.

BECHEM is a company that grants its employee numerous benefits. This includes a subsidized company pension scheme. BECHEM promotes healthy mobility through a cooperation with a fitness studio, makes it possible for its employees to lease a bicycle at very attractive conditions through the JobRad program, and find the right doctor through the partnership with BetterDoc. Various support services for employees create a better work-life balance. The Employee Assistance Program (EAP) is a service center that provides support during crisis situations. And services for retirement and pension consultation are offered.

Goals

It has been defined as a strategic goal that all employees leave their workplace healthy and the number of reportable occupational accidents sinks by 50% by 2025. More and more workplaces involving screens are being continually made more ergonomic and equipped with height-adjustable desks.

BECHEM promotes and respects the 10 principles of the UN Global Compact and will request participation in 2023.

Risk assessments

Part of compliance management is analyzing country risks and general risks that might impair the rights of the employees in the company and in relation to our business partners. For CARL BECHEM GMBH, all compliance risks regarding employee rights can be ruled out.

BECHEM works continually toward meeting the requirements and taking suitable measures to counteract any risks promptly and purposefully. The company periodically collects and evaluates data to that end. If any deviations are discovered in this regard, measures will be taken or adjusted to ensure successful implementation. Despite this procedure, no material risks have been identified so far.

15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

In 2015, BECHEM proudly signed the diversity charter. Equal opportunity and diversity are put into practice as an obvious component of the corporate culture. For this reason, there is no difference in the treatment of employees. All employees are given the same opportunities during their hiring, their further development, and their remuneration. The benchmark is the German Act on Equal Treatment (*Gleichbehandlungsgesetz, AGG*), for which an e-learning has been provided that all employees must pass. The goal is to prevent discrimination.

The works council and representatives for severely disabled persons are firmly established.

BECHEM is committed to a better work-life balance through flexible working models, flextime models, and opportunities to work from home.

As part of regional school partnerships, the company gives young people the opportunity to gain comprehensive information about the apprenticeships we offer. By offering internships, BECHEM makes it possible to gain practical insight and helps in career guidance, freed from the roles traditionally imagined as being "jobs for men" or "jobs for women."

BECHEM is committed to the action principles of the UN Global Compact. Participation in the UN Global Compact is sought for 2023. In 2022, there were no cases of discrimination in the company.

Employees have the opportunity to report suspected legal infringements to their supervisors, employee representatives, or the personnel management at any time. And the whistleblower portal is available for the purposes of the EU Whistleblowing Directive (see criterion 17).

No quantitative goals have been established yet in addition to the qualitative goals described. However, this is planned to be developed for 2024 during 2023.

16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

The demographic change has exposed the entire economy to a great challenge that BECHEM has countered in the past with extensive programs for further training and professional development. These are adjusted each year to the employees' needs. BECHEM places great value on offering each employee as many extensive opportunities for professional development as possible.

The company offers up to 9 apprenticeships and, since 2019, has quintupled the number of apprentices. By expanding the apprenticeships and increasing the number of apprentices, BECHEM aims to build a more diverse, qualified staff that can meet the changing demands of the company and the industry. This will help secure skilled workers in the long term and makes it possible for the company to promote talented young people and train them to be qualified specialists. At the same time, by expanding the training areas BECHEM can cover a broader field of skills and strengthen its innovative capabilities.

The company's intelligence directly consists of the knowledge of the individual employees and the effect of synergies. Only by granting its employees adequate programs for further training and professional development can BECHEM ensure it can continually develop and "learn" as an organization. To support that organizational learning, BECHEM works with diverse instruments of personnel development.

Various training programs are included in the training concept to prepare employees for their tasks based on need and continually promote them. In the BECHEM Academy, for example, the company offers product and basic training for both employees and customers. The in-house e-learning program was established in 2022 with courses to teach English, Word, Excel, and PowerPoint, and was expanded in 2023. It also offers a training platform for general instructions, such as sustainability issues, occupational safety, data protection, email etiquette, QM instructions, awareness, compliance management, and the Code of Conduct.

Goal

By 2025, the average number of hours of training per employee per year should have reached the level of 2019 and be around 40 (see GRI SRS4041).

