

# Sustainability Report 2019

A journey towards a sustainable future.  
Beyond the bottom line: The move to zero.

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Peter Stockmeier,  
Member of the Management Board |  
Chairman

A journey towards a sustainable future – beyond the bottom line: The move to zero

As we mark our 100<sup>th</sup> anniversary, sustainability is at the heart of STOCKMEIER's business, and we aim to be a leader and a good global citizen in the areas of the environment, product responsibility and sustainable supply chains.

Beyond our growth and profit aspirations, we aim to move our business to zero: zero net carbon emissions, zero accidents and work-related injuries and zero tolerance for non-compliance with good business conduct. In our business today, we see signs of success all around us – reducing diesel consumption and greenhouse gas emissions, saving water and reducing waste.

But it is not enough for STOCKMEIER employees to support sustainability strategies only in principle. Wherever necessary, we will support our teams in their efforts to prioritise environmental and sustainability goals over short-term profit, and build an effective long-term sustainability culture.

For sustainability policies to be successfully implemented, they may have to take precedence over other objectives. In other words, rather than subordinate the sustainability strategy or do only the minimum, sometimes STOCKMEIER employees will prioritise it over other actions they could have taken. STOCKMEIER employees need to understand where conflicts

exist between sustainability and business targets, and work with managers to decide on appropriate compromises in such cases.

If we all work together, we can build a future with sustainable growth without causing additional harm or stress to our planet. We can help our customers deal with the demands of population growth, economic growth, climate change, urbanisation and water scarcity. Synergies exist among these priorities, and they go hand in hand with business growth and profitability.

Our sustainability strategy is a big, ambitious goal. It will not be easy to achieve, but it will be worth it.

Sincerely, Peter Stockmeier

# Sustainability at STOCKMEIER

Sustainability is at the heart of STOCKMEIER's business strategy. We deliver sustainable solutions that help our customers achieve their business goals while minimising environmental and social impact.

## Our management approach

Our greatest contribution is through the products and services we provide, so we focus on continuously improving to optimise the solutions we deliver to customers as well as our own operations. We aim to meet the needs of our customers and grow our business as sustainably as possible. This means meeting our development goals while simultaneously considering the ability of natural systems to provide the natural resources upon which we, the economy and society depend. Furthermore, we aim to use resources in a way that continue to meet customers' needs without undermining the integrity and stability of the natural system. It's about trying to meet the needs of the present without compromising future generations.



The headquarters of the STOCKMEIER Group in Bielefeld

## The materiality assessment

The content of the STOCKMEIER 2019 Sustainability Report is based on an assessment of the key business issues and the key stakeholders. This assessment involved defining the topics, their relevance to STOCKMEIER's business and the potential impact on our ability to continue to meet customers' needs without undermining the integrity and stability of natural systems. To achieve this, STOCKMEIER used a multidimensional process to determine material sustainability topics that have a material impact on our business drivers and those of our customers and our key stakeholders.

STOCKMEIER's assessment of key business risks was the starting point for assessing the issues in our business environment that are material. These key business risks consist of the main types of business risk: strategic, compliance, operational, financial, and reputational risk related to STOCKMEIER.

The process of assessing key business risks involves updating the risk register, assessing the type of potential impacts, and the degree of concern among stakeholders as well as STOCKMEIER's ability to manage or influence these issues.



We ranked and prioritised material and relevant topics. Topics were assessed in terms of their importance to stakeholders and to STOCKMEIER (economic, environmental and social impacts).

