



The
SUSTAINABILITY
Code

Declaration of conformity 2023

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: 2023, 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 was founded in 1834 as the first German oil factory and is today one of the leading manufacturers 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 a wide range of greases, oils, cooling lubricants, and dry lubricants, all of which are tailored to meet the specific needs and challenges of our customers. As a solution and application expert, BECHEM also offers value-adding services to enhance the efficiency, effectiveness, resource conservation and environmental impact of 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.

Currently managed by the sixth generation of the founding family, BECHEM employs a total of 280 employees at its headquarters in Hagen, 66 at the Gardelegen-Mieste plant, and 22 at the Kierspe plant. All manufacturing processes occur at the three locations in a certified infrastructure.

Additional remarks:

Reporting Framework: The following statement and the information provided apply exclusively to CARL BECHEM GMBH.

Reporting Year: Unless otherwise noted, the data and reported content refer to the year 2023.

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 remains an integral element of BECHEM's corporate strategy. Since 2022, the company has implemented a sustainability management system to coordinate and further improve its activities in the areas of energy, environment, alternative raw materials, working conditions, and social aspects. The guiding principles are based on the company's values and objectives, with a clear focus on sustainable investments in innovative technologies, products and employees.

BECHEM views sustainability and climate protection as an ongoing process that requires long-term commitment, given its product portfolio and affiliation with the chemical industry. In 2023, the focus was on preparing the environmental management system for certification according to DIN EN ISO 14001. The aim was to optimize environmental management processes and make a sustainable contribution to environmental protection. The sustainability management established in 2022 will continue to be expanded to strengthen the strategic orientation and measures for promoting sustainability at all levels of the company. This contributes to improving environmental management processes and achieving positive environmental impacts in the long run.

In 2024, the company will intensify its efforts to further optimize the integrated environmental management system. At the same time, documentation within the management system will be expanded to increase transparency and efficiency of processes. The focus will be on a continuous environmental and energy program that encompasses resource and energy efficiency as well as CO₂ neutrality. These measures reflect BECHEM's commitment to considering environmental protection as an essential component of long-term business success. Additionally, the documentation and data collection of Scope 3 values have been expanded and revised in terms of collection.

BECHEM's core guiding principles remain unchanged: The prevention of environmental pollution, energy waste, accidents, and illnesses continues to take priority in all company processes. Compliance with applicable environmental laws and adherence to binding international standards will continue to be ensured and monitored on an ongoing basis. Furthermore, the company is preparing to produce its first ESRS report under the CSRD regulation, which will be published in 2026 for the reporting year 2025. Preparations are already underway, and the management system will be adjusted accordingly to meet the necessary documentation requirements.

As part of this strategic orientation, BECHEM will continue to maintain its membership in the UN Global Compact to reaffirm its goal of integrating sustainability firmly into its corporate strategy. This includes active participation in the implementation of the UN Sustainable Development Goals (SDGs) as well as the establishment of a binding Code of Conduct for suppliers that incorporates sustainability requirements into the company's procurement processes.

Furthermore, starting from the fiscal year 2023, BECHEM is exclusively relying on green electricity and continues to invest in environmentally friendly technologies. The expansion of existing photovoltaic systems and charging stations for electric vehicles is planned for the coming years to further increase the share of renewable energies. These measures underscore the company's long-standing commitment to environmental protection, which is regarded as an equal objective alongside economic success and social responsibility.



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 competitive environment in which BECHEM operates continues to be characterized by increasing dynamics and differentiation. In particular, the regulatory framework in Germany and the EU is leading to profound changes, especially regarding raw material and product requirements. These developments present not only challenges but also opportunities to distinguish itself from competitors through sustainable and innovative product solutions. In the area of sustainability, BECHEM focuses on a long-term and future-oriented strategy to meet the demands of the industry and the market.

Ecologically, the environment of lubricant production is characterized by strict environmental regulations and legal requirements, which BECHEM incorporates into the development of resource-efficient and sustainable lubricants.

Through the continuous improvement of product development, BECHEM actively contributes to the reduction of friction and wear in customer applications. This results in extended service life, reduced maintenance effort, and ultimately leads to a more sustainable use of products, providing both economic and ecological benefits.

In research and development, the company is increasingly working on water-based and biodegradable products to reduce its ecological footprint. This has a direct impact on Scope 3 emissions, as the CO₂ equivalents generated in the supply chain can be reduced through more sustainable materials and processes. To strengthen the ecological responsibility and make waste separation and disposal more efficient, BECHEM has implemented a series of targeted measures at all three production sites. Initially, a general training session for employees on waste separation was conducted with the aim of improving the overall separation rate. Several waste collection points were reorganized and restructured. This optimization was based on the evaluation of waste disposal and the identification of improvement opportunities. Another step involved clarifying questions related to waste recycling.

On the other hand, there are challenges such as the high share of Scope 3 emissions (94% of CO₂e emissions), which arise from the production and use of raw materials in the supply chain. The increase in percentual share compared to the previous year results from a refined and more detailed data

set and the reduction of Scope 2 emissions to 0%. In the production of lubricants, BECHEM relies, among other things, on the use of synthetic oils. These raw materials are essential as they significantly determine the fundamental properties of the lubricants. However, they also have a particularly high carbon footprint, which presents a central challenge in sustainable raw material sourcing and utilization.

External sustainability issues also significantly impact BECHEM's business operations. The political and regulatory framework, particularly concerning EU regulations and the requirements of the CSRD, necessitates continuous adaptation and development of internal processes by BECHEM. The commitment to transparency in reporting and compliance with international sustainability standards require comprehensive documentation and management measures, which will be increasingly expanded in the coming years.

In addition to ecological aspects, economic and sociocultural issues are gaining importance as well. Demographic change and the increasing shortage of skilled workers present a central challenge. Therefore, BECHEM continues to strive to be an attractive employer that offers safe and future-oriented jobs, promotes work-life balance, and strengthens employees' qualifications through training and education.

The resulting opportunities and risks for BECHEM are diverse. On one hand, working on resource-efficient lubricants offers significant market opportunities, as the demand for environmentally friendly and efficient solutions continues to rise in target markets. On the other hand, increasing demands for emissions reduction and compliance with regulatory requirements pose a challenge that requires additional investments in sustainable technologies and processes. These opportunities and risks are directly integrated into the company's sustainability management and are continuously assessed to ensure that BECHEM can operate successfully both economically and ecologically.

Overall, the company's focus remains on reducing Scope 1 and Scope 2 emissions, which can be directly influenced by its own measures. A portion of the energy demand is already covered by photovoltaic systems, and starting in 2023, BECHEM has completely switched its electricity supply to green energy. At the same time, investments are being made in new production facilities that aim to enhance process efficiency.

The consistent focus on sustainability not only shapes BECHEM's business strategy but also its corporate culture. As a family-owned company, BECHEM sees itself responsible for creating a meaningful and conscientious work environment that meets the needs of both current and future generations.

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 an integral part of our corporate strategy. The key areas of action remain:

Innovative Sustainable Solutions

BECHEM is committed to research and development to design lubricants that continuously improve in efficiency, performance, and resource conservation.

Contribution to Climate Protection

The company firmly believes that consistent environmental protection plays a central role in long-term business success.

Social Engagement

BECHEM considers it essential to be a safe, future-oriented, and socially responsible employer throughout the entire career path of its employees. This includes a special commitment to professional training within the company as well as creating optimal conditions for work-life balance.

