



Sustainability Report 2021

BÆRLOCHER



Sustainability Report 2021

Management foreword

Our industry is in a process of radical transformation towards a sustainable, circular economy. As a reliable partner to the industry, Baerlocher has supported this transformation for decades with product innovations and science-based analysis of the ecological footprint of our products and their production. Our innovative and sustainable solutions enable customers to fulfill their sustainability promises in aiming for and actively promoting effective recycling, recovery and reuse within a circular economy.

As a key element of our sustainability criteria, we assess our own impacts on the environment and society in all decisions and align our activities internally to clearly defined and verifiable sustainability criteria. Reducing raw material, energy, electricity and water consumption is an express goal of our environmental policy. We take appropriate measures to limit potential environmental hazards and risks and reduce environmental impacts by means of improvements in production and processes. We analyze the methodologies used to measure our products' carbon footprint, track our production greenhouse gas emissions and develop clear-cut targets for further continued reductions. This and responsible conduct towards all stakeholders in society are central components of our corporate values and culture as reflected in our Code of Ethics and Code of Conduct.

We welcome the change in perception regarding the relevance of sustainability and the resulting public debate, in particular surrounding the role of the plastics industry. Proactive and well-founded communication combined with internal and external transparency provides the basis for goal setting and goal achievement. Based on this conviction, Baerlocher traditionally takes a leading role in discussions within industry associations and with NGOs.

With this report, Baerlocher brings together and presents, for the first time, the wide variety of activities already underway in the areas of sustainability and corporate social responsibility in order to set out a clear framework for our internal work, implement additional initiatives globally and pave the way for future internal and external communication. In this way, we aim to stimulate knowledge exchange on best practice and lay the basis for continuous improvement.

Reporting year 2021

The past few years have been particularly challenging, both for the organization and for the entire workforce. At the same time, they have provided a compelling demonstration of our organization's resilience. This is due in no small part to the dedication of our employees, and that is something we can all be proud of. Our primary focus during the pandemic was on employee safety and business continuity. We adopted suitable measures at an early stage and systematically implemented them with the active support of the workforce.

Alongside hygiene and organizational measures – corona officers, corona boards and regular international exchange on best practices – those measures notably included practical changes such as modified shift systems and IT upgrades to make mobile working as efficient as possible. Various measures were taken to limit the impacts of the pandemic on employee productivity and also the financial impact on employees.

A priority for us was on safeguarding delivery continuity. Our global corporate network means we are generally well placed to deal with regional shortages. The global nature of this crisis has nevertheless placed severe strain on the supply chain and calls for both maximum flexibility and proactive inventory management.

Despite the pandemic, we decided in 2021 to significantly expand our research capacity in special additives with a particular focus on the circular economy. Targeted investment in lower-energy production processes enables us to continuously shrink our carbon footprint. The corporate carbon footprint analysis conducted for Baerlocher GmbH in 2021 laid the basis for creat-

ing global transparency, target setting and future reporting. At the same time, Baerlocher contributed decisively in 2021 to the development of industry-specific standards for science-based analysis and certification of the sustainability of our production sites with the Vinyl Supplier Certificate (VSC) and of products throughout their life cycle with the Additive Sustainability Footprint (ASF).

For the shareholder



Dr. Tobias Rosenthal

For the Advisory Board



Dr. Michael Rosenthal

For the Management of Baerlocher GmbH



Arne Schulle
CEO, Baerlocher Group



Dr. Erik Bingel
CFO, Baerlocher Group



Dr. Thomas Doege

Contents

1. About this report	7
2. Overview of Baerlocher GmbH	8
3. Sustainability at Baerlocher	9
4. Performance data	
4.1 Commercial and products focal area	14
4.1.1 Commercial and products focal area: outlook.....	14
4.2 Supply chain focal area	15
4.2.1 Supply chain focal area: outlook	16
4.3 Environmental protection focal area	16
4.3.1 Material use	17
4.3.2 Energy use	18
4.3.3 Greenhouse gas emissions	20
4.3.4 Other atmospheric emissions	21
4.3.5 Water	23
4.3.6 Waste	24
4.3.7 Biodiversity.....	26
4.3.8 Plant and transport safety.....	26
4.3.9 Environmental protection focal area: outlook	27
4.4 Employees focal area	27
4.4.1 Human rights at Baerlocher sites	30
4.4.2 Employment.....	30
4.4.3 Occupational safety and health	32
4.4.4 Attractive employer	35
4.4.5 Employees focal area: outlook	35

1. About this report

This report serves to inform stakeholders – such as customers, employees, suppliers and local residents – about the Company’s sustainability performance and to promote dialog. We aim to set a standard for internal and external communication and lay the basis for continuous improvement.

Report content

The report format is based on the Chemie³ guidance document on sustainability reporting for medium-sized companies in the chemical industry (Chemie3 Leitfaden zur Nachhaltigkeitsberichterstattung, Version 2.0). It is based on the German Sustainability Code (DNK) and the Global Reporting Initiative (GRI). The content and structure of the report are aligned to the three dimensions of sustainability: economic, environmental and social sustainability.

Reporting period and scope

The Sustainability Report 2021 relates to the 2021 reporting year and covers the period from January 1 to December 31, 2021. Relevant prior-year figures from 2019 and 2020 are included for comparability with the presented indicators. Unless otherwise specified, the facts, figures and other information reported here relate to the sites in Lingen and Unterschleissheim, Germany. There were no significant changes in the size, structure or ownership of the Company during the reporting year.

Data collection and comparability

In the case of indicators for which no trend can yet be stated, we aim to present trend information in future years. Data collection on individual items only began in the last one to two years. Past figures may have to be corrected in isolated instances due to new calculation bases, improvements in data quality or updated information. Figures may not sum to totals due to rounding.

2. Overview of Baerlocher GmbH

The Baerlocher Group of Companies is one of the world's leading suppliers of additives for the plastics industry, with a strong focus on PVC. Baerlocher has extensive technology and market knowledge drawn from nearly 200 years of company history. Additives play a crucial role in determining processing properties as well as product quality and character. Baerlocher offers a

broad range of additives for polymers suitable for various industries. Baerlocher is your global partner in Ca-based solutions and metal soaps. By developing and supplying innovative additives, Baerlocher enables the plastics industry world-wide to manufacture high-quality and sustainable products.



3. Sustainability at Baerlocher

Sustainability is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs. It is subdivided into the three categories of environmental, social and governance (ESG).

Our prime focus here as a manufacturer is on resource-efficient production and using the optimum product for each application. Long-term partnerships with all stakeholders along the value chain enable us to support our customers in meeting their sustainability promise.

As a family business focused on the long term, we embrace and contribute proactively to the transformation towards the circular economy. Continuously reducing emissions from our products and production is a key priority, and we create transparency on our production carbon footprint as the foundation for further, science-based improvement.

Our value system is well illustrated by the three dimensions of sustainability.

Following the introduction of our environmental management system, we have held ISO 14001 certification since 1999. ISO 50001 certification followed with the introduction of the energy management system at Baerlocher GmbH in 2013. Continuous process improvement has been integral to our activities ever since.

In 2000, Baerlocher GmbH actively contributed to the Vinyl 2010 voluntary commitment by the PVC industry for the substitution of lead-based stabilizer systems. Baerlocher GmbH finally discontinued the use of lead in 2015.

The Baerlocher resin stabilization technology developed in 2016 provides effective restabilization of reprocessed polyolefins. This makes it possible to upcycle waste packaging in demanding applications.

	Environmental	Social	Governance
Respect	– We care for the environment and protect natural resources.	– We treat everyone equally and embrace diversity. – We value individual abilities and skills.	– We respect the laws and judicial rulings of all countries we operate in and we adhere to our own policies. – We embrace all conventions and practices that are consistent with our values.
Integrity	– We keep our promises.	– We are fair and open to all.	– We support everyone in doing the right thing.
Excellence	– We pursue innovative solutions.	– We pool our capabilities.	– We do not compromise on quality and safety.