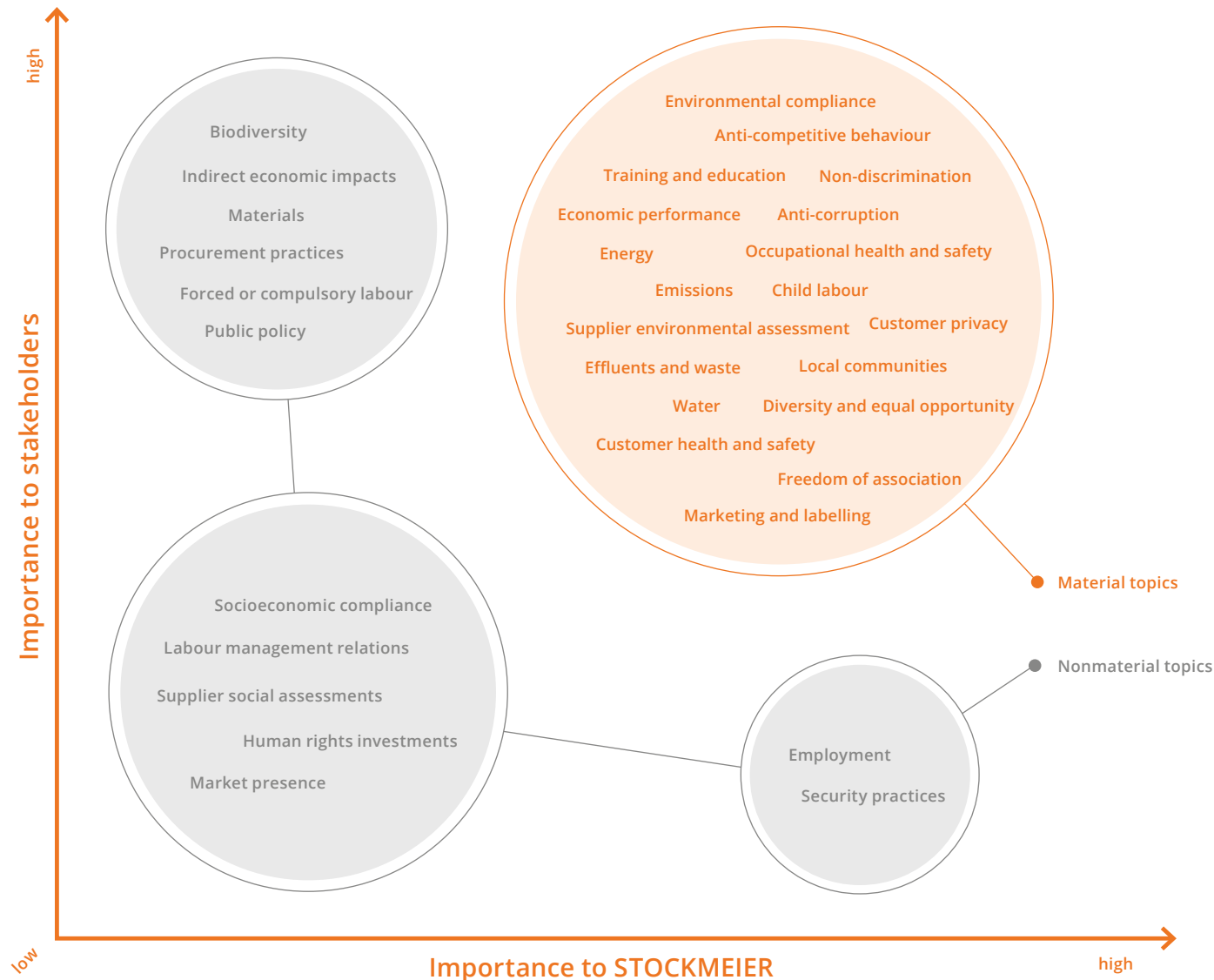
We also took into account STOCKMEIER's ability to affect each topic and the potential impact. STOCKMEIER then categorised the material topics and reported on them in the Sustainability Report. This way, the STOCKMEIER Management Board identified the sustainability topics that are materially important to STOCKMEIER and our stakeholders.

Material and relevant topics are those that are considered important for STOCKMEIER's economic, environmental and social impacts, or for influencing stakeholders' decisions. This materiality analysis conducted by STOCKMEIER Holding

GmbH's Board of Directors differentiated between material and relevant topics for reporting in the Sustainability Report. Together with the GRI reporting guidelines, they provided a framework for the report.