In strategic areas, BECHEM has set specific initial goals and defined key performance indicators (KPIs). The achievement of these goals is continuously monitored in management evaluations. Specific goals and KPIs include, for example:

Strategic goals and KPIs				
Definition	Priority	Baseline value 2021	Target value 2025	State 2023
Reduction of greenhouse gas emissions (Scope 1 and Scope 2)	A	5,784.2 t CO ₂ e	Reduction by at least 45%	2,771.2 t CO ₂ e (Reduction by 48%)
Installation of charging stations at all BECHEM locations	C	0	20	20
Efficiency indicator (total energy consumption per production volume [kWh kg ⁻¹])	B	0.57	0.57	0.64
Total waste generation per production volume [kg kg ⁻¹]	B	0.064	Reduction by at least 20%	0.045

Environmental objectives			
Measure	Priority	Period of time	State
Implementation of environmental management according to DIN EN ISO 14001	A	Introduction	Duly executed
Recertification of environmental management according to DIN EN ISO 14001	A	Every three years	Continuously executed
Certification of sustainability performance by Ecovadis	A	Annually	Continuously executed
Acquisition of CCF	B	Annually	Continuously executed
Qualification of trainees as energy scouts	C	Annually	Continuously executed

Energy objectives			
Measure	Priority	Period of time	State
Implementation of an energy management software	B	2024/25	In planning stage
Implementation of Certification according to DIN EN ISO 50001	A	2024/25	In planning stage

Social objectives			
Measure	Priority	Period of time	State
Transparency and communication (employee awareness)	B	Annually	Continuously executed
Agreement with 100% of A-suppliers and 100% of suppliers in risk countries on the Code of Conduct	B	Annually	Continuously executed

Sustainable product portfolio		
Definition	Priority	Targets/Measures
Sustainable portfolio development (related to innovation projects)	A	At least 75% of all innovation projects should contribute to sustainability goals (energy and resource conservation).
Sustainable portfolio development (related to funding projects)	A	At least 90% of all funding projects should contribute to sustainability goals (energy and resource conservation).
Sustainable portfolio development (related to PFAS)	A	In strategic new developments, the use of PFAS should be avoided. In customer developments, efforts should also be made to minimize the use of PFAS as much as possible.
Avoidance of potential CMR substances	A	In new developments, the use of LiOH should be avoided.

The goals are prioritized both due to their direct impact on improving the

organization's environmental performance and because of mandatory regulatory or systematic requirements such as certifications or guidelines.

Contribution to the United Nations Sustainable Development Goals

BECHEM considers it a key task to contribute to the national implementation of the 2030 Agenda within the framework of the German Sustainability Strategy and to support the achievement of the United Nations Sustainable Development Goals (SDGs).

SDG 3 - Good Health and Well-Being

BECHEM anchors the guidelines of sustainable procurement management and the sections on 'Health and Well-Being' from the Code of Conduct as central criteria for long-term collaboration with suppliers. In addition, the company offers various programs and initiatives to promote the health and fitness of its employees.

SDG 4 – Quality Education

BECHEM invests in the training of young people and supports part-time degree programs as well as further education. The company is specifically committed to the professional development and qualification of its employees.

SDG 5 – Gender Equality

BECHEM is committed to equal opportunities and diversity, promoting a work environment characterized by mutual respect and diversity. Any form of harassment or discrimination is strictly rejected.

SDG 7 – Affordable and Clean Energy

BECHEM actively promotes clean energy sources by expanding its photovoltaic capacities and fully switching to green electricity starting in 2023. This enables the company to meet its energy needs with sustainably generated power and reduce its environmental impact. Furthermore, BECHEM has taken an important step towards emission reduction by switching the fuel at the Gardelegen-Mieste plant from heating oil to natural gas, resulting in a further decrease in harmful emissions. To offset the remaining heating oil consumption, BECHEM supports certified climate protection projects. In this way, the company contributes to alleviating environmental burdens while also advocating for clean and affordable energy solutions.

SDG 17 – Partnerships for the Goals

BECHEM actively engages in partnerships to achieve sustainability goals, particularly through its support and membership in the UN Global Compact. In addition, the company promotes close collaboration with suppliers and customers to continuously enhance 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 encompasses several stages, from raw material procurement to the delivery of end products to customers. In each of these phases, sustainability is a central component. BECHEM has implemented measures to minimize environmental impacts as much as possible, even though they, like with other chemical products, cannot be completely avoided.

Research and Development

In the area of research and development, the ingredients used are subject to strict guidelines. A company-specific list of prohibited substances specifies which raw materials, beyond legal requirements such as REACH, must not be used or may only be used to a limited extent. Even though the use of certain hazardous chemicals is unavoidable, BECHEM prioritizes the well-being of individuals involved in the production process above all else. In 2023, the company placed an increased focus on developing resource-efficient lubricants

to further reduce CO₂e emissions along the value chain.

Raw Material Procurement

BECHEM puts emphasis on short procurement routes and requires its suppliers to adhere to sustainability standards. The Code of Conduct, as well as the quality assurance agreements, include technical, organizational, and sustainability-related requirements. The supplier code is based on the principles of the UN Global Compact, and suppliers are encouraged to demonstrate their management systems in the areas of occupational safety, health protection, as well as environmental and energy management. Sustainability aspects are reviewed throughout the entire supply chain, and selected suppliers undergo regular audits to ensure their sustainability performance.

Production

Production at BECHEM focuses on the efficient manufacturing of lubricants, which are primarily based on mineral and synthetic base oils. Various additives are combined in a process of cooling, heating, and stirring. As in 2023, BECHEM will also focus on investing specifically in more energy efficient production facilities in 2024. This aims to further reduce Scope 1 and Scope 2 emissions. At the same time, the company continues its ongoing environmental and energy program aimed at increasing resource and energy efficiency.

Packaging and Logistics

Sustainability is gaining increasing importance in logistics, even though it has previously played a subordinate role. For 2024, BECHEM plans to comprehensively consider all relevant Scope 3 criteria in logistics. The existing return system for barrels and containers will be continued, which has again resulted in significant CO₂e savings. Additionally, the company continues to focus on environmentally friendly packaging solutions to further reduce its ecological footprint.

Customer Service and Technical Support

BECHEM's customer service provides technical consulting and support to ensure the optimal use of lubricants. In close collaboration with customers, requirements for more sustainable products are identified and integrated into the development process. For 2024, BECHEM plans to further expand its sustainability reporting and intensify dialogue with stakeholders.

Sustainability Aspects in the Value Chain

BECHEM is aware of the social and ecological challenges that arise at various stages of the value chain. Through close collaboration with suppliers and partners, solutions are developed together to address these challenges. BECHEM is involved in various initiatives to implement and continuously improve sustainability criteria throughout the entire value chain.

Criteria 5–10 concerning PROCESS MANAGEMENT

5. Responsibility

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

The executive board, consisting of Christoph Hundertmark and Dr. Michael Gerle, holds overall responsibility for steering all sustainability aspects. This includes defining goals, planning and implementing measures, as well as continuously monitoring progress. The company recognizes the societal significance of sustainability and advocates this belief both within and outside the organization.

To ensure the implementation of sustainability initiatives, Dr. Pascal Hommen has been appointed as the Sustainability Officer. He actively drives the development of sustainability management and reports regularly to the executive board.

In close collaboration with the areas of Operations, HSE (Health, Safety, Environment), R&D (Research & Development), and the leadership circle, sustainability topics are advanced and further developed in regular meetings. The role of leaders as important multipliers for sustainability is emphasized. They play a crucial role in creating acceptance and awareness for sustainability issues and actively involving employees in the process. Shareholders and the advisory board of the family-owned company are also involved in the sustainability process. They are regularly informed about progress and developments to ensure that all relevant stakeholders are kept up to date and that there is room 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 and sustainability strategy is operationalized through measurable goals, concrete measures, projects, as well as guidelines and process descriptions.

BECHEM has successfully established a certified environmental management system in accordance with DIN EN ISO 14001 for all locations of the GmbH. The plant in Hagen is certified according to IATF 16949 and serves as a central function supporting the locations in Gardelegen-Mieste (IATF 16949) and Kierspe (DIN EN ISO 9001) according to their individual certification standards.

Compliance with morals and ethics within the organization and along the supply chain is a matter of course for BECHEM and is ensured by the internal compliance officer in conjunction with the Code of Conduct.

Furthermore, this compliance has been supplemented by the Code of Conduct for suppliers.

Supplier management

The unrestricted transmission of customer requirements to suppliers is not always possible, as BECHEM sometimes works with suppliers who extract raw materials and natural products at the beginning of the supply chain. Therefore, BECHEM relies on the approach of sustainable supplier development. A fundamental requirement for qualification as a supplier is proof of certification according to DIN EN ISO 9001. Additionally, further information about the suppliers' environmental management systems is collected and included in the evaluation.

Recycling

Recycling plays a crucial role in ensuring waste prevention and the reuse of materials. BECHEM is also committed to the return of barrels, hobbocks, and containers, which are reused after a thorough cleaning process. This resource utilization creates a sustainable cycle that actively contributes to reducing the use of new materials and minimizing the environmental impact of packaging processes.