As an employer and training company, it is important to BECHEM to promote

employees in their performance capacity and work motivation (considering their individual workplace and health situation) and design the work environment to provide equal opportunities and be forward-looking.

Each year, BECHEM provides training in multiple professions and dual study programs. In addition, students are given the opportunity each year to complete internships and gain insight into professional life or write degree theses in the company. And BECHEM participates in the annual "girls and boys day." And contacts are kept up with schools beyond that. BECHEM advocates job application training and offers plant tours for school classes. All these measures also counteract demographic change and contribute to equal opportunities.

Throughout their training, all trainees are accompanied by mentors and trainees in the individual departments.

Employees who are absent for long periods due to illness are offered support options for maintaining their work capacity over the long term as part of the company integration management (BEM). If needed, this can also occur by involving the factory medical center.

Risks

The continual change in the technological area, the ongoing digitization of many workflows, and the resulting increase in claims for the necessary qualifications permanently require extensive steps within the strategic personnel development.

BECHEM meets these requirements by periodically determining the need for qualification and training. The qualification matrix is a fixed component of the integrated management system and exists in every area on the employee level. The management is responsible for establishing existing deviations and actual/target profiles for existing and new qualification requirements. They take appropriate measures in cooperation with the HR department. Each training will then be evaluated, and the findings gained will be brought together in the HR department.

BECHEM is not currently aware of any material risks resulting from business activity, business relationships, products, or services that will probably have a negative impact on the qualification.

Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries
The reporting organization shall report the following information:

a. For all employees:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

a. For all employees:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.

Reporting year	2019	2020	2021	2022
Number of employees (total)	353	346	343	361
Average total working hours	706,000	703,072	696,976	727,776
Average total working hours per employee	2,000	2,032	2,032	2,016
Total number of accidents per year	23	26	35	34
Personal injury	13	14	19	10
thereof with lost working hours (LTI)	9	4	7	3
thereof without lost working hours	4	10	12	12
Lost workdays (total)	57	99	80	15
Lost workdays per employee	0.16	0.29	0.23	0.04
Accident statistics				
1000 employee quota (incident rate)	8.50	17.34	8.75	11.08
Lost workdays per employee	0.16	0.29	0.23	0.04
Health quota	99.81	99.66	99.72	99.95

Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.

b. Where formal joint management–worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

BECHEM has no independent management system for occupational safety and health protection. Those issues are integrated into the management system (IATF 16949).

BECHEM commits to providing safe, healthy work conditions to prevent work-related injuries and illnesses. Risks are evaluated with the employees' participation, and protective measures are determined. The risk assessments can be viewed, and the work safety regulations are available to the employees as a poster. The HSE department and the safety specialist are available to all employees for advice.

To go into detail about the individual requirements and frameworks of all employees, the managers hold annual interviews with all employees regarding

their workplace situation and on possibilities for professional development and training requests. As required by law, the works council is included in matters of occupational health and safety as well as accident prevention.

Once a quarter, the occupational health and safety committee (ASA) meets regarding occupational safety issues. The committee consists of the expert for occupational safety, the occupational physician, the safety officer, representatives of the works council, leading employees from the Operations (Technical, Production), R&D, and HR divisions as well as employees from the HSE department. The ASA resolves on measures that must be implemented and whose implementation is monitored.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

a. Average hours of training that the organization's employees have undertaken during the reporting period, by:

- i. gender;
- ii. employee category.

Employee training, skill development, and career management

Training and skill development for employees	2019	2020	2021	2022
Total number of training hours provided	13,992	4,184	3,096	2,488
Average number of training hours per employee per year	39.64	12.09	9.03	6.89
Amount paid for the training per employee in €	338.69	-	119.44	213.26

The decline in training caused by the coronavirus pandemic is now being actively counteracted.

Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

b. Percentage of employees per employee category in each of the following diversity categories:

- i.** Gender;
- ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;
- iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

Diversity and inclusion	2019	2020	2021	2022
Number of different nationalities of employees	7	8	11	18
Number of trainees	12	4	13	20
Student trainees taken on	1	N/A	2	3
Total number of employees in semi-retirement	3	7	9	11
Total number of employees with JobRad	N/A	N/A	11	31
Breakdown of employees according to age group				
Total number of employees over 50	141	156	146	131
Total number of employees under 30	55	77	95	71
Percentage of employees over 50 in management positions	N/A	N/A	N/A	23
Percentage of employees under 30 in management positions	N/A	N/A	N/A	6
Female employees				
Total number of female employees	N/A	N/A	70	99
Total number of female employees in management positions	N/A	N/A	11	10
Percentage of women in management positions	N/A	N/A	16	10
Employees belonging to minorities				
Total number of employees belonging to a minority (employees with a handicap)	13	14	15	13

Unavailable data: Some key figures listed in this table were not yet recorded in past years. This report marks the beginning of the data collection. BECHEM will work continually to present future reports with more comprehensive information.

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

- a. Total number of incidents of discrimination during the reporting period.
- b. Status of the incidents and actions taken with reference to the following:
 - i. Incident reviewed by the organization;
 - ii. Remediation plans being implemented;
 - iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;
 - iv. Incident no longer subject to action.

Discrimination and harassment	2019	2020	2021	2022
Total number of employees who were trained on anti-discrimination and harassment	N/A	N/A	N/A	all*
Percentage of employees who were trained on anti-discrimination and harassment	N/A	N/A	N/A	100
Total number of reported cases of discrimination and harassment	N/A	N/A	N/A	0

Unavailable data: Some key figures listed in this table were not yet recorded in past years. This report marks the beginning of the data collection. BECHEM will work continually to present future reports with more comprehensive information.

Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

The BECHEM Code of Conduct states, among other things, that BECHEM will not tolerate corruption, violations of human rights, disregard of the UN Universal Declaration of Human Rights or noncompliance with safety or environmental measures under any circumstances. BECHEM has comprehensive regulations in place worldwide for cooperating with suppliers and contracting counterparties. The company follows the principles of the United Nations Global Compact (participation beginning in 2023) and expects its partners to comply with that standard as well. Some examples are compliance with sustainability criteria, work standards, and the avoidance of child labor.

The conduct of BECHEM's employees toward contracting counterparties is also regulated in the Code of Conduct. It is regulated with clear guidelines for internal and external behavior of all employees in these chapters: Fair business relationships, avoiding conflicts of interests, external communication, protection of trade secrets and preservation of corporate values, fairness and diversity, responsibility in the workplace, quality and environmental protection as well as procedures in case of uncertainties and questions.

In 2022, BECHEM introduced diverse measures to improve sustainability requirements in the supply chains. Beginning in 2023, the Code of Conduct for Suppliers will regulate interactions with suppliers. The document is divided into the sections on the environment, social matters, governance, and data protection. Here, the requirements that BECHEM makes of its suppliers are set forth in detail, especially regarding environmental and social issues.

The company aims to not violate human rights through their business activity, and the management is responsible for this. This goal applies indefinitely. Respect for human rights will also be continually monitored.

The business activities and relationships of CARL BECHEM GMBH and the procurement of raw materials occur worldwide: This means there is a potentially high risk of human rights violations and procurement from industries in which labor rights might be in jeopardy. To avoid human rights violations, BECHEM relies on the described company-wide measures, especially on strict compliance with the BECHEM Code of Conduct for Suppliers beginning in 2023. New suppliers must issue a self-assessment to identify potential CSR risks. Respect for human rights, which is contained in the Code of Conduct for Suppliers, is a fundamental requirement for contract renewals. If human rights violations are determined, the relationship with the supplier in question will end. Cooperation requires acknowledgement of the BECHEM Code of Conduct for Suppliers.

A trusting relationship with suppliers is indispensable for making statements on compliance with statutory regulations and on social standards. For years, supplier surveys have been given and suppliers have been evaluated on "environmental management," "conformity with REACH/RoHS," and "occupational health and safety management."

We see the evaluation of our sustainability performance by Ecovadis in 2022 as an additional qualitative goal in the context of human rights. Obligating the relevant suppliers to the Code of Conduct is planned as an operative goal for 2023. All the A-suppliers and all the suppliers in risk countries should be so obligated.

Based on this, the sustainability management will develop specific objectives and KPIs beginning in 2023 to make these efforts quantifiable.

Key Performance Indicators to criteria 17

Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

- a.** Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.
- b.** The definition used for ‘significant investment agreements’.