Numerous interlinked policies and guidelines contribute to STOCKMEIER's sustainability management, from the STOCKMEIER Holding level to individual site management level, all forming part of a cohesive management practice.

The STOCKMEIER Sustainability Report helps further raise awareness among our stakeholders of our sustainability journey. Based on these key sustainability topics, STOCKMEIER forms initiatives to improve sustainability performance and to document progress.

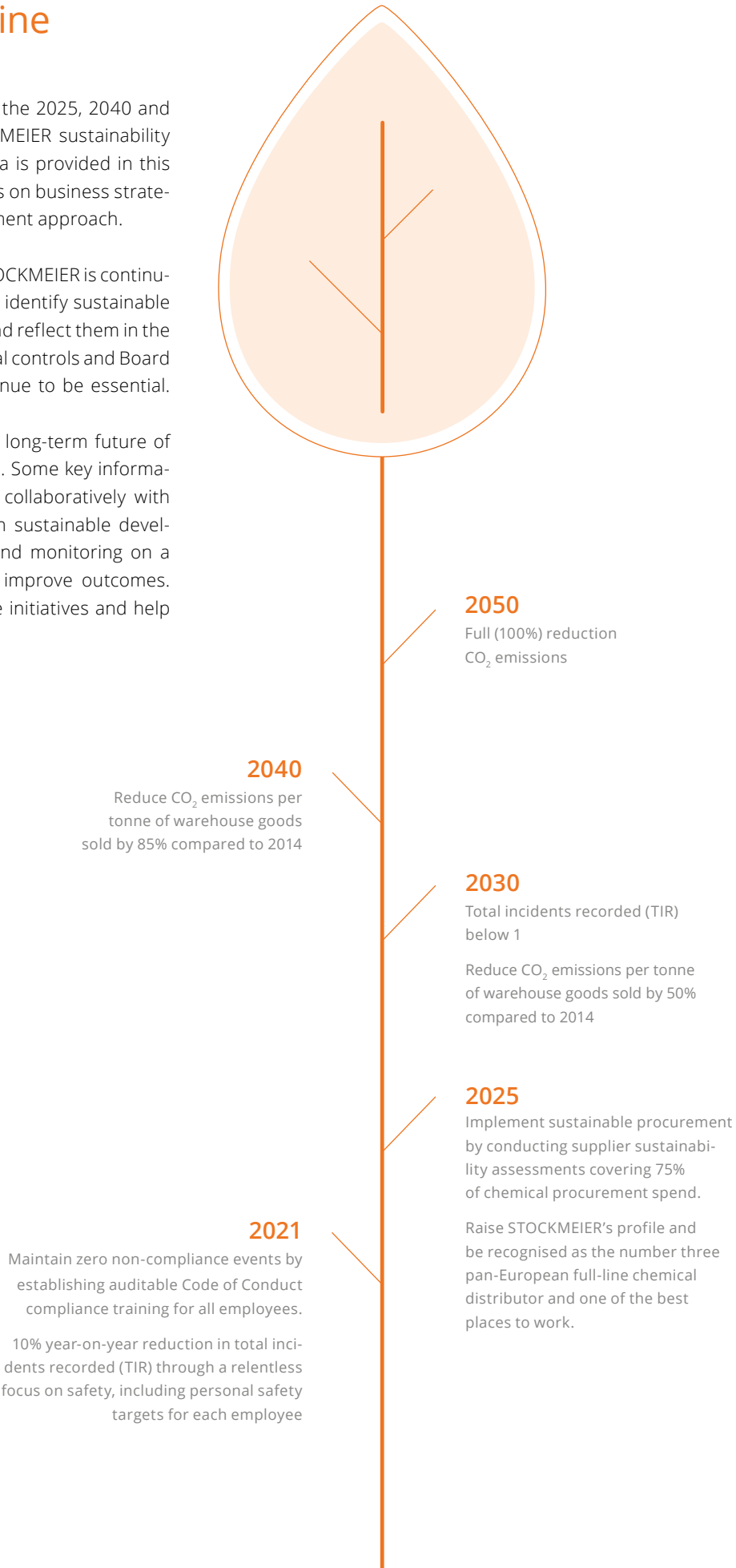


# Sustainability timeline

In order to show how we aim to reach the 2025, 2040 and 2050 targets underpinning the STOCKMEIER sustainability strategy, financial and quantitative data is provided in this report along with qualitative disclosures on business strategy, governance, oversight and management approach.