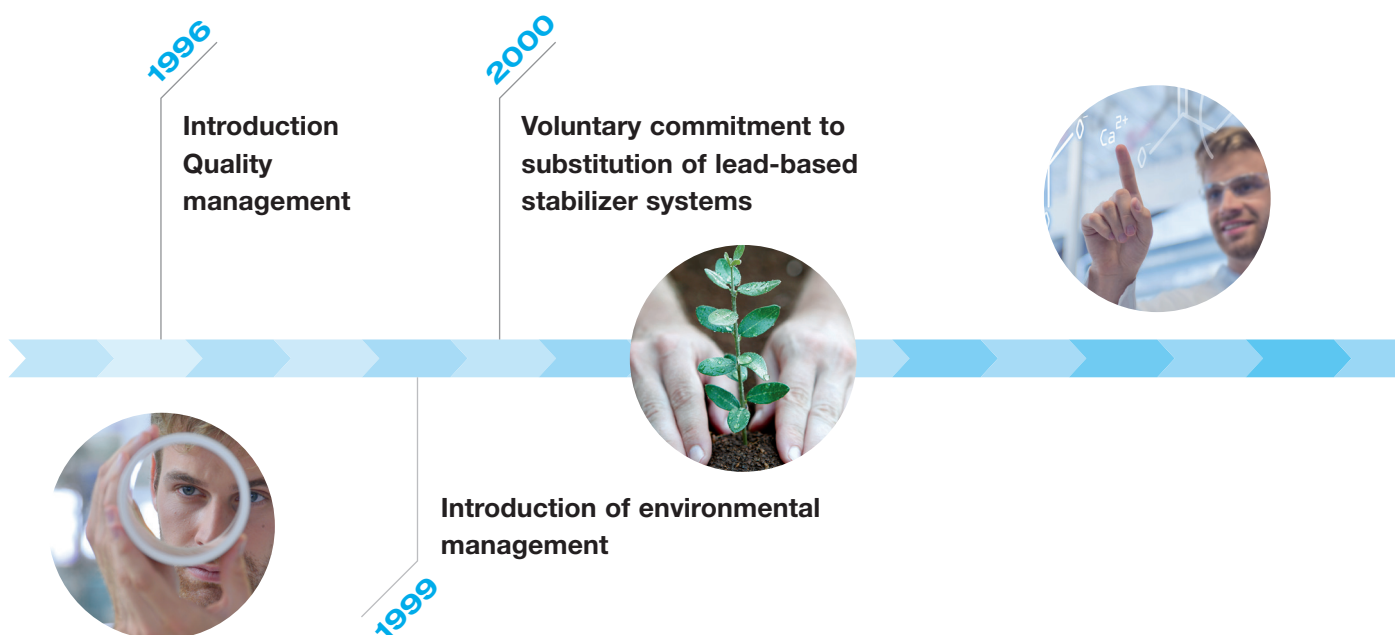
Sustainability timeline

As part of the global plastics industry, we embrace our responsibility to change. Industrial manufacture inevitably involves resource consumption. Improving this resource use and making the best and most sustainable possible use of the unique properties of each material are key challenges for the future.

A focal area of our sustainability strategy consists of identifying the main drivers of our carbon footprint, setting ambitious, realistic targets and measuring and improving the footprint of our production and products based on a science-based approach. Sustainability considerations play a key role in the selection of our raw materials. Our palm oil-based raw materials are certified in accordance with the Roundtable on Sustainable Palm Oil (RSPO) supply chain standards for palm oil products for the production and sale of fatty acids and metal soaps.

By integrating innovative and sustainable products and services in partnerships along the value chain, we work at Baerlocher to accelerate our industry's transformation towards the circular economy. We disclose our progress and communicate proactively for this purpose with our internal and external stakeholders.

A sustainability assessment has been conducted annually by EcoVadis since 2020. In 2020 and 2021, we were awarded an EcoVadis Silver medal, with significant year-on-year improvements in all categories.

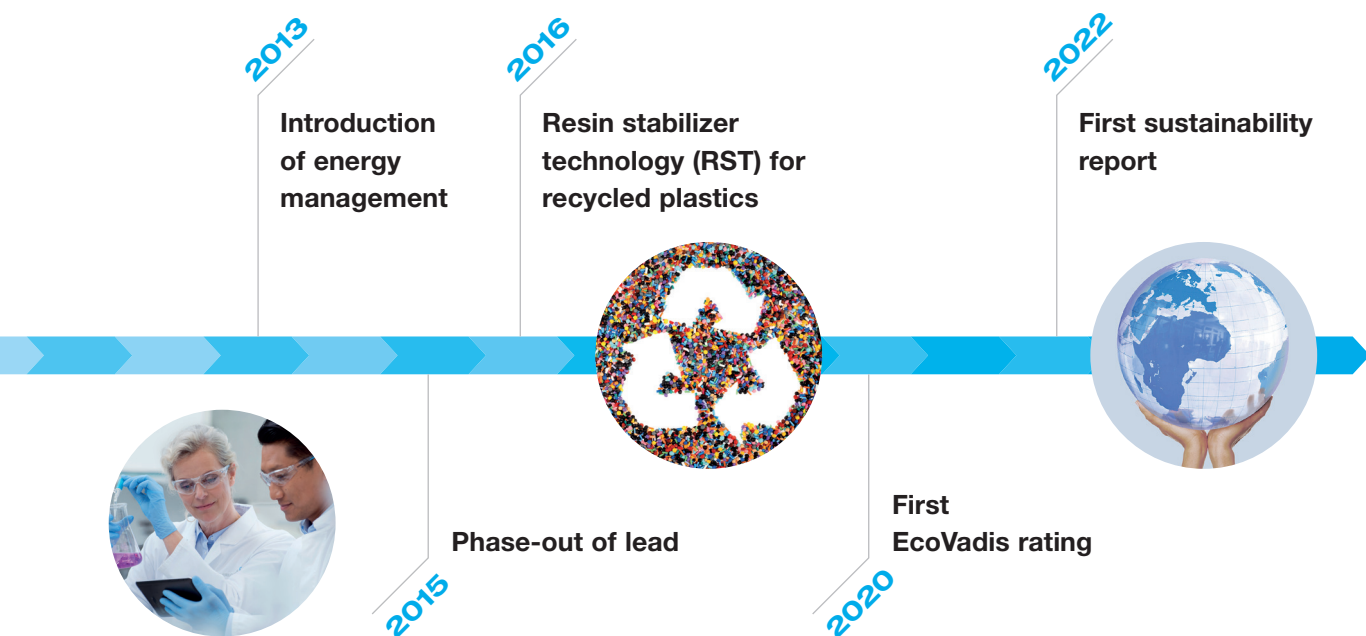


Sustainability strategy

From more than three decades of intensive work with industry associations on the topic of sustainability, we have learned that credibility and trust come from clearly defined targets and, above all, consistent target implementation and communication. Our primary goal is therefore to create internal and external transparency and to achieve long-term improvement through ambitious but achievable targets. We specify targets using existing industry-specific methodologies, some of which we have developed jointly over the past decades as part of VinylPlus, alongside general guidelines from initiatives of VCI, the German Chemical Industry Association. The UN sustainable development goals (SDGs) also serve as guidance. Baerlocher has adopted the principles of the VCI Responsible Care initiative as its own guiding principles. Management attaches fundamental importance to safety and the protection of people and the environment. These principles are the basis for our strategic corporate goals and guide us in our day-to-day business decisions.

Goals

Baerlocher aims to be the preferred partner for sustainable development in plastics. Based on our long corporate tradition, we see it as our responsibility not only to facilitate technological change in our industry, but to actively shape that change with new, environment-friendly solutions. This report serves to provide the basis for future communication of individual initiatives and continuous improvements while presenting our progress to employees and outside stakeholders. For this purpose, we specify meaningful quantitative targets and transparently communicate progress towards them. Detailed analysis of our carbon footprint last year laid the methodological basis for providing transparency and comparability in the Group. On that basis, we are currently developing scenarios in order to achieve further reductions in line with the requirements of the EU Green Deal.



Codes of ethics and conduct

Responsible conduct towards all stakeholders in society is a central component of our corporate values and culture, as reflected in our Code of Ethics and the values described there (Respect, Integrity, and Excellence). Our Code of Conduct describes what we mean by those values and how we apply them in our work. This is our universal guide to conduct and the basis of our business practices. It is implemented in practice under local responsibility taking into account local cultural and economic conditions.

Central elements of our value-based compliance system comprise regular training and external audits (together with internal audits on implementation of the rules). We have also established internal control procedures and a reporting system for violations. The effectiveness of these control mechanisms is reviewed on a regular basis. Similarly, the effectiveness of environmental measures is routinely verified by the authorities in on-site inspections. These take place several times a year under the Industrial Emissions Directive (Directive 2010/75/EU). Inspections to date have not found any shortcomings or discrepancies.