In 2023, BECHEM will aim to confirm that all the A-suppliers and all the suppliers in risk countries comply with the Code of Conduct. BECHEM will join the UN Global Compact. And the company plans to have its sustainability performance independently evaluated by Ecovadis again.

Significant investment agreements will be defined through the classification as an A-supplier. “A-suppliers” are suppliers with an annual revenue of 150,000 euros or more.

The risk that BECHEM’s ethical principles will not be granted by our business partners as a matter of course is particularly high in Asia. This makes it all the more important to demand adherence to those principles through confirmation of the Code of Conduct. Regardless of the defined risk area, the Code of Conduct is demanded of all existing and future suppliers.

Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

- a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

This DNK declaration relates to CARL BECHEM GMBH registered in Hagen. At this location, and at the German sites in Gardelegen-Mieste and Kierspe, the

requirements and values of the UN Global Compact are respected and complied with. A detailed inspection on the upholding of the standards is planned for 2023.

Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

a. Percentage of new suppliers that were screened using social criteria.

In 2023, the new suppliers will be evaluated using social criteria as part of the supplier self-declaration and the supplier evaluation. Those data were not previously collected.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

a. Number of suppliers assessed for social impacts.

b. Number of suppliers identified as having significant actual and potential negative social impacts.

c. Significant actual and potential negative social impacts identified in the supply chain.

d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.

e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

Those data were not previously collected. The collection of the data is planned for 2023.

Criterion 18 concerning SOCIAL MATTERS

18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

Since its founding in 1834, BECHEM has had deep roots in society at its main site in Hagen and views social commitment as an integral part of its corporate responsibility. BECHEM has supported various projects in the Hagen area for many years, such as the Rotary Club Hagen in 2022 (for flood victims of 2021, a soup kitchen and the project "Trees for Hagen"), the Lions Relief Organization (Advent calendar campaign), the Falken Bildung- und Freizeitwerk Hagen (sponsor of the youth facilities "House for Peace," "House for Play," and the youth center), and the Deutsche Verband für Materialforschung und -prüfung e.V. [German Association for Materials Research and Testing] (DVM) in Berlin, which exclusively and directly serves charitable technical and scientific purposes.

At its three locations, the company maintains long-term cooperations with sports associations, schools, and other regional events. The employees often have personal connections to these institutions. Examples of such cooperations are the sponsorship of a soccer club, a musical event, the support of the flood relief in Hagen, or the volunteer fire departments at the sites.

Great value is placed on supporting youths in the region as they choose a profession and giving them insight into the industry as well as opportunities for training. Therefore, events are held with schools to promote the further training and professional development that make it possible for young people to make a qualified entry into professional life and to help the company recruit skilled workers and be able to adapt. BECHEM maintains a cooperation with the MINT Fichte-Gymnasium in Hagen and is a member of the Technikförderung Südwestfalen e.V., which is committed to inspiring young people to enter technical professions and recruiting them for the site.

The decision about which projects to support is in the hands of the management. Each commitment is carefully and periodically tested to facilitate quick reactions to developments. In this way, BECHEM ensures that the supported commitment always features a connection to the communities around the plants, and to the industry, and counteracts the risk that the support will become irrelevant.

Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

- a.** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:
 - i.** Direct economic value generated: revenues;
 - ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
 - iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.
- b.** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

For reasons of confidentiality and competition, this indicator is not reported.

Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS

19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

BECHEM cannot influence legislative procedures either directly or indirectly. It makes no donations, gifts, or the like to any party or government. CARL BECHEM GMBH is not politically active. Moreover, through its Code of Conduct, the company is committed to complying with the law and other provisions of the countries in question.

The issue of "political influence" has not been explicitly regulated so far. BECHEM participates in working groups of trade associations, is a member of various politically neutral national and international networks, organizations, and committees, and takes part in professional discourses. And in all of those pursuits, complying with antitrust law is in the forefront. The final decision for or against a membership lies with the management.