Safety

Already in product and process planning, BECHEM identifies potential risks and minimizes them through preventive measures. The management provides all necessary resources to always ensure plant safety through regular maintenance and systematic upkeep. To achieve these goals, the continuous qualification and development of employee competencies at all levels are essential. This forms the foundation for the success of safety measures. A central component of corporate development is ongoing improvement at all levels.

Hazardous Incident Plant

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.

In 2023, the processes for collecting and monitoring sustainability goals at BECHEM were further improved. BECHEM collects key figures at regular intervals, which are used for internal management as well as for external communication.

Performance Indicators for Controlling Sustainability Goals

The foundation of the ecological key figures continues to be the annual determination of the CO₂e footprint, which was first calculated for the year 2021. This allows BECHEM to track the development of its emissions in Scope 1, Scope 2, and significant Scope 3 emitters, enabling informed decisions regarding the reduction of these emissions. The results of this assessment serve as key performance indicators to monitor the effectiveness of the initiated sustainability measures.

As part of GRI reporting, BECHEM has been collecting additional key figures since 2023, which are managed through a specially implemented software system. This system enables more precise data collection and analysis, further improving the management of sustainability goals. The indicators collected include energy consumption, waste volumes, and water usage at the German locations. These key figures are reviewed annually on the ecocockpit platform, with the CO₂e balance prepared in accordance with the Greenhouse Gas Protocol (GHG).

Reliability, Comparability, and Consistency of Data

To ensure the reliability, comparability, and consistency of data, BECHEM has implemented a system for data validation and verification. The data collected through the software system is continuously reviewed to ensure that all relevant sustainability indicators are consistently measured and comparable over time. Additionally, annual participation in the Ecovadis rating provides an independent assessment of sustainability performance. The established processes ensure that the data is reliable and robust for both internal decision-

making processes and external reporting.

The performance indicators form the basis for tracking and evaluating the progress in sustainability. In regular sustainability meetings, current developments are analyzed, documented, and, if necessary, measures to achieve the goals are adjusted. This ensures that BECHEM's sustainability strategy is implemented consistently and effectively.

Economic indicators	Annual financial statements
	Turnover ratio
	Quality indicators
Ecological indicators	Use of energy sources (heating oil, natural gas, LPG, technical gases)
	Electricity consumption
	Fuel consumption for leased company cars (petrol, diesel, electricity)
	Business travel by train and airplane
	Chemical raw materials
	Consumption of wood, paper, and cardboard
	Waste generation
	Water consumption
	Data on employee commutes
Social indicators (occupational safety and human rights)	Employee health and safety
	Accident statistics
	Diversity and inclusion
	Equal opportunities
	Employee training, competency development/career management
Social indicators (health and satisfaction of employees)	Discrimination and harassment
	Employee surveys
	Mental health risk factors
	Effectiveness and satisfaction with the health management

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.

As part of the corporate policy and corporate mission statement, the goals, strategies, mission, vision and values are firmly established. Based on these values, the BECHEM Code of Conduct has been developed. All employees contribute to a corporate culture that lives by the established BECHEM values and is characterized by openness, honesty, appreciation, and tolerance.

Values

We are diverse. Our employees come from various cultures, bring different experiences, and operate in different markets worldwide. Clearly defined values that are shared and lived throughout the BECHEM Group are crucial for our success. These values provide us with a framework for our daily decisions and shape our interactions with each other as well as with customers and partners. They encourage us to embrace change, break outdated patterns, and focus on innovations, future-oriented products and processes that place sustainability and digitalization at the forefront.

Tradition

Our family-owned company has been characterized by consistency and reliability over generations. The long-standing experience of our employees forms the basis for continuous adaptation and ensures proximity to our customers. Our independence gives us all the security and opportunity to sustainably realize our common goals.

Performance

Proximity to customers means making our services available worldwide while simultaneously capturing the individual needs of our clients. We continuously work to further develop our offerings for customers and markets. In doing so, we place particular emphasis on sustainable and efficient resource management to promote profitable growth.

Family

Trust and responsibility form the basis for our processes and provide valuable market advantages for us, our partners and customers. As a family business, we see our responsibility towards all employees as fundamental to a successful future. Openness and tolerance in dealing with one another as well as with our customers are self-evident for us.

Virtues

Together – Appreciation and honesty are the foundation for a trusting collaboration. Agile and flexible – we act efficiently and work collaboratively across departments. Through an open error culture, we promote creativity and innovation. Humanity – we respect and accept one another. As part of the BECHEM family, we place great importance on fairness in our interactions.

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).

Even before 2023, BECHEM implemented incentive systems that include both monetary and non-monetary benefits to promote the achievement of sustainability goals. These systems aim to motivate employees and managers to integrate sustainable actions into their daily tasks and contribute to the company's long-term value creation.

Compensation Systems and Incentives for Sustainability Goals

Sustainability goals are incorporated into performance agreements and treated as monetary incentives. In addition, BECHEM offers an extensive non-monetary incentive system, which includes various benefits for employees:

- High-quality workwear for production and laboratory teams
- Collaboration with FitX for fitness and health programs
- Participation in the annual company run
- Bicycle leasing via JobRad, along with bike storage facilities and a service station (at the Hagen and Gardelegen-Mieste locations)
- Canteen meals with a varied menu, as well as free fruit, mineral water, and coffee
- Pension consulting and support for employer-assisted savings plans

These measures enhance both employee well-being and their commitment to sustainable company goals.

Control Systems for Monitoring Goal Achievement

The achievement of sustainability goals is regularly reviewed by designated committees within the company. The goals, developed in cooperation with management and employees, are monitored by the sustainability team and the human resources department. These committees evaluate the progress toward defined sustainability goals and ensure that necessary actions are implemented in a timely manner. Regular feedback discussions are conducted to assess performance and identify areas for improvement.

Promoting Individuality and Career Development

Another significant aspect of BECHEM's incentive system is individual career planning and development, supported through regular feedback discussions. Employees have access to the following opportunities:

- Regular feedback discussions for career planning and personal development
- Professional development and qualification programs
- Potential international assignments in subsidiaries and joint venture companies
- An internal talent promotion circle and a cross-hierarchy innovation workshop to foster creativity and new ideas
- Workplace flexibility, such as flextime, flexible break schedules, and customized workplace solutions
- A corporate suggestion program where employees can contribute their ideas

Information and Community

To foster a sense of community and internal communication, BECHEM organizes regular company events like the summer festival and Christmas party, along with various information and networking platforms:

- The international forum "Flurfunk," which shares company news and successes
- "Rookie meetings" for young employees to encourage networking and collaboration
- Mentoring programs to facilitate the onboarding process for new employees
- Internships and holiday work opportunities, preferably offered to employees' children
- Corporate benefits through specific platforms, such as futurebens.de, providing sustainable and attractive discounts and perks

This comprehensive incentive system fosters a culture of sustainability at BECHEM, engaging all employees and management levels, and contributing to the company's long-term value creation.

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 an integral part of target agreements and are treated as monetary incentives. Compensation includes a base salary as well as variable remuneration components, which are linked to specific performance indicators. These indicators consider economic goals as well as ecological and social aspects.

Settlement arrangements adhere to clear guidelines and comply with legal requirements. Subpoints not further described are not relevant in the current organizational context.

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.

The remuneration policy of BECHEM is subject to confidentiality.

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.

Engagement with Stakeholders

BECHEM has systematically identified key stakeholders within the framework of its integrated management system. The identification is based on a materiality analysis, which is regularly reviewed through external audits and adjusted as needed. This methodology ensures that all relevant groups are integrated into the sustainability process and that their specific interests are considered.

BECHEM's Stakeholders

BECHEM has a diverse range of internal and external stakeholders who are crucial to the success of the company and the advancement of sustainability management. Key stakeholders include:

1. Internal Stakeholders

- **Employees:** Continuous dialogue with employees is maintained through various channels, including company meetings, one-on-one discussions with managers, notices on information boards, and sustainability communication via email. The employee magazine *1834* has been converted into a digital intranet version, "Flurfunk," to enhance communication. Employees can exchange ideas on sustainability topics in regular feedback discussions and are engaged in the company culture through various internal events such as summer festivals and Christmas parties.
- **Shareholders/Advisory Board:** The management team maintains ongoing dialogue with shareholders and the advisory board to report on the achievement of corporate goals. Sustainability topics play an important role and directly influence the company's strategic direction.