Initiatives

As a long-term partner to industry, Baerlocher makes a substantial contribution in both local and global industry associations towards science-based analysis of our industry's environmental impact and the adoption of suitable measures for improvement.

Communication

In the past, Baerlocher has primarily communicated its efforts and activities towards sustainability in industry associations and towards customers and suppliers. With this report, we lay the basis for communication toward a broader public. We obtain outside input both from NGOs in the context of VinylPlus and increasingly also from additional external experts and partners. In this connection, we work both with established players and with young tech startups. We also maintain close exchange with all stakeholders along the value chain in order to identify problems at an early stage and develop new solutions.

Enhanced internal control system

The Baerlocher Group regularly conducts internal audits. Internal audits at Baerlocher have the purpose of providing independent, objective auditing and consulting directed at adding value and improving Baerlocher's business operations. The task of the internal audit function is to enhance and safeguard the value of the Company by providing risk-based and objective assurance, advice and insight to the Advisory Board, the Group CEO and Group CFO, and the Baerlocher Group as a whole. Baerlocher's internal audit function helps Baerlocher companies achieve their goals by applying a systematic, disciplined approach to assessing and improving the effectiveness of governance, risk management and control processes. Company audits are carried out by external auditors. The Head of Corporate Accounting is also the coordinator of the internal audit department.

In 2021/2022, the Legal and Compliance department at Baerlocher revised the Company's established compliance management system.

With its future Code of Conduct, Baerlocher lays down clear guidelines for law-abiding conduct and compliance with high ethical standards. The Code of Conduct contains clear-cut stipulations on respecting human rights, as described in the following excerpt:

"Baerlocher is committed to supporting and advancing human rights in all communities where we operate. We oppose child and slave labor, and we treat everyone with dignity and respect. We also encourage our contractors and suppliers to support and advance human rights. We prefer to work with those who share and actively support the Company's values."

In addition to the comprehensive Code of Conduct, additional guidelines are implemented in the Group on specific topics such as anti-bribery, anti-corruption and anti-trust compliance.

In the future, the compliance management system will be supported by a web-based whistleblowing system that enables employees and outside parties to raise concerns – anonymously if desired – and to bring attention to circumstances that may be indicative of a violation of the law or internal company guidelines. The web-based system thus supersedes Baerlocher's previous internal reporting systems. Any indications of potential violations are investigated and action taken as appropriate if grounds for suspicion or violations are identified. No violations were reported in 2021.

In addition, relevant employees are provided with regular online training on antitrust law.

Tax CMS

The Baerlocher Group started to implement a tax CMS on a voluntary basis in 2021 and brought it into full effect in 2022. As a first step, a tax compliance framework was adopted for the Group in connection with the Baerlocher Group Code of Conduct. This document sets out the basic approach for addressing and meeting tax obligations within the Baerlocher Group. Each company in the Baerlocher Group must ensure that it fully meets its tax obligations in accordance with prevailing legal requirements. In particular, the Baerlocher Group undertakes to comply with all applicable tax laws, rules and regulations without exception. The aim is not to achieve a tax position that means the minimum short-term taxable income within the Baerlocher Group, but taxable income that, taking sustainability and continuity into account, is in line with the value system set out in the Baerlocher Group's Code of Conduct over the longer term. The tax compliance framework is observed alongside general compliance requirements and provides the guiding principles for the tax CMS. It forms part of the Baerlocher Group's general internal control system (ICS) and risk management. In addition, it lays down specific stipulations in terms of the principles to be adhered to under locally adopted tax compliance guidelines.

4. Performance data

4.1 Commercial and products focal area

Baerlocher GmbH delivered strong positive earnings performance in 2021. This included a significant increase in total output and operating earnings. Revenue was significantly higher than in the prior year. The significant increase was mainly due to higher price levels and higher sales volumes. Operating earnings increased significantly, mainly due to the rise in revenue.

Performance indicators	Unit	2019	2020	2021
Products sold	t	74,047	68,208	90,692

In SPAs, a new plant went into operation at the end of 2020. A number of new products were also commercialized in the construction industry, such as water repellent agents. As they are inorganically based, the newly introduced water repellent agents are more resource-efficient.

In PVC, research and development work was carried out on approaches for reprocessing and additivation of post-consumer waste.

Following the design for circularity principle, we specifically take care not to use any materials that could interfere with recycling, and help with special mixtures that promote the recycling process.

PVC additives are tied to PVC products and their life cycle. From the point when they are incorporated into PVC, the life cycle of additives cannot always be separately tracked. SPA products are generally added in very small amounts (<1%) to the various end products, such as polymers. Here, too, the life cycle of the additives cannot always be tracked separately from the point of incorporation into an end product.

Fatty acids and metal soaps are the basis for the majority of our additives. Production of our fatty acids is mainly based on category 3 animal fats.

These come from by-products of food production, thus enabling these to be put to sustainable use. In the area of plant-based additives, we also promote sales of RSPO MB-based products.

With our additives for recycled plastics, we help our customers to ensure that their products can be returned to the product cycle.

To further reduce the environmental impact of our products, we conduct regular reviews to determine whether it is possible to substitute hazardous substances contained in them. We also continuously review and optimize processes for efficiency and output. Waste is avoided as far as possible by targeted reprocessing and optimized process control.

In the interests of our customers and the environment, we aim to further increase the proportion of regenerative resources in our products. Our customers are already able to select reusable forms of packaging in order to improve their own contribution to sustainability.

4.1.1 Commercial and products focal area: outlook

A key objective for the Baerlocher Group is to further expand our recycling-related activities, enabling customers to continuously increase the proportion of recycled material and to utilize recycled material for high-quality applications. We aim to further improve our ecological footprint by streamlining internal processes, in the selection of raw materials and by optimizing our formulations and logistics processes in accordance with sustainability criteria. Our clear-cut goal is to be our customers' go-to partner with regard to sustainable development.

We regard digitalization as an enabler of our business strategy. Increasing efficiency and automation, and the associated reductions in resource consumption, are therefore also a central component of our digitalization strategy. As part of our strategy, we began rolling out a globally standardized CRM solution during the reporting year.

4.2 Supply chain focal area

In view of the resource intensity of its business, an important area of focus for Baerlocher GmbH is its supplier base. To maintain our high standards, we target long-term relationships with established partners. The regional focus of procurement is on Europe and Asia. A wide variety of legal and qualitative aspects are covered in due diligence prior to entering into a business relationship. This ensures us a stable supplier base. For freight transport, we always seek an appropriate balance between time, cost and environmental considerations.

Baerlocher complies with all laws and regulations. Legal requirements such as REACH are therefore an integral part of supplier approval. Our processes are set up in such a way that all legal aspects are checked in advance. All suppliers are asked to state their existing certifications (DIN ISO 9001, ISO 14001, ISO 45001, ISO 50001 and, where relevant, ISO 22000, RSPO and HACCP). All orders are based on our [Code of Conduct for Suppliers](#). This lists the main sustainability categories. It describes our requirements and expectations for suppliers and places them under obligation to comply. Topics covered include employment rights, human rights, environmental protection and ethics.

We maintain close contact with suppliers. As well as holding regular discussions, we will also return in the future to more frequent on-site visits. Along with the ISO standards, topics addressed here will additionally include sustainability matters. From 2021 onwards, we also track our suppliers' EcoVadis ratings. In addition, supplier audits are regularly conducted by Procurement. Sustainability aspects are a significant element of such audits. This enables us to ensure that the standards are complied with. During the COVID-19 pandemic, supplier audits were conducted on a self-assessment basis. From 2023, they will once again be carried out on site.

Performance indicators	Unit	2019	2020	2021
Number of raw material suppliers	Number	185	185	181
Number of raw material suppliers assessed	Number	66	60	65
Number of suppliers with EcoVadis rating	Number	–	–	37
Number of suppliers with EcoVadis rating	%	–	–	56.9
Percentage of raw material volume covered by ISO certification				
– ISO 9001/ISO 2200	%	–	–	78.5
– ISO 14001	%	–	–	65.5
– Operational safety and health management system	%	–	–	69.2

We have approximately 500 engineering suppliers and 181 raw material suppliers. Approximately 57% of raw material suppliers were assessed by EcoVadis in the reporting year.