These disclosures demonstrate that STOCKMEIER is continuing to develop the processes we use to identify sustainable development risks and opportunities and reflect them in the business strategy going forward. Internal controls and Board oversight of these processes will continue to be essential.

Not all information that influences the long-term future of a business can be reduced to numbers. Some key information may only be gained by engaging collaboratively with corporate stakeholders to do more on sustainable development issues, setting up initiatives and monitoring on a range of sustainability issues to help improve outcomes. In doing so, we aim to accelerate these initiatives and help transform the world by 2050.





Sustainability needs a stable economic basis – a requirement that STOCKMEIER has been fulfilling for decades.

## Organisational profile



The Management Board of STOCKMEIER Holding

STOCKMEIER Holding GmbH, headquartered in Bielefeld, Germany, is the parent company of a family-owned corporation that holds stakes in companies active both in chemicals trading and in the production of intermediate and special products.

The group operates more than 50 locations (offices, warehouses and production sites with an operating area of 836,308 m<sup>2</sup>) in Germany, the Netherlands, Belgium, France, Austria, Poland, the Czech Republic, Romania, Hungary, Slovakia, Great Britain, Spain, Russia and the USA. In 2019/2020, the total revenue of the STOCKMEIER Group including all shares amounted to approx. €1,200 million, generated by about 1,800 employees. Turnover according to the consolidated financial statements amounted to €922 million.