2. External Stakeholders

- **Joint Ventures/Distribution Partners:** International joint ventures and distribution partners are regularly updated on developments through the *Lubrication News* newsletter and field

representatives. This exchange ensures that sustainability goals are implemented in international partnerships.

- **Customers:** Dialogue with customers is maintained through various communication formats, such as visits, virtual meetings, trade shows, and dedicated after-sales support. Sustainability topics are actively discussed with customers to collaboratively work on environmentally friendly solutions.
- **Associations/Institutions:** BECHEM is a member of numerous associations and maintains direct contact with institutions to exchange information on laws, regulations, and industry trends. BECHEM executives and experts give lectures and offer workshops to foster cross-industry exchange.
- **Suppliers/Service Providers:** Continuous dialogue with suppliers and service providers is facilitated through supplier development discussions, audits, and joint sustainability evaluations. BECHEM aims to build long-term and sustainable partnerships.
- **Scientific Institutions and the Public:** BECHEM actively shares its expertise at specialist conferences and university lectures. The company also participates in regional and national expert committees, contributing to industry advancement.

Shaping Dialogue and Integrating Results

Dialogue with various stakeholders takes place through different channels, depending on the respective group. The results of these dialogues directly influence the further development of sustainability management and the company's strategic direction.

BECHEM places great emphasis on transparent information policies. Since 2023, all implemented sustainability measures have been published on the company website. Additionally, the annual sustainability report provides information on relevant key figures and goals, outlining progress in sustainability management. This report is addressed to employees, customers, suppliers, associations, companies, scientific institutions, the press, and policymakers.

Furthermore, BECHEM utilizes social media platforms such as LinkedIn and Instagram to keep a broad audience, including customers, prospects, and potential employees, updated on sustainability topics.

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 maintains continuous dialogue with all relevant stakeholders. Issues and topics are proactively addressed and, where possible, resolved promptly and in the mutual interest of all parties. Feedback and comments from our stakeholders are treated with the utmost care and confidentiality. For this reason, we refrain from publishing 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.

BECHEM promotes the development of innovations through systematic processes that aim to make both its own resource utilization and that of its customers more sustainable. The company considers the entire product lifecycle and value chain to ensure that social and environmental sustainability aspects are accounted for and improved.

Impact of Products on Social and Environmental Sustainability

BECHEM identifies product development as the most effective lever to influence sustainability. Through its portfolio, BECHEM reduces friction and wear in customers' applications, increases service life, and minimizes maintenance. This results in resource savings, such as material for machinery or tools, which can be measured through longer service intervals at the customer level.

An example of the positive impact of BECHEM lubricating greases is the avoidance of the stick-slip effect. The high kinematic viscosity (at 40 °C) ensures excellent adhesion and separation of contact surfaces, leading to significantly extended re-lubrication intervals. Compared to competitor products, this results in considerable resource savings. Another example is the PFAS-free lubricant Berulub FR 43-2, designed for automotive applications. This product not only reduces the Product Carbon Footprint (PCF) by 35% but also features a UV indicator, significantly facilitating automated quality control.

Promoting Sustainability through Innovation Processes

Product management plays a crucial role in identifying market trends and customer needs. Beyond its sales network, BECHEM maintains continuous exchange with product users through participation in trade shows, seminars, and research projects. Through this interaction, new product requirements are identified and incorporated into the development and innovation process. Within application-specific or industry-specific "Global Teams," new market demands are discussed, planned, and monitored for implementation progress. Established in 2018, the innovation management team focuses on multiple objectives, aiming to increase the degree of innovation while promoting basic research and new testing methods, including feasibility studies. It also seeks to build new collaborations with universities, institutes, and industry partners, supports funding projects, supervises final theses as part of innovation initiatives, and acts as a driver for innovative and sustainable projects. Successes include cooperative projects with leading companies from core industries, establishing a research network with universities and technical colleges, and developing new testing methods.

Innovations contributing to sustainability are explicitly encouraged as part of the corporate strategy. A long-term goal is for innovations to be more sustainable than the predecessor products they replace. In the past, sustainable lubricants were only partially competitive in the market due to insufficient performance and/or high costs. To address this, the company integrates innovations with sustainability aspects (footprint), technical performance, and customer benefits (handprint). Only then can more sustainable products achieve an increasing market share.

BECHEM has set the standard for sustainable lubricants in numerous innovative joint projects (e.g., Berufluid, phosphate-free wire coating, or bio-based thickeners for lubricating greases). This commitment has been recognized with numerous sustainability awards, including the German Resource Efficiency Award in 2022. This strategy has noticeably increased the acceptance of more sustainable lubricants. The company anticipates that the market share of sustainable lubricants will grow significantly in the coming years.

Impact of Innovation Processes Along the Value Chain

Raw material procurement also plays a special role. Through active and

sustainable supplier management, environmental aspects such as the reduction of the Product Carbon Footprint (PCF) or the increase in the proportion of renewable raw materials in products are systematically taken into account. This results in innovative products and technologies that offer both economic and sustainable benefits. BECHEM's product portfolio undergoes continuous development and refinement, taking social and environmental sustainability aspects and innovative ideas into account. The product development process defines requirements to achieve sustainability goals. Examples include:

- Avoidance of regulated substances (e.g., short- and medium-chain chlorinated paraffins), including substances with extended transition periods.
- Avoidance of PFAS, unless explicitly requested by the customer. Any request for PFAS use must be documented in the specifications.
- If a raw material is chemically or technologically equivalent and available both bio-based (renewable) and petrochemical, the bio-based raw material should be chosen, provided the price remains within a marketable range and the bio-based component does not have a higher PCF value than the petrochemical alternative. Exceptions apply to raw materials directly derived from CO₂ consumption, where the origin of the CO₂ is irrelevant (e.g., e-fuels). This also applies to raw materials obtained through processing or recycling.
- PCF data (Cradle-to-Gate) for all used raw materials must be determined according to ISO 14067. Preferably, direct data should be provided by the supplier. If unavailable, literature data or categorized data from existing databases should be used and reviewed or updated regularly (at least annually).
- For every developed product, a theoretical life-cycle assessment must be conducted, considering both best-case and worst-case scenarios. This should be carried out in coordination with the respective technology manager as part of the development proposal. Sustainability of the production method must be examined for new developments. Where technologically feasible at BECHEM, products must be launched using modern sustainable methods that reduce greenhouse gas emissions and energy consumption.

Overall, BECHEM aims for new products to be more sustainable than their predecessors.

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)

BECHEM does not make financial investments in the strict sense. Instead, BECHEM invests in foreign subsidiaries to expand its business globally. There is no active asset management, so environmental or social assessments are not relevant.

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.

Essential Natural Resources in Business Operations

BECHEM takes responsibility for the sustainable use of natural resources by implementing measures to reduce waste and keep air, water and soil clean. As a company in the chemical industry, resources such as electricity, heat, water, and raw materials are of central importance in value creation processes, particularly in procurement and production. Since BECHEM is classified as a high-risk operation, special attention is required regarding environmental aspects. The company consciously goes beyond the requirements of many technical regulations and government guidelines.

Scope of the Use of Essential Natural Resources

As a chemical company, BECHEM registers significant resource consumption, particularly in procurement and production. A central goal of its sustainability strategy for the coming years is to increasingly use energy from sustainable sources. For this reason, BECHEM relies on green electricity and photovoltaic systems to reduce its ecological footprint. Measures such as developing recycling processes, avoiding defective production, and practicing responsible material separation contribute to the reduction of production waste. Employees also place great emphasis on a conscious and responsible use of resources like electricity, heat, and water within company facilities.

Key figures	Unit	2022	2023	Difference to 2022	For BECHEM's business
Total energy consumption	kWh	17,327,258	15,667,721	- 1,659,537	
Annual turnover	€	137,945,793	134,713,841	- 3,231,952	
Energy index: total energy/turnover	kWh € ⁻¹	0.12	0.11	- 0.01	

operations, natural resources are integral to the value chain. The use of these resources is systematically recorded and regularly analyzed as part of sustainability management.

Key energy sources include electricity, oil, and gas (refer to Performance Indicator 11-12: GRI SRS-302-1). These are indispensable components of production processes. Since 2023, the electricity requirements at all locations have been covered by green electricity. Oil and gas continue to be used in certain processes.