For the prevention of antitrust violations, all procurement employees are trained in antitrust law. Procurement heads also gain RSPO certification. For the purposes of continuous improvement, we have set the following targets for sustainable procurement:

- The new Code of Conduct for Suppliers is to be sent out to and signed by suppliers. Target: implementation largely complete by year-end 2022.
- All Baerlocher GmbH buyers are to be familiarized with and trained in the new Code of Conduct for Suppliers. Target: all buyers to be trained by year-end 2022.
- Raw material suppliers to be asked annually if they hold EcoVadis certification and their score. Target: increase in the percentage of certified suppliers.

RSPO certification

With regard to palm oil, which is one of our natural raw materials, we have applied sustainability principles since 2015 and demonstrate this with our RSPO-SCCS certification for the production of metal soaps and stearic acids on the basis of the mass balance (MB) model. Roundtable on Sustainable Palm Oil (RSPO) certification is an outcome of a WWF initiative. The aim of the RSPO is to promote the cultivation and use of sustainably produced palm oil. Its members include environmental organizations, companies and institutions along the length of the sustainable palm oil value chain – from plantation operators and traders to individual users of palm oil such as Baerlocher. We were awarded the certification once again in the reporting year ([link: Certificate](#)).

Products that we manufacture or subcontract in Germany do not contain any tin, tantalum, tungsten or gold.

4.2.1 Supply chain focal area: outlook

We are currently seeing a large number of initiatives in the area of sustainable procurement. These range from the sectoral (VinylPlus) to the national level (the German Supply Chain Act) and on to European level (the EU Taxonomy) and even global initiatives (EcoVadis). We are in the process of translating these initiatives into action and integrating them into the supply chain.

4.3 Environmental protection focal area

As set out in our management policy, Baerlocher GmbH regards compliance with the law, standards and regulation as a minimum requirement. Similarly, Baerlocher GmbH embraces responsible use of resources.

The management of Baerlocher GmbH is committed to maintaining and continuously improving the management system, which is based on the following international standards and regulations, as amended:

- [ISO 9001 quality management](#)
- [ISO 14001 Environmental management](#)
- [ISO 50001 Energy management](#)
- Safety management in accordance with the German Federal Pollution Control Act (BlmSchG) and Hazardous Incidents Ordinance (Störfallverordnung)

Our internal occupational health and safety management system is based on ISO 45001. HACCP management in accordance with Regulation (EC) No 853/2004 is implemented for selected product lines. Participation in RSPO supply chain certification demonstrates our commitment and contribution to use of sustainable palm oil.

Sustainability is also demonstrated by our membership of the RAL Quality Association for Candles. The associated requirements for quality assurance of stearic acids are met in accordance with RAL-GZ 041.

Sustainability policy

Our sustainability policy adopted this year supplements our management policy. It applies to all employees of Baerlocher GmbH, including both in-house and field employees. In addition, it includes all process at the Unterschleissheim and Lingen sites as well as outsourced processes. Our sustainability policy includes a range of goals and commitments as a framework for all employees and suppliers to ensure that their decisions and activities for Baerlocher GmbH, now and in the future, are in the interests of society and the environment and in line with our strategic orientation.

4.3.1 Material use

We use a wide variety of raw materials and other material inputs in the manufacture of our products and the operation of our plants. As these include chemicals that can have an adverse impact on human health and/or the environment, we handle all raw materials, consumables and supplies with special care. Our extensive approval process for raw materials ensures that all legal requirements are complied with, including REACH, chemicals law and hazardous goods regulations. Where appropriate, we exceed legal requirements, and we have incorporated criteria into the approval process to enhance employee safety and reduce

environmental impacts. We aim to substitute raw materials with safe and environment-friendly alternatives and to avoid the use of problematic materials wherever possible. For example, we already avoid all lead-containing materials, and we do not use any raw materials that have acutely toxic, ozone-depleting, reprotoxic or a wide range of other questionable properties.

The quantity of raw materials and other material inputs used is increasing with order volumes. Increasing demand for stearic acid, which is made of renewable raw materials such as fats, also means that the proportion of renewable raw materials is increasing.

The proportion of renewable and secondary raw materials relates to the raw input material. This is processed in some cases through multiple production stages to intermediate products and, where applicable, finished products. The use of raw materials and intermediate products varies according to the finished materials produced. Consumption of finished products takes place when they are used as additives.

Raw materials and other material inputs	Unit	2019	2020	2021
Total raw materials and other material inputs	t	135,122	152,008	197,409
Of which raw materials	t	62,422	58,847	78,146
Of which intermediate products	t	72,132	92,504	118,258
Of which finished products	t	568	657	1,005
Renewable raw materials/other material inputs	%	65.55	62.34	69.34
Secondary raw materials	%	0.43	0.56	0.67

Packaging

We use recycled paper sacks. In this way, we support a closed loop for paper sacks and were able to save 124 tons of resources and 10,388 kg of greenhouse gases in 2021.

We offer to supply customers using various reusable packaging systems. Granules, pastilles and pure metal soaps in the form of powder can be supplied in silo trucks. We can additionally supply granulates and pastilles in interchangeable silos and steel containers that we collect from customers after delivery. This service is available in Germany and surrounding regions.

4.3.2 Energy use

The manufacture of our products requires the direct or indirect use of energy in the form of electricity, gas and heat. Practically all of our activities, from administration to production to shipping, require at least one of these forms of energy.

A goal of energy management at Baerlocher GmbH is to identify all energy consumers at both sites and to make energy consumption measurable. In the introduction of new processes, activities, technologies and plant, a key focus is always on safety and resource consumption. Existing processes and activities are subject to constant control and continuous improvement by the members of the energy team. All employees are encouraged to make use of the knowledge they acquire in working for Baerlocher and in training courses on energy and the environment in order to identify and communicate opportunities for improvement in the company. Baerlocher has set up various communication channels for this purpose, including an in-house suggestion scheme, shop floor rounds and employee reviews. In 2021, 92.4% of all employees received training on energy efficiency. The training included information on current energy figures as well as ideas for how each individual can help save energy both at Baerlocher and at home.

Our energy use at both sites breaks down as follows:

Performance indicators: energy use – Lingen	Unit	2019	2020	2021
Primary energy consumption	MWh	93,820	91,103	104,254
Secondary energy consumption	MWh	75,557	67,204	81,865
Total energy consumption:	MWh	96,744	93,007	107,014
Of which from renewable sources	%	1.33	1.01	1.15

Performance indicators: energy use – Unterschleissheim	Unit	2019	2020	2021
Primary energy consumption	MWh	0	0	0
Secondary energy consumption	MWh	1,612	1,730	1,980
Total energy consumption:	MWh	1,612	1,730	1,980
Of which from renewable sources	%	18.88	17.37	12.63

One aspect that stands out is the lower consumption at our administrative site in Unterschleissheim near Munich. There is no primary energy consumption at this site. Electricity and heat are purchased from external providers. District heating is used to heat buildings and for heating restroom and process water. No electricity is generated from renewable energy sources in Unterschleissheim or in Lingen.

Although total energy consumption in Lingen fell in 2020 due to the pandemic and the resulting lower capacity utilization, a rise in order volumes resulted in higher energy consumption in 2021. Consumption also increased due to the entry into operation of a plant for production of calcium stearates at the Lingen site and higher ventilation throughput in offices at Unterschleissheim because of the pandemic. Total energy consumption consequently increased at both sites in 2021.

In order to ensure that we conserve resources and continuously reduce energy consumption, we have set strategic targets through to 2030. The goal is to reduce specific energy consumption across all energy sources by an average of 1.3% per year from the 2018/2019 baseline.

Specifically, this means:

Energy consumption (electricity),

Unterschleissheim: -11,1% by 2030

Energy consumption, Lingen: -11,1% by 2030

The targets were met in both Lingen and Unterschleissheim in 2021. Higher capacity utilization made it possible to reduce energy consumption per unit production volume in Lingen.

The figure for Unterschleissheim measures electricity consumption per unit floor area. We deliberately only report electricity use as it is this which we are able to influence.

The first step towards achieving the targets is to identify the main consumers. This is a key part of energy management. In order to take action, we need to know which processes are the most energy-intensive. We track and analyze the energy consumption of individual processes using an energy management system. Our analyses showed the production of stearic acid to be the main consumer at Baerlocher GmbH. In addition, we carry out annual energy audits in accordance with DIN EN ISO 50001 to identify potential energy savings. Identification is followed by idea gathering, identification of options and project planning to save energy.