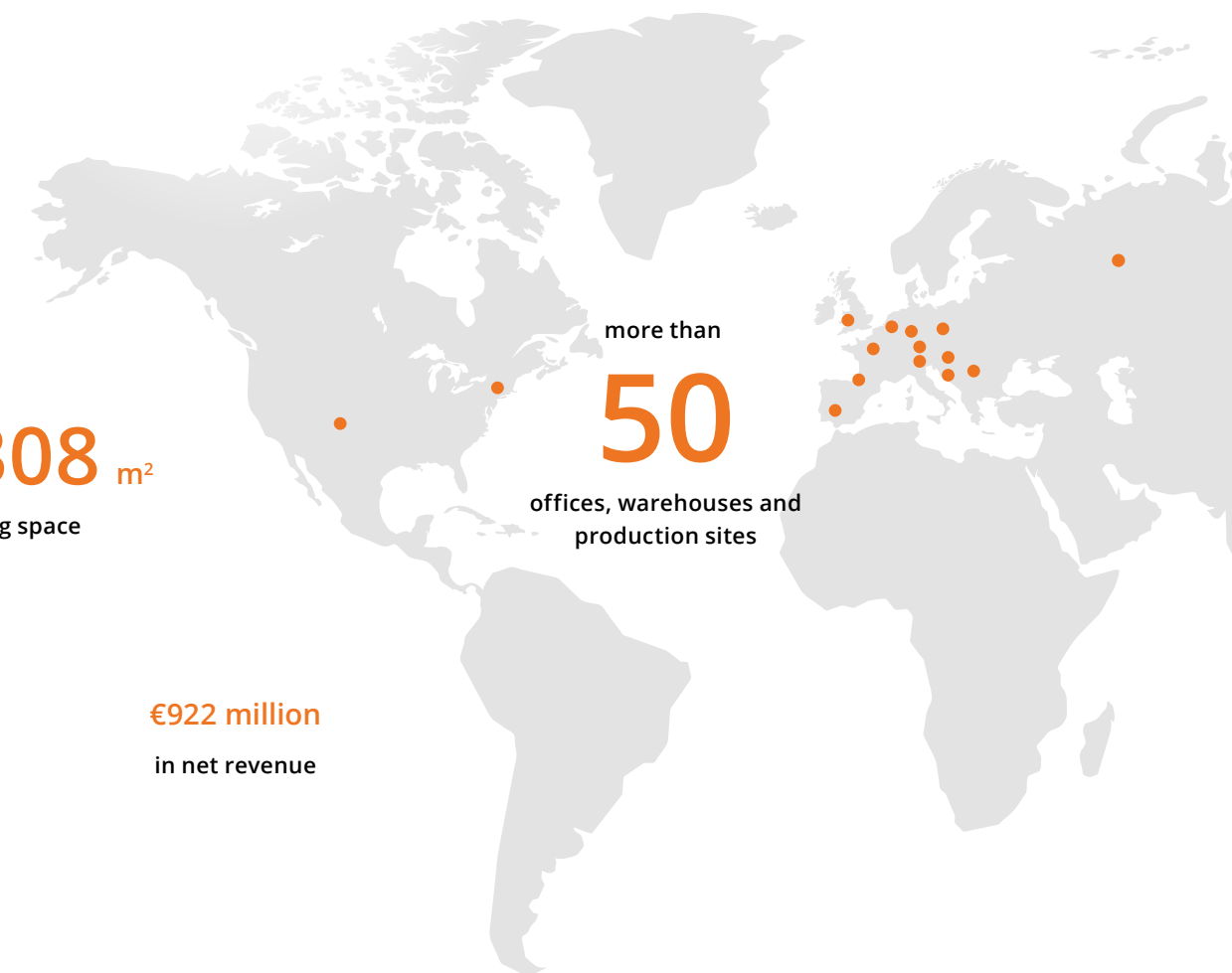
# A Strong Platform

**836,308 m<sup>2</sup>**  
of operating space

more than  
**50**

offices, warehouses and  
production sites

**€922 million**  
in net revenue





Products and services

Based on a strong platform, the various companies in the STOCKMEIER group offer customers a wide range of high-quality products and services, which are individually adapted to our customers' needs.

Chemicals Distribution & Production

STOCKMEIER Chemie, BASSERMANN minerals, HDS-Chemie, Quaron, STOCKMEIER Química, STOCKMEIER Chemia, STOCKMEIER Chemicals Belux, De Noord Chemicals, STOCKMEIER Fluids (KRUSE Automotive), STAUB & CO. – SILBERMANN, KEMTAN AG

Products

- Distribution of industrial chemicals (organics, inorganics, solids)
- Distribution of specialty chemicals (surfactants, active ingredients, silicones, ...)
- Distribution of AdBlue® and equipment
- Development and production of professional cleaners and disinfectants
- Development and production of car care products and screen wash

Services

- Contract manufacturing
- Returnable packaging
- Key account management
- Technical advice
- Product development and laboratory service
- Logistics concepts
- Private labels

Food

STOCKMEIER Food

Products

- Development and production of flavours
- Distribution of food ingredients

Services

- Sample service
- Contract manufacturing
- Custom product development

Tissue & Textile

KAPP-CHEMIE

Products

- Development and production of inks and glues for the tissue and textile industry
- Development and production of process and effect chemicals for the textile industry

Services

- Contract manufacturing
- Technical advice
- Product development and laboratory service

Polyurethanes

STOCKMEIER Urethanes

Products

- Development and production of polyurethane systems, adhesives, coatings, primers and binders for industrial applications
- Development and production of polyurethane systems for sports and leisure floorings

Services

- Custom product development
- Technical advice

Primary brands, products and services

Strong brands are the backbone of successful companies. They create an identity consumers experience on an emotional level. That is why STOCKMEIER also develops strong brands, registered to STOCKMEIER and its affiliates.



Brands:

Below is a selection of brands registered to STOCKMEIER and its affiliates.