Water consumption (refer to Performance Indicator 11-12: GRI SRS-303-3) is also systematically recorded. In addition to drinking water, wastewater quantities are regularly analyzed, enabling the identification of optimization potential.

Another focus is on waste management (refer to Performance Indicator 11-12: GRI SRS-306-3 (2020)), which is also systematically recorded. This enables targeted measures such as improving waste separation, optimizing waste logistics, and reducing residual materials.

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.

Goals and Planned Timeframes for Achieving Resource Efficiency and Environmental Objectives

BECHEM has set specific and measurable environmental goals to enhance resource efficiency and reduce ecological impacts. A key objective was to reduce Scope 1 and Scope 2 emissions by at least 45% by 2025 compared to the base year 2021. This goal was already achieved in 2023 through the transition to green electricity. In the long term, BECHEM aims to become greenhouse gas neutral by 2045. This includes not only reducing energy consumption but also increasing the use of renewable energies such as photovoltaics and green electricity.

Strategies and Concrete Measures to Achieve the Goals

BECHEM follows a systematic management approach according to the DIN EN ISO 14001 environmental management system, which integrates continuous improvement processes to enhance resource efficiency. Technologies are specifically evaluated in scenario analyses to support the company's

decarbonization measures. Additional initiatives include the ongoing optimization of production processes to minimize waste and use resources more efficiently. Research and development efforts focus particularly on extending the lifespan of lubricants to reduce consumption and raw material demand. Moreover, BECHEM collaborates closely with its suppliers to make the entire supply chain more sustainable. Regular dialogues are conducted to ensure that suppliers also pursue their own climate goals and reduce their CO₂ emissions.

Achieved and Unachieved Goals

Progress in reducing greenhouse gas emissions is regularly reviewed and evaluated in meetings. BECHEM is on track to achieve its stated goals. However, challenges remain. Especially, in complex supply chains and in using certain raw materials, which makes influencing the entire value chain difficult. Nevertheless, the company aims to achieve continuous improvements through enhanced innovation processes and close partnerships.

Key Risks to Resources and Ecosystems

The risks arising from BECHEM's business activities that could potentially negatively impact resources and ecosystems are primarily related to the use of chemical raw materials and energy-intensive production processes. BECHEM minimizes these risks by strictly adhering to environmental regulations and continuously monitoring environmental impacts. The focus on reducing CO₂e emissions and implementing recycling processes plays a crucial role in mitigating these risks and minimizing adverse environmental effects.

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.

BECHEM uses a variety of non-renewable materials in the production and packaging of its key products. The detailed recording of material consumption enables BECHEM to develop targeted measures for resource efficiency and sustainability. In total, over 20,400 tons of materials and raw substances were used, categorized into the following main groups:

- **Additives:** With a total consumption of approximately 2,400 tons, additives represent a significant material group. Examples include

antioxidants and corrosion inhibitors, which contribute to improving product performance.

- **Auxiliary Materials:** Around 2,000 tons are attributed to auxiliary materials used in various manufacturing processes to also enhance product performance.
- **Base and Intermediate Chemicals:** This category accounts for over 6,600 tons and includes substances such as surfactants and fatty acids, which are essential for lubricant production.
- **Base Oils and Lubricating Greases:** With over 10,000 tons consumed, they form the largest material category. Examples include synthetic and spindle oils, which improve lubrication performance in numerous applications.

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:

- electricity consumption
- heating consumption
- cooling consumption
- steam consumption

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

- electricity sold
- heating sold
- cooling sold
- 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 [kWh]	Oil [kWh]	Gas [kWh]	Total [kWh]	Production quantity [kg]	Efficiency ratio
Total	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
	2023	5,052,461	3,125,161	7,490,099	15,667,721	24,299,501	0.64

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.

The total energy consumption was further reduced in 2023. In regularly held energy meetings, consumption figures are discussed, and savings measures are pursued.

At the Kierspe location, BECHEM achieved a reduction in electricity consumption of 27,643 kWh in 2023. This reduction resulted from various measures implemented to lower energy consumption:

- Optimization of the runtime of the agitators required for production
- Installation of energy-efficient LED lighting and motion sensors
- Optimization of the burner used in steam heating to reduce heat loss

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 a total of 12,104 m³ of drinking water in 2022, which decreased to 11,760 m³ in 2023.

The measured amount of wastewater in 2023 was 2,497 m³.

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.

Total Weight of Waste Generated in Metric Tons and Breakdown by

Composition

At the Hagen site, the amount of waste remained largely constant compared to the previous year. In contrast, at the Kierspe site, waste volume was reduced by 16%. Similarly, at the Gardelegen-Mieste site, the waste volume decreased by 3.6% compared to the previous year.

Year	Total amount of waste [t]	Percentage change	Total waste generated per production volume [kg kg ⁻¹]
2022	1,111.29	- 4.17%	0.039
2023	1,065.00		0.045

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.

Carbon dioxide equivalents (CO₂e) are a primary focus of BECHEM's environmental impact accounting. The company's qualitative objective is the continuous improvement of its CO₂e balance.

Identification of Major Emission Sources and Challenges

The largest sources of emissions within the company mainly arise from raw material procurement and energy consumption in production processes. One of the biggest challenges is reducing emissions across the supply chain (Scope 3), as this depends not only on the company's own activities but also on suppliers and other stakeholders.

Targets and Timelines for Climate-Relevant Emissions and Renewable Energies

BECHEM's overarching goal was to reduce Scope 1 and Scope 2 emissions by at least 45% by 2025 compared to the 2021 baseline, which was already achieved by 2023. In the long term, BECHEM aims to achieve climate neutrality by 2045. A significant milestone in this journey is the transition to 100% green electricity, realized in 2023.

Strategies and Measures for Reducing Climate-Relevant Emissions

To achieve its climate goals, BECHEM employs the following strategies:

- **Supplier Dialogue:** BECHEM collaborates closely with its suppliers to

reduce emissions across the supply chain and source more sustainable raw materials.

- **Energy Supply:** Since 2023, the company has exclusively used 100% green electricity to meet its energy needs in a climate-neutral manner.
- **Plant and Process Technology:** BECHEM continuously invests in modern technologies to increase production efficiency and mitigate energy-intensive processes.

Achievements and Challenges

The measures taken so far have enabled BECHEM to make significant progress in reducing CO₂ emissions. The Corporate Carbon Footprint (CCF) was first calculated in 2021. The data quality for Scope 1 and Scope 2 emissions is considered very good; however, there are uncertainties regarding Scope 3 data. In 2023, the focus was on refining Scope 3 data to establish a more accurate data foundation for defining improvements and targets. These uncertainties primarily involve estimated data from external sources, and data collection efforts are continually being improved.

Reference Values, Baseline Year, and Calculation Methods

The calculation of greenhouse gas (GHG) emissions is performed using the ecocockpit tool from EffizienzAgentur NRW and is based on the Greenhouse Gas (GHG) Protocol. Emissions accounting and reporting are conducted in accordance with ISO 14064-1: 2012 standards. The baseline year for the calculations is 2021, and the reduction targets span all company divisions. The greatest uncertainties lie in Scope 3 emissions, particularly due to the inclusion of estimated data from suppliers.

Currently, CO₂ emissions are assessed and evaluated using a production-weight reference metric across the entire company. Given BECHEM's extensive product range, which is predominantly produced in batch processes, an overarching assessment of all products is not feasible. Instead, the focus is placed on specific energy-intensive products, for which detailed data is collected and analyzed. Based on these analyses, internal targets are defined, and corresponding optimization measures are initiated.

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.

In 2022, direct GHG emissions (Scope 1) amounted to 3,363.14 t CO₂e. These include emissions from business travel with company-owned vehicles, transport, the use of energy carriers for internal combustion, and the consumption of technical gases. Compared to the previous year 2021, Scope 1 emissions were reduced by 535 t CO₂e, primarily due to the reduction of emissions from the use of natural gas and heating oil.

In 2023, Scope 1 emissions amounted to 2,771.21 t CO₂e. Further improvements were achieved through more efficient energy use and a reduction of emissions in various areas.

Total Scope 1 Emissions:

- **2021:** 3,898.94 t CO₂e (baseline year)
- **2022:** 3,363.14 t CO₂e

- **2023:** 2,771.21 t CO₂e

The savings of 591.93 t CO₂e are mainly attributed to improved efficiency in the use of heating oil, natural gas, and fuels.