Implementation of any project requires the approval of the energy team leader in the form of change requests. This ensures that energy management is involved in all projects.

In the reporting year, various energy-efficiency projects were implemented and analyses were carried out for continued project planning.

A loading bay heat exchanger has been installed at the stearic acid production tank farm to improve quality and save energy. The heat exchanger enables the product to be heated specifically for each truck and saves energy in the form of heat.

Divided into several working groups, the energy team's tasks include identifying opportunities and measures for saving energy. The electricity working group, for example, had two frequency converters installed to save electricity in the stearic acid production plant.

An outside consulting firm was commissioned in the reporting year to carry out a cooling water analysis. The consultants calculated and presented various improvement measures for remodeling of the existing cooling water systems and/or their replacement with new, more efficient cooling systems.

In addition, an energy study for 2023 was drawn up by an external consulting firm. This examined the economic efficiency and CO₂ emissions of the energy supply systems at the Baerlocher GmbH Lingen site. The study analyzed a range of different energy supply options and possibilities for saving energy at the site. It was carried out as part of compiling an energy plan for the site's future energy supply. To this end, various approaches were assessed for improving the efficiency of existing energy supplies, including the CHP unit and alternative supply systems.

Energy generation

Baerlocher GmbH has operated a highly efficient combined heat and power (CHP) unit to generate electrical energy and heat at its plant in Lingen since 2014. The CHP unit operates in electricity load following mode and is fired with natural gas. Heat from the exhaust is used to generate steam in a waste heat boiler. Residual heat from the exhaust and the engine cooling circuit is transferred to the heating circuit by a thermal transfer heat exchanger. The heated water is used both to supply an absorption chiller and to raise the temperature in the hot water system return line. In addition, heat is supplied to production processes.

There is also a gas-fired steam boiler plant – to generate process steam, heating steam and hot water – and a thermal oil plant in the metal soap production and stearic acid production facilities.

Waste heat is recovered by the CHP absorption chiller and the air preheaters for the steam generators. The air preheaters enhance the efficiency of the steam generators.

Compressed air generation

Compressed air for operating processes is centrally generated by several compressors. The compressed air network includes two

compressed air tanks to handle consumption peaks. Compressed air for instruments, flaps and cleaning of filter elements is taken from the compressed air network. Conveying air for pneumatic conveying is generated in separate blower stations within each plant.

A preventive overhaul of the compressed air generation system is planned to ensure continued fail-safe generation of compressed air and to save energy. Baerlocher GmbH operates four air compressors, two of which serve as backup. Compressors 1 and 4 run regularly. Compressor 4 was modernized in March 2021. Modernization of compressor 1 is planned. Systems are always modernized using the latest energy-efficient equipment, which is subject to investment subsidies. The new compressors are air-cooled for independence from cooling water. They are prepared for retrofitting with heat recovery systems.

4.3.3 Greenhouse gas emissions

Baerlocher GmbH has held ISO 14001 certification since 1999 and ISO 50001 certification since 2013. Continuous process improvement for sustainability has consequently been integral to our activities for many years. With a view to global warming, Baerlocher GmbH places increased focus on reducing greenhouse gas emissions. In 2022, a system will be established to systematically determine the corporate carbon footprint (CCF) in accordance with the Greenhouse Gas (GHG) Protocol.

The CCF states how much CO₂ we generate in the production and transportation of our products. Based on this, we will formulate our reduction strategy in 2023. This will be aligned with the 1.5 °C target set in the Paris Agreement adopted at the 21st UN Climate Change Conference and will meet the requirements of the Science Based Target Initiative (SBTi). These requirements currently imply annual reduction

Performance indicators:metric tons of CO₂/Co₂-equivalents

	Unit	2019	2020	2021
Direct CO ₂ emissions (Scope 1)	t	19,197	18,636	22,599
Indirect CO ₂ emissions (Scope 2)	t	2,086	1,530	2,018
Greenhouse gas emissions (total) (t and %)	t and %	148,575		

targets averaging 4.2% in Scopes 1 and 2 and 2.5% in Scope 3. The first step towards meeting those targets consists of determining our greenhouse gas emissions. Greenhouse gas emissions were calculated for 2019, 2020 and 2021 with the assistance of an external consulting firm. The analysis for Scope 1 and 2 was performed for 2019, 2020, and 2021. Scope 3 analysis will take place in 2022. The analysis is performed in accordance with the GHG Protocol.

In future years, CO₂ emissions will be monitored and assessed annually.

We were able to reduce direct and indirect CO₂ emissions in 2020 compared to 2019. This is due to reduced natural gas and electricity consumption and a change of electricity supplier with an individual reduction in the renewable energy procurement quantity in 2020. Direct and indirect CO₂ emissions increased in 2021. This is partly due to increased fuel mix disclosure by the electricity provider. In addition, there was an increase in fleet diesel consumption in Unterschleissheim, which is included in Scope 1. Because of the risk of contagion with COVID-19, business air travel (Scope 3) was avoided in favor of travel by company car.

4.3.4 Other atmospheric emissions

Baerlocher cannot completely avoid the use of environmentally relevant chemicals and substances. This makes it all the more important for us to take measures to prevent any uncontrolled release of substances and to minimize environmental impacts. As part of our environmental management system, we determine and update our material environmental topics and associated environmental risks at regular intervals. Each emission source at Baerlocher is subject to strict control to ensure compliance with statutory concentration limits. All systems and technical equipment are designed so that local pollution is prevented and emissions are controlled and released in compliance with legal requirements. We strictly adhere to fixed inspection and maintenance schedules for all systems to ensure ongoing compliance. Dust and particulate emissions are prevented with the aid of an emissions register and continuous monitoring of all critical points. In addition, dust emissions are regularly measured externally at 29 emission sources. All measuring points are sampled over a three-year period. The 10 mg/m³ concentration limit for dust emissions was complied with in the individual measurements.

Where local pollution and nuisances such as dust emissions, noise and exhaust gases cannot be avoided, Baerlocher aims to achieve reductions by deploying new technologies and processes. Atmospheric emissions are reduced by dust filter systems. Filter monitors are used and filters are regularly checked for ruptures.

Baerlocher GmbH does not engage in emissions trading. A significant proportion of the greenhouse gas emissions are caused by the steam generators and the CHP unit. Carbon monoxide emissions are measured annually on all flues, including that of the CHP unit. The performance indicator below shows the sum total across the 11 measuring points.

Emissions (CO) from all flues (including combined heat and power unit)

Performance indicators	Unit	2019	2020	2021
Carbon monoxide (CO)	ppm	348.9	233.005	97

The following emissions are measured externally on an annual basis for our CHP unit.

Combined heat and power unit emissions

Performance indicators	Unit	2019	2020	Emission limit
NO _x emissions as NO ₂	g/m ³ N,tr	0.4	0.42–0.49	0.50
SO _x emissions as SO ₂	g/m ³ N,tr	–	0–3	10
Carbon monoxide (CO)	g/m ³ N,tr	0	0.00–0.01	0.30
Formaldehyde (HCHO)	g/m ³ N,tr	24–30	11–14	30

As the measured values for the last few years including 2022 show, we comply with the applicable legal limits. We aim at all times to avoid other emissions such as noise and accident-related pollution.

Other emissions

Performance indicators	Unit	2019	2020	2021
Noise emissions	dB (min-max)	52.9–64.7	54.2–65.0	–
Accident-related pollution on the plant site	Number	12	3	12

Noise emissions are measured annually at various locations on the plant site. No noise emission measurements were conducted in 2021.

The above performance indicator combines various accidental spills on our plant site, such as

oil or fat contamination, contaminated water, powder spills, etc. As soon as any contamination is detected, the plant firefighting team seals off the relevant section of the sewer system. This ensures that contamination does not escape into stormwater. The area concerned is cleaned with

binding agent and swept or, if necessary, washed with water. Then the small section of the sewer system is pumped out and the contamination disposed of in IBCs. Contamination can have various causes, such as fat escaping due to a lid left open on a truck, or a powder spill due to a bulk bag tipping over during transport or loading and unloading. Such incidents are discussed by shop floor management with a view to reducing the number of accidents involving contamination.