Cleaners and disinfectants

CLENOL®, Dansoclean®, Klartek®, Lerabilt®, Leracid®, Leraclen®, Lerades®, Lerapas®, Leraplex®, Leraur®, Lerasept®, Lerasolv®

Car care

LotuSCare®, GlossTec®

STOCKMEIER Fluids (KRUSE Automotives)

AdBlue®, Kruse-Bottle®, Kruse-Flasche®

Other companies' brands

As a trading company, we also sell products made by other manufacturers under their brand names.

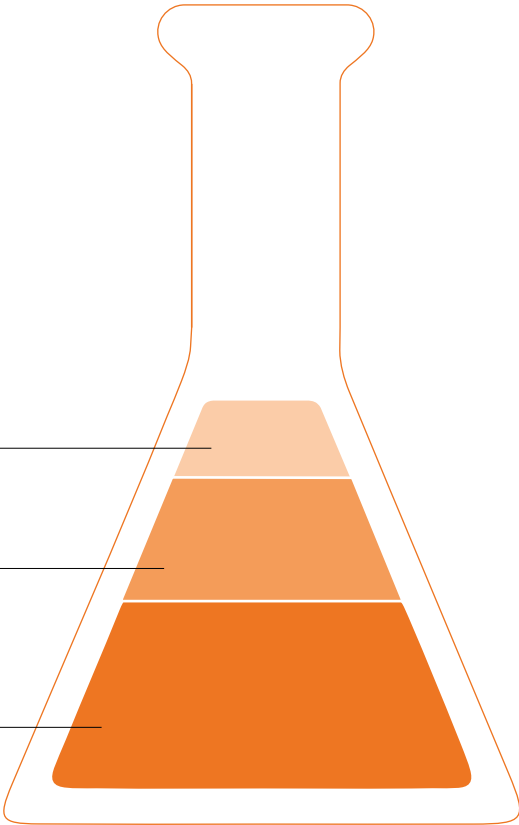
Markets served

STOCKMEIER is an international company that has established itself worldwide with high-quality services and a broad product portfolio. A large proportion of our business is still carried out in Germany. STOCKMEIER generates over a third of its sales in other countries in Europe and around the world.