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.

In 2022, indirect GHG emissions (Scope 2) from energy-related sources amounted to 2,072.56 t CO₂e. These emissions were primarily caused by external electricity procurement. With the commissioning of photovoltaic systems at the Hagen and Gardelegen-Mieste locations in 2022, a portion of the electricity demand was already covered through self-production. A total of 156,241 kWh of electricity was generated, reducing emissions from conventional energy sources.

In 2023, BECHEM took another major step toward climate neutrality by switching to 100% green electricity at the start of the year. This transition allowed Scope 2 emissions to be entirely reduced to zero tons CO₂e, marking a significant advancement in the company's sustainability strategy. Emission calculations were performed using the ecocockpit tool, based on relevant

emission factors and the latest available data. The data quality is ensured through regular updates.

Parameters	2021	2022	2023	Difference	Comment
Electricity consumption [kWh]	5,658,254	5,393,083	4,992,894	- 7.42%	Reduction in electricity through efficiency measures and PV use
CO ₂ e emissions (conventional) [t CO ₂ e]	2,071	1,974	0	- 100%	BECHEM has only purchased green electricity since 2023, therefore no Scope 2 emissions

Total Scope 2 Emissions:

- **2021:** 2,071 t CO₂e
- **2022:** 1,974 t CO₂e
- **2023:** 0 t CO₂e
- **Reduction:** -1,974 t CO₂e

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.

In 2023, Scope 3 emissions increased compared to 2022. The primary reason for this was the improved breakdown of raw material consumption, particularly for chemical base substances. An additional safety margin was introduced to account for uncertainties in the data and to more realistically reflect potential actual consumption. Since production volumes in 2023 (approximately 24,000 t) and 2022 (approximately 28,000 t) were of a similar magnitude, it can be concluded that significantly more raw materials were not used. Instead, a more detailed recording of Scope 3 emissions was conducted.

Key Changes in Scope 3 Categories and Activities for 2023:

- **Chemical Base Substances:** Compared to the previous year, this value no longer represents a consolidated total of all raw materials but a detailed breakdown by substance groups. This allows for a more precise calculation of the CO₂e value. The more accurate calculations, together with the additionally introduced safety margin, account for the largest increase in total emissions.
- **Business Travel Using External Transport:** Total emissions amounted to 303,341.48 kg CO₂e, which also shows an increase. For the

first time, hotel stays and train travel were included in the calculations in addition to flight travel and fuel used for business trips.

- **Food:** This category was listed for the first time in 2023, with CO₂e emissions of 3,940.65 kg.

BECHEM plans to address these increased emissions with specific measures, including optimized purchasing strategies, closer collaboration with suppliers, and efforts to improve resource efficiency in production.

Parameters	2021 [t CO ₂ e]	2022 [t CO ₂ e]	2023 [t CO ₂ e]	Comment
Business trips with external transport	11	104	303	Increase in business travel after the coronavirus pandemic, more detailed data collection in 2023
Hotel stays	N/A	N/A	1.198	Increased travel and stays, also more accurately recorded
Waste disposal	710	678	383	Reduced waste generation
Water consumption	N/A	14,601	3,438	Improvement through optimized processes and data collection
Employee commutes	350,540	467,209	301,567	Increased mobile working
Food	N/A	N/A	3,940	More detailed data collection in 2023

In 2023, chemical base substances were no longer treated as a consolidated total of all raw materials but were calculated with greater detail. Below is a rough outline of high-emission chemicals used:

- **Inorganic compounds and base chemicals**
- **Various types of additives, defoamers, and emulsifiers:** approx. 20% of Scope 3 emissions
- **Amines:** approx. 5% of Scope 3 emissions
- **Solvent raffinates:** approx. 10% of Scope 3 emissions
- **Synthetic oils and lubricants:** approx. 40% of Scope 3 emissions

Some of these raw materials account for a significant share of Scope 3 CO₂ emissions as percentages noted above. The listed materials are more extensively outlined in CO₂ calculations by ecocockpit; this list serves only as a rough orientation.

Total Scope 3 Emissions:

- **2021:** 29,903.52 t CO₂e
- **2022:** 30,088.69 t CO₂e
- **2023:** 44,509.31 t CO₂e
- **Difference:** +14,420.62 t CO₂e

This detailed and comprehensive breakdown in 2023 resulted in an increase in Scope 3 emissions. As overall production was lower compared to 2022, this increase does not reflect an actual rise in emissions but rather stems from more precise data collection. For 2024, the focus is on continuously improving the level of detail in the data.

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 corresponding aspects are addressed in the points above.

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, it is a matter of course to ensure equal, social, and fair working conditions, as well as appropriate remuneration, for all employees without being prompted, while safeguarding employee rights. In Germany, where all employees of CARL BECHEM GmbH are employed, the participation rights of employee representatives are enshrined in the Works Constitution Act. National and EU-wide regulations on labor and dismissal protection, as well as corporate co-determination, such as the General Equal Treatment Act, are consistently applied.

BECHEM has concluded in-house collective agreements with IG Metall at its Hagen and Kierspe locations and with IG BCE (mining, chemicals, and energy industries) at its Gardelegen-Mieste location. The company's actions and labor practices are firmly rooted in the principles of the International Labour Organization (ILO), focusing on fundamental labor standards and rights.

Employees can report suspected legal violations to their supervisors, employee representatives, or the HR department at any time. Additionally, a whistleblower portal is available in accordance with the EU Whistleblower Directive.

A works council and a representative for employees with disabilities are well established at BECHEM. The works council maintains regular communication with management and advocates for employee interests across all locations.

An operational suggestion scheme is established at all sites, prioritizing proposals for improvements in environmental protection, occupational safety, and energy conservation. For many years, ideas and expertise from all areas of

the company have contributed to improving environmental management. Furthermore, company meetings are held to keep all employees informed and involved in strategic processes.

BECHEM provides numerous benefits to its employees. These include a subsidized company pension plan and support for healthy mobility through a partnership with a fitness studio. Employees can lease bicycles at highly attractive rates through the JobRad program or use the BetterDoc partnership to find the right doctor. Various support offerings help employees balance family and work life better. The Employee Assistance Program (EAP) is a service point for support during life crises, and pension consulting services are also available.

Goals

The strategic goal is to ensure that all employees leave their workplace healthy and to reduce the number of reportable workplace accidents by 50% by 2025. Increasingly, computer workstations are being continuously improved for ergonomics and equipped with height-adjustable desks. BECHEM supports and adheres to the 10 principles of the UN Global Compact, maintaining its participation in 2023.

Risk Assessments

As part of compliance management, risks related to country-specific risks and general hazards that could impair employee rights within the company and at its business partners are analyzed. For CARL BECHEM GMBH, all compliance risks concerning employee rights can be excluded.

BECHEM continuously works to meet requirements and mitigate potential risks in a timely and targeted manner through appropriate measures. The company regularly collects and evaluates data. Should deviations be identified, measures are implemented or adjusted to ensure successful implementation. Despite this procedure, no significant 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.

BECHEM proudly signed the Diversity Charter (Charta der Vielfalt) in 2015. Equal opportunities and diversity are lived and self-evident elements of the corporate culture. For this reason, there is no differentiation in the treatment

of employees. All employees are offered equal opportunities in hiring, development, and remuneration. The benchmark is the General Equal Treatment Act (AGG), which is complemented by an e-learning module that all employees are required to complete. The aim is to prevent discrimination. A works council and representatives for employees with disabilities are firmly established.

BECHEM promotes better work-life balance through flexible working models, flextime, and remote working.

As part of its regional school partnerships, the company offers young people the opportunity to learn more about its training programs. By providing internship opportunities, BECHEM enables practical insights and supports career orientation, free from traditional notions of male or female-dominated professions.

BECHEM is committed to the principles of the United Nations Global Compact. Membership in the UN Global Compact was established for 2023 and will be maintained going forward. In 2023, there were no cases of discrimination within the company. Employees can report suspected legal violations to their supervisors, employee representatives, or HR management at any time. Additionally, a whistleblower portal is available in accordance with the EU Whistleblower Directive (see Criterion 17).

While qualitative goals have been described, quantitative goals have not yet been established. However, plans to develop these are underway for 2024.