4.3.5 Water

Clean drinking water is becoming increasingly scarce due to climate change and the impact of industry. We as a company need water for the manufacture of our products, in the form of steam, process water or cooling water. In addition to our production operations, we use water to supply our laboratories, workshops, restrooms, office kitchens, canteen and fire department. Much of the area of our sites also has a sealed ground surface. This prevents stormwater from percolating into the soil and groundwater.

As a municipal water user, we aim to reduce water consumption and return water to the wastewater system free of contamination. To this end, we conduct systematic and regular measurements and fully treat our process water. Baerlocher aims not only to comply with local legal requirements, but expressly to improve the

use and quality of water as a resource. We have therefore set ourselves the goal of minimizing water use in our formulations and are gradually replacing old process water and cooling water technologies with new, more efficient technologies. Water is an important criterion when it comes to erecting and modifying plants, processes and buildings.

We distinguish between operational water and municipal water, which has drinking water quality. In 2021, our total water consumption was approximately 154,000 m³. As Baerlocher GmbH does not have its own water supply, we obtain our municipal and operational water from the local water authority, Lingener Wasserverband.

Water consumption increased in 2021 due to higher production volumes. The main water consumer is metal soap production. Baerlocher's focus here is mainly on recycling water and transferring products from wet-chemical processes to lower-consumption plants and processes. Water balance analyses are conducted on a monthly basis to evaluate the efficiency of water use.

Performance indicators: water	Unit	2019	2020	2021
Water consumption (operational and municipal water)	m ³	134,661	118,722	153,493
Proportion of service water (operational water)	%	84.6	83.2	86.0
Proportion of drinking water (municipal water)	%	15.4	16.8	14.0
Wastewater (metal soaps plant, stearic acid plant, sanitation)	m ³	94,866	77,586	99,405

Wastewater

An on-site wastewater treatment plant serves to reduce pollution. It operates as follows:

Wastewater is channeled to the treatment plant. A pH-value control system is implemented here, with zinc precipitated in the alkali range as zinc hydroxide. The pretreated wastewater then goes directly to the Lingen municipal wastewater treatment plant.

Wastewater quality is monitored using 24-hour sampling to ensure that the wastewater discharge is in line with statutory requirements. The required parameters are analyzed in accordance with legal stipulations made in the official permit.

All wastewater from the Lingen plant goes for further treatment in the Lingen municipal wastewater treatment plant.

The following parameters require monitoring under the permit: zinc, chloride, sulfate, ammonium and COD. The parameters are measured in the in-house laboratory and verified by external laboratories.

Rainwater

Stormwater is collected from all sealed ground surfaces in a stormwater detention basin and is not used for everyday plant operations.

As a control measure to prevent groundwater contamination, surface water is monitored by daily analysis and 24-hour continuous sampling. In addition, there are operating instructions for handling substances hazardous to water. These serve to ensure compliance with the legally stipulated parameters prior to discharge to the Dortmund-Ems Canal.

Cooling water

Cooling system water is kept in the system until desalination becomes necessary. A conditioning agent is used to reduce water consumption.

As has already mentioned in the energy section, an external cooling water analysis was carried out in the reporting year. In the cooling water analysis, various improvement measures were calculated and presented for remodeling of the existing cooling water systems and/or their replacement with new, more efficient cooling systems. These measures save water as well as electricity.

4.3.6 Waste

As with the use of energy, we promote resource-efficient use of all materials. From product formulation to procurement and from production to packaging and transportation, we aim to avoid excessive material use and waste. We achieve this by following the “three R’s” of the circular economy: reduce, reuse, recycle. Our waste management strictly complies with waste legislation. All categories of waste are separately collected, stored, reused or disposed of. Baerlocher provides a sufficient quantity of suitable containers. Production waste is returned to the production process in compliance with quality requirements. We aim to further reduce waste on a continuous basis. To this end, we regularly re-examine production processes and make use of more efficient and more environment-friendly raw materials and packaging. We create awareness through training and by applying lean management methods, including the 5S methodology and shop floor management at our production site.

Lean management and 5S

Lean management relates to principles and methods that help among other things to avoid waste. We apply various methodologies to make our processes more efficient and for continuous improvement.

The 5S methodology is a philosophy that aims to create the ideal workplace. Its goal is to reduce waste by structured workplace organization. In addition to occupational safety and health, we attach great importance to cleanliness and orderliness in the workplace. Shop floor management is a system for management where value creation takes place. The system is characterized by the use of shop floor information boards and regular meetings around them. These meetings serve the purpose of discussing deviations from target, causes of problems and suggestions for improvements. Employees can submit suggestions for improvements and draw attention to irregularities and problems at any time using CIP cards.

Raw materials, consumables, supplies, waste and finished products are labeled, stored, transported and used in such a way that there is no risk to the environment. Baerlocher has established a wide range of instructions, procedures and measures in this regard. All Baerlocher GmbH employees are required to comply.

The maximum production waste target and actual waste volume generated are based on production quantities. For this purpose, the performance indicator only includes product waste.

The waste recovery rate is approximately 90%, including recycling and thermal recovery. Waste is separated into fractions for more effective recycling. We currently distinguish 45 different waste categories. Waste quantity performance indicators are monitored on a daily basis in shop floor management. There is a work instruction for all types of waste

Waste volumes

Performance indicator	Unit	2019	2020	2021
Waste/production volume	t waste/t production volume	0.034	0.030	0.026

The waste volume includes all types of waste generated at the plant site, including production waste, packaging, etc.

Performance indicators	Unit	2019	2020	2021
Maximum production waste target	%	0.75	0.75	0.75
Actual production waste	%	0.78	0.81	0.58

4.3.7 Biodiversity

Our activities at our two sites potentially have an impact on the habitats of various animal and plant species. Baerlocher GmbH has no sites in or near areas critical for biodiversity. We nevertheless take steps on both the technical and organiza-

tional side to minimize environmental impacts caused by emissions such as noise, odors, dust, exhaust gases and environmentally hazardous substances in order to prevent threats to flora and fauna outside of our site and on our green areas.

Performance indicators	Unit	Lingen	Unterschleissheim
Total area	m ²	269,844	20,000
Sealed ground surface	m ²	54,085	Approx. 9,000
Green space	m ²	184,628	Approx. 11,000
Built area	m ²	31,131	5,600
Built area/total area	%	11.53	28

Our built area is approximately 12% at the Lingen site and 28% in Unterschleissheim.

4.3.8 Plant and transport safety

Safety and environmental protection are just as important to us outside of our plant site as inside. We do not carry out off-site transportation ourselves. However, we demand high standards of environmental protection, safety and quality from our freight forwarders. Among other things, we require forwarders to notify us in the event of any accident or damage that has an impact on people or the environment. For on-site transportation, we rely almost exclusively on electrically powered vehicles. Freight movements and trips are to be avoided wherever possible. Among other things, this is a goal in shop floor management and the 5S methodology at our Lingen site.

No transportation accidents have been recorded in the last three years. To ensure transport safety, regular training is provided for employees responsible for securing loads and checking outbound cargo. Check lists and vehicle body testing for securing of cargo loads serve as preventive measures. Forwarding and logistics service providers must also recognize and countersign a requirements profile.

The total volume of chemicals transported increased due to the rise in sales volume in 2021.

Performance indicators	Unit	2019	2020	2021
Transport accidents	Number	None	None	None
Of which with chemical release	Number	None	None	None

Formalized company processes such as training, instruction and advice from safety advisers ensure that packaging for hazardous materials complies with transport regulations. Employees receive online training, annual briefings – including hazardous materials training – external training on cargo securing and the CTU code, instruction in accordance with ADR/IMDG Code 1.3, training on air freight and training for safety advisers.

Loading and unloading processes are supported by a hazardous goods checklist and by process and work instructions including operating instructions for plant and equipment.

4.3.9 Environmental protection focal area: outlook

Sustainability necessitates a common understanding and transparency so that clear-cut goals can be set and the measures to achieve them effectively communicated. The analysis in 2021 laid the basis for uniform measurement of our CO₂ emissions and, building on this, we will transparently communicate our further progress.

By means of continuous improvement, we minimize environmental impacts and have consistently improved our scores in external ratings such as EcoVadis. Based on this experience, we will roll out these ratings to all national companies in 2022 in order to promote exchange on best practice and provide internal benchmarking.

In addition, we are planning to gain certification according to the industry-specific Vinyl Supplier Certificate (VSC) standard. This will give our customers assurance that they can rely on Baerlocher not only for consistently high product quality, but also for high standards of sustainability.