As part of the memberships, such as those in the Automotive Center Südwestfalen, Deutsche Wissenschaftliche Gesellschaft für Erdöl, Erdgas und Kohle e. V. (DGMK), DIN e.V., Deutscher Schraubenverband e. V., European Lubricating Grease Institute (elgi), Eisendraht- und Stahldraht-Vereinigung e. V. (ESV), Forschungsgesellschaft Umformtechnik (FGU), Forschungsvereinigung Antriebstechnik e.V. (FVA), Gesellschaft für Tribologie e. V. (GfT), Industrieverband Blechumformung e. V. (IBU), Institute for Forming Technology at the University of Stuttgart, Industrieverband Massivumformung e. V., International Water Mist Association (IWMA), NLGI National Lubricating Grease Institute, Wirtschaftsvereinigung Stahl, Verband Schmierstoffindustrie e. V. (VSI), and Forum Vision Instandhaltung e. V. (FVI), BECHEM participates in sustainably shaping the industry as a stakeholder of the chemical sector.

BECHEM is part of a strong network that has extensive know-how at its disposal. The memberships are periodically subjected to in-house reviews to make sure the commitment is restricted to institutions that are actually relevant for the company.

A violation of antitrust law is known as a major risk that is counteracted with the obligation to comply with the Code of Conduct. In sales, obligatory training on antitrust law is carried out by the Compliance Manager. Overall, the positive aspects of the commitments prevail in the company's view.

Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-415-1: Political contributions
The reporting organization shall report the following information:

- a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b.** If applicable, how the monetary value of in-kind contributions was estimated.

The company is politically neutral and does not donate to any party.

20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

BECHEM's management is responsible for both themselves and the entire company acting in compliance with the law. Respect for the law is the basis for every activity that is performed. The company has introduced a procedure to guarantee compliance with legal regulations. An index of legal provisions is kept and updated using software. In that index,

- the statutory requirements are recorded,
- legal obligations are determined,
- areas of application and responsibilities for their implementation are established, measures are tracked,
- and compliance with the requirements and implementation of the measures are confirmed.

And permits, regulatory requirements, and statutory testing obligations are treated in the same way. In this way, the risk of an infringement is minimized and legal security is obtained. At BECHEM, compliance with laws and regulations is a fundamental obligation. Compliance with statutory regulations and implementation of the regulatory requirements is checked using the management review, in audits, and in other ways. In the area of compliance, behavior is established through the Code of Conduct. Training sessions on the Code of Conduct and on current data protection requirements are given periodically via the company's in-house e-learning platform. In 2022, no violations were reported at CARL BECHEM GMBH.

Through the whistleblower portal, BECHEM offers all employees and external participants the opportunity to submit reports confidentially and anonymously. This procedure is in line with the requirements of the EU Whistleblowing Directive. The Compliance Officer is responsible for defining and complying with all compliance issues.

For BECHEM, compliance with laws, internal directives, and principles of conduct is paramount. Most of the company's suppliers and customers have directives on compliance and a code of conduct that are reviewed and considered. A further development of compliance management is planned for 2023 to ensure that the highest standards continue to be met. Moreover, no risks have been identified that are not covered by the measures listed here.

Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

In 2022, there were no incidents of corruption at any of our three production facilities. The current measures are effective. However, we plan to rework them in 2023 to meet the highest standards.

Key Performance Indicator GRI SRS-205-3: Incidents of corruption

The reporting organization shall report the following information:

- a.** Total number and nature of confirmed incidents of corruption.
- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

There were no incidents in 2022.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

- a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
 - i.** total monetary value of significant fines;
 - ii.** total number of non-monetary sanctions;
 - iii.** cases brought through dispute resolution mechanisms.

- b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.

- c.** The context against which significant fines and non-monetary sanctions were incurred.

There were no incidents in 2022.

Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2016, unless otherwise noted in the table.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action	
	2. Materiality	
	3. Objectives	
	4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility	GRI SRS 102-16
	6. Rules and Processes	
	7. Control	
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources	GRI SRS 301-1
	12. Resource-Management	GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 (2018) GRI SRS 306-2 (2020)*
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights	GRI SRS 403-4 (2018)
	15. Equal-Opportunities	GRI SRS 403-9 (2018)
	16. Qualifications	GRI SRS 403-10 (2018) GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1

*GRI has adapted GRI SRS 306 (Waste). The revised version comes into force on 01.01.2022. In the course of this, the numbering for reporting on waste generated has changed from 306-2 to 306-3.