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 shift presents a major challenge for the entire economy, which BECHEM has been addressing with extensive training and development programs. These programs are updated annually to meet the evolving needs of employees. BECHEM places great importance on offering every employee as many training opportunities as possible.

The company offers up to nine training professions and has increased the number of trainees fivefold since 2019. By expanding training programs and increasing the number of trainees, BECHEM aims to build a more diverse and qualified workforce that meets the changing needs of the company and the

industry. This contributes to the long-term retention of skilled workers and enables the company to nurture talented young individuals and train them into qualified professionals. At the same time, the expansion of training programs allows BECHEM to cover broader areas of expertise, thereby strengthening its capacity for innovation.

The intelligence of the company is directly composed of the knowledge of individual employees and synergy effects. Only by providing employees with adequate training and continuing education opportunities can BECHEM ensure its continuous development and learning as an organization. To support organizational learning, BECHEM employs a variety of personnel development tools.

Various training measures have been integrated into the training concept to adequately prepare and continuously develop employees for their tasks. The company offers both product and basic training sessions for employees and customers through the BECHEM Academy. In 2022, internal e-learning programs were launched with courses on the English language and software such as Word, Excel, and PowerPoint. This program will be further expanded in 2024. It also includes a training platform for general topics such as sustainability, workplace safety, data protection, email etiquette, quality management training, awareness, compliance management, and the code of conduct.

Goals

The goal is for average training hours per employee per year to reach the 2019 level of approximately 40 hours by 2025 (see GRI SRS 404-1).

As an employer and training organization, BECHEM is committed to enhancing employees' performance and motivation while considering their individual workplace and health situations. The company also strives to create an equitable and future-oriented work environment.

BECHEM trains employees annually across various professions and dual study programs. Additionally, students are offered the opportunity to complete internships, gain insights into working life, or write their final theses at the company. BECHEM also participates in the annual "Girls & Boys Day." Furthermore, the company maintains school partnerships, provides applicant training, and offers factory tours for school classes. All of these measures counteract demographic challenges and contribute to equal opportunities.

All trainees are continuously supported throughout their training by mentors and trainers in the respective departments. Employees who are absent for extended periods due to illness are offered support through workplace reintegration management (BEM) to maintain their long-term working capacity. If necessary, the company can involve its occupational medical center.

Risks

Ongoing technological changes, the continued digitization of many processes, and the resulting higher demands on necessary qualifications require extensive steps within strategic personnel development.

BECHEM addresses these challenges through the regular assessment of training and qualification needs. The qualification matrix is an integral part of the integrated management system and is available at the employee level in every area. Supervisors are responsible for identifying gaps and comparing actual versus required profiles for existing and new qualification requirements. In collaboration with the HR department, appropriate measures are taken. Each training session is subsequently evaluated, and the findings are compiled by the HR department.

Currently, BECHEM has not identified any significant risks arising from business activities, relationships, products, or services that could negatively impact employee qualifications.

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.

Year	2020	2021	2022	2023
Total number of employees	346	343	361	366
Working hours (average)	703,072	696,976	727,776	735,462
Average working hours per employee	2,032	2,032	2,016	1,682
Total accidents per year	26	35	34	18
Personal injuries	14	19	10	16
Lost time injury (LTI)	4	7	3	4
Without work time loss	10	12	12	12
Total workdays lost	10	12	12	20
Accident Statistics				
1000-man quota (incident rate)	17.34	8.75	11.08	10.92
Workdays lost per employee	0.29	0.23	0.04	0.054
Health rate	99.66	99.72	99.95	99.98

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 does not have an independent management system for occupational health and safety. These topics are integrated into the Management System alongside quality and environmental considerations.

BECHEM is committed to providing safe and health-conscious working conditions to prevent work-related injuries and illnesses. Hazards are assessed with employee involvement, and protective measures are determined. The hazard assessments can be accessed, and the occupational safety regulations are made available to employees via postings. The HSE department and the

occupational safety specialist are available to advise all employees.

To address the individual requirements and circumstances of all employees, annual discussions are held between managers and employees regarding workplace conditions, development opportunities, and training needs. As required by law, the works council is involved in matters related to occupational health and safety, workplace safety, and accident prevention.

Once per quarter, the Occupational Safety Committee (ASA) convenes to discuss workplace safety topics. The committee is composed of the occupational safety specialist, the company doctor, the safety officer, works council representatives, senior staff from Operations (Technology, Production), R&D, and HR, as well as employees from the HSE department. The ASA decides on measures to be implemented and monitors their execution.

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 and Skill Development	2021	2022	2023
Total training hours provided [h]	3,096	2,488	4,472
Average training hours per employee per year [h]	9.03	6.89	11.8
Amount spent on training per employee [€]	119.44	213.26	256.10

The decline in training caused by the COVID-19 pandemic continues to be actively addressed.

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	2020	2021	2022	2023
Number of different nationalities among employees	8	11	18	18
Number of trainees	4	13	20	23
Number of students taken on as employees	N/A	2	3	2
Total employees in phased retirement	7	9	11	9
Total employees with JobRad	N/A	11	31	36
Breakdown of employees by age group				
Total employees over 50	156	146	131	127
Total employees over 30	77	95	71	73
Percentage of employees over 50 in leadership positions	N/A	N/A	23 (abs.) 17.56% (rel.)	24 (abs.) 18.9% (rel.)
Percentage of employees under 30 in leadership positions	N/A	N/A	6 (abs.) 8.45% (rel.)	3 (abs.) 4.11% (rel.)
Female employees				
Total female employees	N/A	70	99	97
Total female employees in leadership positions	N/A	11	10	11
Percentage of women in leadership positions [%]	N/A	16	10	11.34
Employees belonging to minorities				
Total employees belonging to minorities (employees with disabilities)	14	15	13	12

Unavailable Data: In previous years, some of the key figures listed in this table were not recorded. This report marks the beginning of data collection. BECHEM will continue to work on presenting 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	2020	2021	2022	2023
Total number of employees trained on anti-discrimination and harassment	N/A	N/A	N/A	360
Percentage of employees trained on anti-discrimination and harassment	N/A	N/A	N/A	98%
Total reported cases of discrimination and harassment	N/A	N/A	N/A	0

Unavailable Data: In previous years, some of the metrics listed in this table were not recorded. This report marks the beginning of data collection. BECHEM will continue to work on presenting 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 stipulates that BECHEM under no circumstances tolerates corruption, violations of human rights, disregard for the UN Universal Declaration of Human Rights, or non-compliance with safety and environmental measures. BECHEM has comprehensive, globally applicable regulations for collaboration with suppliers and contractual partners. The company follows the principles of the United Nations Global Compact and expects its partners to adhere to this standard. Examples include compliance with sustainability criteria, labor standards, and the avoidance of child labor.

The behavior of BECHEM employees toward contractual partners is also governed by the Code of Conduct. This document provides clear guidelines for internal and external conduct in the following chapters: Fair business relationships, avoidance of conflicts of interest, external communication, protection of trade secrets, preservation of corporate values, fairness and diversity, workplace responsibility, quality and environmental protection, as well as procedures for addressing uncertainties and questions.

In 2022, BECHEM introduced several measures to improve sustainability requirements within supply chains. The Supplier Code of Conduct has regulated supplier management since 2023. The document is divided into sections on environment, social matters, governance, and data protection, detailing the requirements BECHEM places on its suppliers, particularly regarding environmental and social issues.

The company aims to ensure that its business activities do not violate human rights, with management taking responsibility for this goal. This commitment has no time limitation, and adherence to human rights will continue to be monitored consistently.

BECHEM's global business activities and relationships, including raw material procurement, involve a potentially high risk of human rights violations and sourcing from industries where labor rights may be endangered. To prevent human rights abuses, BECHEM relies on company-wide measures, particularly strict compliance with the BECHEM Supplier Code of Conduct starting in 2023. New suppliers must undergo self-assessment to identify potential CSR risks. Compliance with the human rights standards outlined in the Supplier Code of

Conduct is a fundamental requirement for contract renewals. If human rights violations are identified, the supplier relationship is terminated. Collaboration requires acknowledgment of the BECHEM Supplier Code of Conduct.

A trusting relationship with suppliers is essential to ensure compliance with legal requirements and social standards. For several years, supplier surveys have been conducted, and suppliers have been assessed in areas such as "environmental management," "REACH/RoHS conformity," and "occupational safety management."