4.4 Employees focal area

Our Code of Ethics consolidates acquired experience and provides guidance in addressing present and future questions. New experience may change how values are applied in practice and their relative weighting. The values themselves, however, remain constant for us, as we believe they are central on the basis of our experience. Respect, integrity and excellence make up our value framework and determine the character of the Baerlocher Group of Companies.

As a modern family business in a region with high quality of living and good infrastructure, Baerlocher offers a wide variety of additional benefits alongside attractive pay. These includes, for example, a modern workplace, flexible working hours, additional retirement provision, comp time accounts, company health management, our company restaurant, and much more besides. We support and motivate our employees with regular feedback.

4.4.1 Human rights at Baerlocher sites

Baerlocher respects human rights. This is enshrined in our Legal and Compliance policy, our Code of Ethics and Code of Conduct, and we expect the same standard of conduct from all stakeholders and shareholders. Our business partners are required to comply with the Business Partner Policy on the basis of our Code of Conduct.

Child and forced labor are outlawed in all of our companies. All Baerlocher employees are therefore age-screened on hiring. We employ school students and adolescents in compliance with the law. This means, among other things, that minors are not exposed to dangerous and physically or psychologically demanding work.

We regularly take account of risks for young people in our risk assessments and ensure by means of constant supervision that minors are not able to enter hazardous areas. In total, fewer than five trainees at the Lingen site were under 18 at the reporting date. Apprenticeship training in production or logistics takes place subject to special precautions. The German Youth Employment Protection Act applies and there are elected youth and trainee representatives. Baerlocher GmbH does not have any employees under the age of 15.

Promoting diversity, equality and inclusion

How we treat each other affects how we work. We all want and deserve a work environment where we are treated with respect. Each and every one of us is responsible for proactively contributing to the creation of such an environment, and every supervisor at Baerlocher has a special responsibility to foster a workplace that supports integrity and respect – which are key principles under our Code of Ethics – together with honesty and trust.

At Baerlocher, we value, support and respect diversity and inclusion. These are key to our success as a global company. We do not discriminate on the basis of race, ethnicity, national origin, religion, age, gender, gender identity, sexual orientation, disability, or any other characteristic protected by law.

Baerlocher GmbH maintains well-established and trusting cooperation with employee representatives at both sites, whose express purpose is to look after all employees and hence in particular those who are in need of special protection. In addition, we have set up contact points to report and take action against all forms of discrimination. These include an equal treatment officer and a representative for employees with severe disabilities. As an internationally operating group of companies, intercultural cooperation and diversity are firmly embedded in our values and are integral to our day-to-day activities. All employees receive regular online training on their rights and obligations under the German Act on Equal Treatment (AGG). In the reporting year, 97.5% of all employees took part in at least one ethics training course, such as training on the AGG.

Discrimination	Number
(based on ethnic origin, skin color, gender, religion, political opinion, or national or social origin)	0
Of which in process	–
Of which resolved	–

Baerlocher GmbH is proud to have recorded zero incidents of discrimination in the past year and aims to maintain this level in future years.

We are one of 50 companies in Germany who have adopted the slogan “Made in Germany, Made by Diversity.” This represents a clear stance in favor of greater tolerance, against xenophobia and for a Germany that is open to all. What

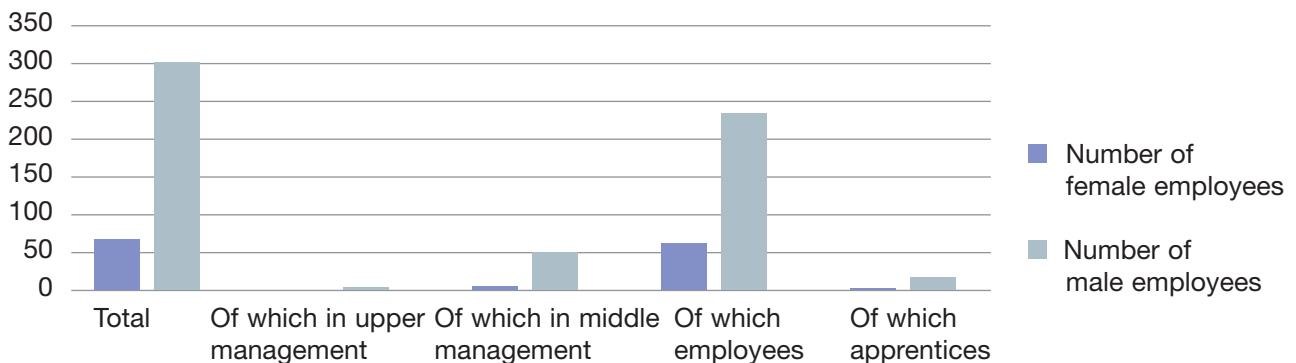
matters is not where people come from, but peaceful and tolerant coexistence.

We express this tolerance in particular through inclusion. In the reporting year, there were 22 employees with disabilities in our workforce. We would like to maintain that figure by securing jobs for people with disabilities.

Gender	female	male
Number of employees	67	301
Of which employees with disabilities	3	19

We want our employees to grow together with the Company. It is important to us for all employees to have the same opportunities regardless of gender. In 2021, the Company was headed by

two male Managing Directors. Five women are represented in middle management. Female employees account for 26% of the workforce.



All employees have the right to fair pay irrespective of gender. Our unadjusted gender pay gap in the reporting year is 2.6%, compared with an average of 18% throughout Germany.

Including both pay-scale and non-pay-scale employees, the percentage of female employees is approximately 23%. Baerlocher is bound by collective agreements as a whole, and three-quarters of employment relationships are subject to such agreements. All other employment relationships are remunerated above the pay scale.

4.4.2 Employment

Baerlocher wants to offer a workplace where every employee enjoys working. To this end, we provide modern and safe workspaces, efficient and ergonomic work equipment, and measures to support physical wellbeing. For everyone to feel that they belong, however, it is also important to foster a culture of collegiality. Respect and integrity – the first two values in our Code of Ethics – are not only values shown by Baerlocher towards employees. We also expect all employees to uphold these same values towards each other.

We offer our employees flexible working hours with flextime and provide fair pay.

As a member of the German Federation of Chemical Employers' Associations (BAVC) and signatory of the Industrial Mining, Chemicals and Energy Union (IG BCE) collective agreement, we provide our employees with comprehensive additional benefits, including shift bonuses, age-related reductions in working time and a dynamic future contribution payment for additional retirement provision.

The Company additionally provides vacation with continued pay, mobile working, a company pension scheme and occupational disability insurance. In everything we do, we comply with all statutory provisions of labor law and ensure that new legal and collective bargaining requirements are promptly implemented.

We are particularly proud of being named the top apprenticeship training company in our chamber of commerce and industry region. We were able to provide high-quality training to 18 apprentices in the reporting year, out of a workforce of 348 who put in a total of some 535,000 working hours in 2021. Our average training quota is 5%. Employee numbers are stated as of the year-end.

Performance indicators	2019	2020	2021
Number of employees	350	350	348
Number of trainees	24	18	18
Training quota	6 %	5 %	5 %

Employer-employee relations

A fundamental element is trust-based and constructive dialog with works council committees on the Company's onward development. Regular discussions are held at various levels in order to work together in a structured manner on both current and strategic issues. This is reflected among other things in the signing and continuous updating of over 40 workplace agreements. Most recently, we entered into a joint agreement on mobile working.

A works council represents the workforce in a workplace. Our works councils have nine members at the Lingen site and five at the Unterschleissheim site. The central works council has four members. Broadly speaking, works councils have the task of safeguarding the interests of the workforce in the workplace. To this end, they are required to cooperate in a spirit of trust with the employer for the benefit of employees and of the Company, and work together with unions and employer associations. The responsibilities of the works councils include, in particular, conducting negotiations with the employer, making proposals for the settlement of disputes and making requests to the employer for measures serving the Company and the workforce.

A wide variety of additional tasks can be divided into the following categories:

- Organizational tasks
- Monitoring tasks
- Protection tasks
- Support tasks
- Taking suggestions and complaints
- Meetings and discussions with the employer
- Supporting employees
- Shaping of working conditions
- Consultation in connection with workforce-related measures
- Consultation on business matters

Works councils are also required to monitor compliance with labor law requirements under other (general) legislation such as the German Protection of Working Mothers Act. In the reporting year, a total of 13 employees took parental leave and all returned to employment as agreed. As a family business, Baerlocher is committed to reconciling family and career. We are pleased to offer flexible working hours, parental leave and mobile working.