Other countries: 9%

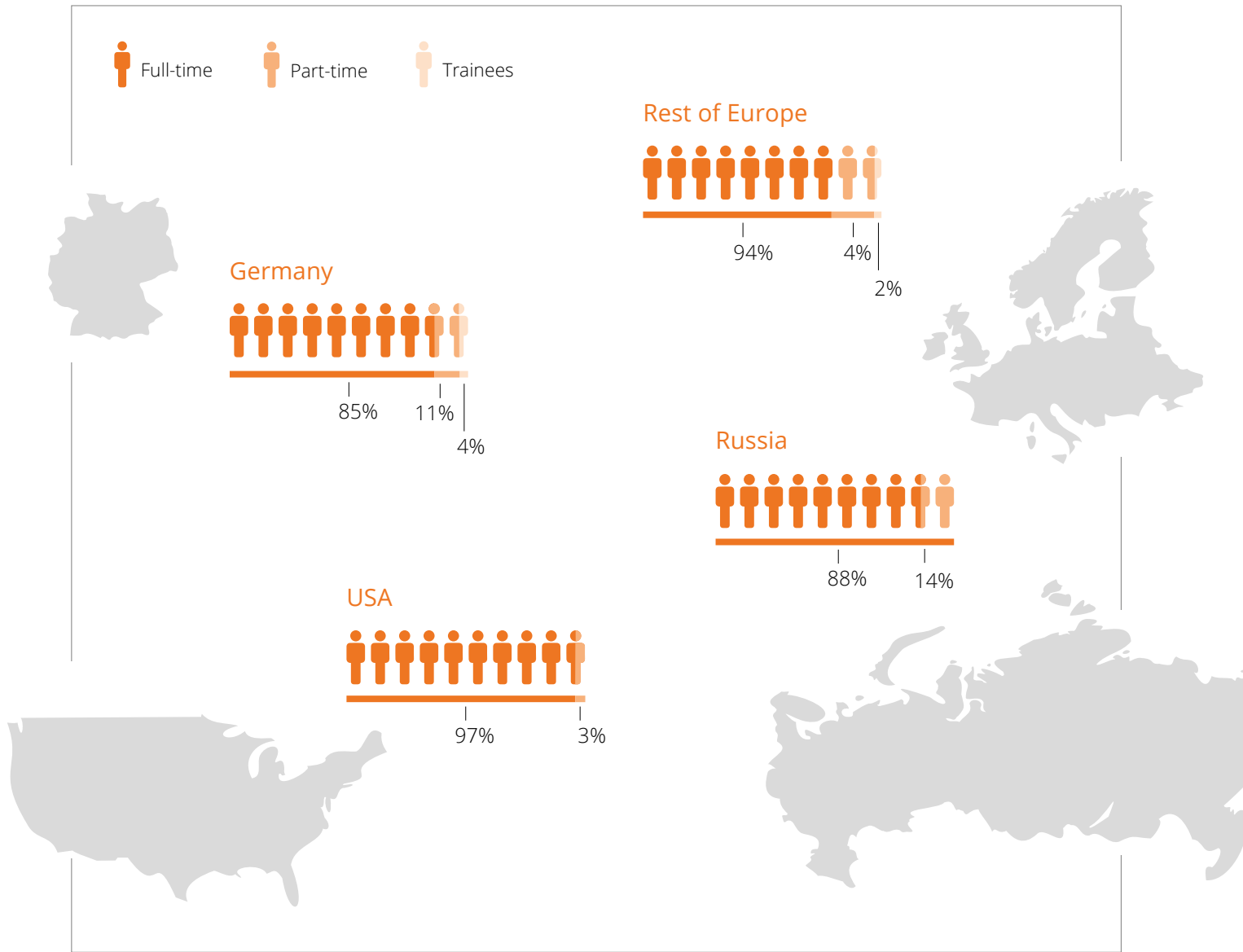
European Union: 40%

Germany: 51%



Employees are the beating heart of every company, including STOCKMEIER. As of 29 February 2020, STOCKMEIER employed nearly 1,800 people worldwide. Of these, 87% are full-time employees, 9.5% part-time and 3.5% trainees. The following graph shows an overview by region.

1,797  
employees in total

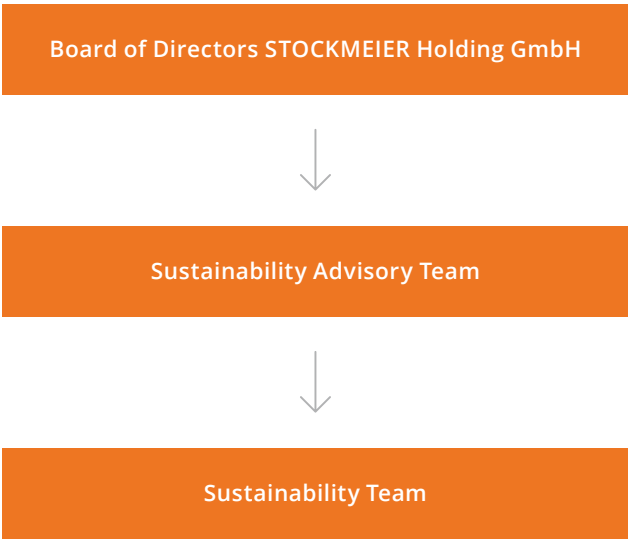


Governance management structure

STOCKMEIER Holding GmbH's Board of Directors has the highest level of direct responsibility for sustainability, including environmental and social impacts and those relating to climate change.

The managing directors review and oversee the company's safety, health and environmental policies, programmes and practices that affect, or could affect, the company's employees, customers, stockholders and neighbouring communities.

STOCKMEIER's sustainability strategy (which includes environmental, social and governance components) is governed by a Sustainability Advisory Team that is made up of members of the Board of Directors of STOCKMEIER Holding GmbH. The Sustainability Advisory Team meets with the Sustainability Team (with members from communications, marketing and supply chain, human resources and controlling) and is responsible for operationalising sustainable business practices and policies across the company; coordinating and communicating policy and decision-making related to sustainability; setting goals and metrics for key sustainability priorities; and assessing sustainability outlook and risk management.