Another qualitative goal in the context of human rights is the 2022 evaluation of BECHEM's sustainability performance by Ecovadis. An operational goal for 2023 was to require key suppliers to adhere to the Code of Conduct, a practice that will be continued in 2024. The aim is for 100% of A-suppliers and 100% of suppliers in high-risk countries to commit to these standards.

Based on this, concrete targets and KPIs were developed within sustainability management starting in 2023 to make these efforts measurable.

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 aims to obtain confirmation of adherence to the Code of Conduct from 100% of A-suppliers and 100% of suppliers in high-risk areas. BECHEM will continue to maintain its membership in the UN Global Compact. The company also plans to conduct another independent evaluation of its sustainability performance by Ecovadis annually.

Significant investment agreements are defined by the classification as an A-supplier. A-suppliers are those with an annual turnover of at least 150,000 euros.

Particularly in Asia, there is a risk that the ethical principles of BECHEM may not be naturally upheld by its business partners. It is therefore even more important to consistently enforce these principles through confirmation of the Code of Conduct. Regardless of the defined risk area, the Code of Conduct is

required from 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 pertains to the company CARL BECHEM GMBH based in Hagen. At this location, as well as the German locations in Gardelegen-Mieste and Kierspe, 100% of the requirements and values of the UN Global Compact are respected and adhered to.

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.

Our raw material suppliers confirm compliance with our Code of Conduct or provide their own Code of Conduct. This requirement does not apply to suppliers in technical procurement, as they are exclusively providers from the EU who are already subject to strict legal regulations. Environmental aspects are systematically considered within the framework of ISO 14001. Suppliers without the corresponding certification are penalized in supplier evaluations.

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.

This data has not been collected so far. Data collection is planned for 2024.

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 been deeply rooted in the community at its headquarters in Hagen and considers community engagement an integral part of its corporate responsibility. For many years, BECHEM has supported various projects in the Hagen area, such as the Rotary Club Hagen in 2022 (for flood victims of 2021, soup kitchens, and the "Bäume für Hagen" initiative ("Trees for Hagen")), the Lionshilfswerk (Lions Relief Organization, an advent calendar campaign), the Falken Education and Leisure Center Hagen (which operates youth facilities such as Friedenshaus, Spielhaus, 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-scientific purposes.

At the three company locations, BECHEM maintains long-term partnerships

with sports clubs, schools, and other regional events. Often, employees have personal connections to these institutions. Examples of such partnerships include sponsoring a football club, supporting a music event, aiding flood relief efforts in Hagen, or backing volunteer fire departments at the company sites.

Great emphasis is placed on supporting youth in the region with career choices and providing insights into the industry and available training opportunities. Events are held with schools to promote education and training that not only enable young people to enter professional life with qualifications but also help the company recruit skilled workers and adapt to changing requirements. BECHEM collaborates with the MINT Fichte-Gymnasium in Hagen and is a member of Technikförderung Südwestfalen e.V., which aims to inspire young people to pursue technical careers and strengthen the regional workforce.

The decision on which projects to support lies with the management. Each engagement is carefully and regularly reviewed to respond to developments. In this way, BECHEM ensures that its supported initiatives are always relevant to the communities at its locations and the industry, while mitigating the risk of losing significance over time.

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.

This indicator is not reported due to confidentiality and competitive reasons.

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 neither directly nor indirectly influences legislative processes. No donations, contributions, or similar actions are made to political parties or governments. CARL BECHEM GMBH is not politically active. Additionally, the company is committed through its Code of Conduct to comply with the laws and regulations of the respective countries.

The issue of political influence has not been explicitly regulated so far. BECHEM participates in working groups of industry associations, is a member of various politically neutral national and international networks, associations, and committees, and takes part in professional discussions. However, compliance with antitrust law is always the highest priority. The final decision for or against membership lies with the management.

As part of its memberships, such as 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), Institut für Umformtechnik Universität Stuttgart, Industrieverband Massivumformung e.V., International Water Mist Association (IWMA), NLGI National Lubricating Grease Institute, Wirtschaftsvereinigung Stahl, Verband Schmierstoffindustrie e.V. (VSI), Forum Vision Instandhaltung e.V. (FVI), BECHEM contributes as a stakeholder of the chemical industry to the sustainable development of the sector.

BECHEM is part of a strong network with extensive expertise. Memberships are regularly reviewed internally to ensure that the company's engagement is limited to institutions that are truly relevant to its activities.

The violation of antitrust law is recognized as a significant risk, which is

counteracted by the commitment to comply with the Code of Conduct. In the sales department, mandatory antitrust law training sessions were conducted by the Compliance Manager. From the company's perspective, the positive aspects of these engagements outweigh the potential risks.

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 remains politically neutral and does not make donations to political parties.

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.

The BECHEM management bears the responsibility to ensure that both itself and the entire company act in compliance with the law. Legal compliance forms the basis for all activities undertaken. The company has implemented a process to ensure adherence to legal regulations. A legal register is maintained and kept up to date using software. This register records the following:

- Legal requirements are documented,
- Legal obligations are identified,
- Application areas and responsibilities for their implementation are defined, and measures are tracked,
- Compliance with requirements and implementation of measures is confirmed.

Permits, official conditions, and statutory testing requirements are handled in the same way. This approach minimizes the risk of violations and ensures legal certainty. Compliance with laws and regulations is a fundamental obligation for BECHEM. Adherence to legal requirements and implementation of official conditions are reviewed through management reviews and audits. In the field of compliance, behavior is governed by the Code of Conduct. Regular training on the Code of Conduct and current data protection requirements is conducted via the company's e-learning platform. In 2023, no violations were reported at CARL BECHEM GMBH.

Through the whistleblower portal, BECHEM provides employees and external parties with the opportunity to submit confidential and anonymous reports. This process complies with the provisions of the EU Whistleblower Directive. The Compliance Officer is responsible for defining and monitoring all compliance-related topics.

For BECHEM, adherence to laws, internal guidelines, and behavioral principles is of utmost importance. Most of the company's suppliers and customers have compliance and Code of Conduct guidelines that are reviewed and considered. In 2024, further development of the compliance management system is planned to ensure the highest standards continue to be met.

BECHEM has set clear sustainability goals focusing on environmental, energy, and social aspects (see "Criterion 3: Goals"). These goals are regularly reviewed and evaluated to measure progress and ensure continuous improvement. Since 2021, BECHEM has reduced greenhouse gas emissions (Scope 1 and 2) from 5,784.2 t CO₂e to 2,771.2 t CO₂e, representing a reduction of approximately 48%. This surpasses the original 2025 goal of reducing emissions for Scope 1 and 2 by at least 45%. Additionally, total waste generation per production unit has been significantly reduced, from 0.064 kg/kg to 0.045 kg/kg in 2023, equating to a reduction of more than 20%.

The environmental management system according to DIN EN ISO 14001 has been successfully implemented and regularly recertified. A total of 20 charging stations have been installed at company locations, achieving the set goal entirely. For the coming years, BECHEM plans to introduce an energy management system and certification according to DIN EN ISO 50001, scheduled for 2024/2025, to further enhance energy efficiency. In the social sector, BECHEM focuses on transparency and awareness through regular training sessions. It has also ensured that all A-suppliers and suppliers in high-risk countries comply with the company's Code of Conduct.

One key risk of potential negative impacts from corruption and bribery arises from the company's international presence, particularly in countries with weaker legal and institutional frameworks. BECHEM addresses these challenges

with comprehensive regulations in the Code of Conduct, covering topics such as acceptance of advantages and bribery, with specific rules and prohibitions. The Code of Conduct is regularly provided to all employees and shared with business partners. Another risk arises from working with numerous suppliers, who operate under different regulatory and cultural frameworks. To minimize this risk, the company requires all A-suppliers and suppliers in high-risk countries to sign the Code of Conduct.

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 2023, all BECHEM facilities were examined for corruption risks as part of the existing compliance management system. No significant corruption risks were identified. The results confirm that existing measures, such as regular employee awareness programs, adherence to the Code of Conduct, and the introduction of a clear reporting and control system, effectively contribute to the prevention of corruption incidents.

Should there be a future need to collect additional quantitative data on specific corruption risks, BECHEM will further develop the necessary processes to enable more detailed insights. In 2023, no such incidents or risks were observed, which is why more detailed quantification was not required.

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 2023.

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 2023.

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.