The large range of tasks performed by the works council is also reflected in a large number of communication channels. Works meetings and an in-house works council newsletter keep the workforce informed about important changes.

Gender	female	male
Number of employees	67	281
Number of employees who have taken parental leave	4	9
Number of employees who signed an agreement to return	4	9
Of which: returned to employment	4	9

Career management

Developing, transferring and retaining knowledge within the organization secures Baerlocher's future. The FORUM is Baerlocher's in-house center for upskilling and targeted employee development. Open to all employees, the concept is focused on the areas of social skills, professional skills, leadership and methodology. Trainers comprise our own employees and external experts, and inter-site knowhow meetings and forums promote communication within the organization.

The activities on offer range include established forums for upper management, individual development plans, special in-house training and general e-learning platforms.

Each of the individual skill sets is associated with specific areas of focus:

- Employee appraisals, performance agreements and leadership workshops (leadership skills)
- Presentation techniques, (agile) project management and sales training (methodological skills)
- Communication training and personality and assessment centers for personal position determination (social skills)
- Labor law, intercultural training and legal requirements (professional skills)

To provide our employees with the best possible support, efforts will be directed in the future at improving the quality of development interviews, with a particular focus on talent development within the Company. Personal goals, training and improvement opportunities are part of regular employee performance reviews with supervisors.

4.4.3 Occupational safety and health

Our labor rights and human rights commitment begins with our own employees. As well as complying with the law and collective agreements, we work constantly to improve workplace safety, ergonomics and employee health. We believe that all work-related accidents, injuries and illnesses are preventable.

To achieve this, issues of plant safety and occupational safety and health have priority over all other measures. All employees are allotted sufficient time and suitable personal protective equipment to safely perform their work.

Baerlocher has had zero plant incidents in the last three years – meaning no accidents relating to plant safety – and we aim to maintain this performance in future years. For prevention purposes, all systems are inspected annually and regularly maintained according to a maintenance schedule. Safety is further enhanced by an induction plan for new employees and annual briefings. Online training enables employees to refresh their knowledge each year with regard to safe conduct and accident avoidance. Using our near-misses and critical situations reporting system, employees are able to report potential critical situations to the occupational health and safety department so that suitable action can be taken. We aim to ensure that both contracted and in-house employees are fully informed about the hazards in their workplaces and the safety precautions.

Accident rate

Performance indicators	Unit	2019	2020	2021
Accident rate	(number of accidents/hours worked × 200,000)	3.25	5.49	3.74
Lost-time accidents	Number	4	7	8
Non-lost-time accidents	Number	4	7	2
Hours worked	h	492,350	510,465	535,000

Baerlocher GmbH's goal in occupational safety is that employees conduct themselves 100% safely and no accidents occur. Annual briefings are held to ensure that employees are aware of potential

hazards and act accordingly. The accident rate was reduced in 2021. However, the accident severity rate increased. After every accident, action is taken to prevent recurrence.

Accident severity rate

Performance indicators	Unit	2019	2020	2021
Accident severity rate	Number of lost days due to injury/hours worked × 200,000	25.19	8.62	26.92
Number of lost days due to injury	Number	62	22	72
Hours worked	h	492,350	510,465	535,000

The sickness rate decreased in 2020 and 2021 compared to 2019, despite the COVID-19 pandemic.

Sickness rate including employees

Performance indicator	Unit	2019	2020	2021
Sickness rate	%	6.64	4.65	4.92
Hours worked	h	492,350	510,465	535,000

In manufacturing our products, we work closely with customers to find the perfect product blend for their application. We also aim to optimize our products both for the benefit of our own employees' health and to protect customers' employees. Wherever known risks could arise from our products, we provide information in personal consultations and state in REACH safety data sheets all information on hazards and on measures to reduce and avoid potential harm. In the event of any change in product hazards based on new findings, we aim to promptly incorporate the changes into safety data sheets and communicate them to customers. We also use dissipative packaging, which minimizes the risk of dust explosions both at our production sites and on customer premises.

Due to the substances and quantities used, Baerlocher GmbH's Lingen plant is subject to the obligations under the Hazardous Incidents Ordinance (Störfallverordnung), with compliance and implementation monitored by the competent supervisory authority. The precautionary measures required for the event of an environmentally relevant incident have been put in place at the Lingen plant and are kept up to date. Their effectiveness is verified in regular alarm drills with the participation of external fire and rescue services. Emergency response organization is based on an operational alarm and emergency response plan, safety reports, and the plant safety management system. Extensive annual on-site inspections by the Osnabrück official trade inspectorate in accordance with section 16 of the Hazardous Incidents Ordinance verify that the systems are implemented and up to date. An environmental hotline has been set up for external reports, inquiries and complaints by neighbors and the public with regard to environmental matters. Further information is available in a German-language flyer on the Hazardous Incidents Ordinance: [„Information für Nachbarn und Öffentlichkeit gemäß Störfallverordnung“](#)

In addition to the environmental hotline, the telephone number of the central switchboard is also publicly available. This may be used by all affected and interested parties. There is a reporting procedure for when calls are received at the gate.

Noise complaints

There have been no noise complaints in recent years. The Baerlocher GmbH site is located in an industrial zone, far away from any residential areas. Noise level limits at the site boundary are complied with in accordance with the German Technical Instructions on Noise (TA Lärm). Annual measurements are made by the occupational safety department. High-noise areas in the production plant are signposted. Hearing protection is provided and new measurements are taken as needed. In addition to signposting of high-noise areas and the provision of hearing protection, certain parts of the plant are enclosed with noise insulation and mufflers used to reduce noise and stress.

COVID-19 pandemic contact point

The safety of our employees has been our priority throughout the COVID-19 pandemic. Various measures were taken to limit the impacts of the pandemic on employee productivity and also the financial impact on employees.

In view of the increasing complexity of official restrictions due to the COVID-19 pandemic and in some cases regional differences in the prevailing rules between the various German states, the management and central works council of Baerlocher GmbH set up a COVID-19 pandemic contact point for the protection of the workforce and to safeguard business continuity for Baerlocher GmbH. The contact point is there to address individual cases where employees' work is directly or indirectly affected by the pandemic.

It thus provides information on whether an employee has a right to continued pay or compensation, or whether other options are available, such as use of vacation, flextime, comp time or leave in connection with the dynamic future contribution payment under the collective agreement.

4.4.4 Attractive employer

Baerlocher wants to offer a workplace where every employee enjoys working. We achieve this by means of modern workspaces, flexible working hours arrangements and proactive workplace design using lean management methods and measures to enhance physical wellbeing.

Baerlocher implements a wide range of measures to improve working conditions across the Company:

- Regular employee appraisals
- Active support for company sports
- Interdisciplinary project activities to promote teamwork within the Company
- Proactive mobile work arrangements
- Provision of company bicycles
- Proactive addressing of potential hazards as part of regular occupational safety committee meetings and shop floor management
- Adaptation of collective agreement provisions on comp time accounts, age-related reductions in working time, and additional leave days
- Transparency project on pay systems and signing of a framework agreement at the Lingen site
- Flexible working time models
- Updating of communication channels (intranet)
- Process digitalization and workflow automation to lighten workload

- Special bonuses/time off in lieu for overtime
- Annual leave with continued pay
- Employees are ensured a 24-hour recovery period in any seven consecutive days
- Payment of the statutory minimum wage

In order to further improve working conditions, all employees can submit improvements by using CIP cards or the company suggestion scheme. The purpose of the company suggestion scheme is to involve all employees in the joint quest to identify scope for improvement, leveraging the full diversity of skills and ideas in the workforce. It provides the opportunity to question the status quo and also to suggest solutions to problems outside of an employee's own work area. The company suggestion scheme aims to improve operations for the benefit of the Company and the workforce. It is therefore an important element of the continuous improvement process (CIP).

4.4.5 Employees focal area: outlook

As an attractive employer, we will continue to take the issues involved here very seriously and address how changes in the world of work affect our organization. Hybrid working, digital processes and virtual global exchange are key challenges in this connection. As a matter of course, we recognize the importance of complying with prevailing law in our in-house arrangements while proactively implementing future needs in our work culture.

Disclaimer

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