Ownership and legal form

STOCKMEIER Holding GmbH is the parent company of a family-owned corporation that holds stakes in companies active both in chemicals trading and in the production of intermediate and special products.

The companies in which STOCKMEIER Holding GmbH directly and indirectly owns stakes are separate entities.

In this presentation "STOCKMEIER", "STOCKMEIER Group" and "STOCKMEIER Holding" are sometimes used for convenience where references are made to STOCKMEIER Holding GmbH and its subsidiaries in general.

Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them.

These expressions are also used where no useful purpose is served by identifying the particular company or companies. "Subsidiaries", "STOCKMEIER subsidiaries" and "STOCKMEIER companies" as used in this presentation refer to companies in which STOCKMEIER Holding GmbH either directly or indirectly has control, by having either a majority of the voting rights or the right to exercise a controlling influence.

The companies in which STOCKMEIER Holding GmbH has significant influence but not control are referred to as "associated companies" or "associates" and companies in which STOCKMEIER Holding GmbH has joint control are referred to as "jointly controlled entities".

This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of STOCKMEIER Holding GmbH.

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of STOCKMEIER Holding GmbH to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases.

There are a number of factors that could affect the future operations of STOCKMEIER Holding GmbH and could cause those results to differ materially from those expressed in the forward-looking statements.

All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.



## Spotlight on the supply chain

As a distributor, STOCKMEIER acts as a strategic partner to both chemicals manufacturers and customers. We buy large quantities of chemicals from the producers and distribute them in smaller quantities to our customers. Warehousing and availability assurance are important services for our customers, as are technical advice and on-site support.

Suppliers reach a large number of customers and markets through STOCKMEIER. Customers can use us to simplify their purchasing process, save costs and minimise their risk. STOCKMEIER strives for long-term and sustainable relationships with customers and suppliers. STOCKMEIER buys products from more than 1,500 manufacturers, including well-known manufacturers such as Dow Chemicals, BASF, Evonik and ExxonMobil, as well as regional manufacturers in our distribution countries.

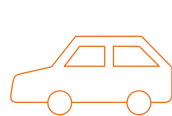
STOCKMEIER has established a risk management system to respond promptly to risks and disruptions in the supply chain.

### Significant changes to the organisation and its supply chain

STOCKMEIER has been growing continuously for years – thanks in part to its willingness to change and expand. The latest examples show this:

- We acquired the chemical distribution division of the Spanish INUDKERN Group in 2019. The business is managed by the newly founded STOCKMEIER Química S.L.U.
- In 2019 STOCKMEIER acquired 100% of the shares of the French company Quaron SAS. STOCKMEIER Holding GmbH has held 50% of Quaron's shares since 2011. At that time, the company was taken over in a joint venture with Oqema. In July 2019, STOCKMEIER acquired the remaining shares of Oqema.
- STOCKMEIER Food GmbH & Co. KG took over the Hungarian Aroma Bázis Kft., based in the Budapest area, on 1 October 2019. The company was renamed STOCKMEIER Food Kft. as part of the STOCKMEIER Group. Investments are planned for the Csömör site near Budapest. Distribution and production capacities are to be expanded. The company's integration into the STOCKMEIER Group significantly expands the product range for STOCKMEIER Food's customers in the Balkan region. All products manufactured by Aroma Bázis in the past will continue to be produced in Hungary and will be available to customers in the quality to which they are accustomed.
- The STOCKMEIER Group took over the majority of shares of Kemtan AG in early 2020. Kemtan AG is a Swiss company based in Reinach near Basel. It distributes chemical products in Switzerland and acts as a distribution partner for well-known manufacturers (e.g. Sasol, FACI, Radiant) of specialty chemicals. This entry into the Swiss market is in line with the STOCKMEIER Group's growth strategy and continues our expansion course in Europe.

### The top 10 core industries in which our customers operate



Automotive and transport



Chemicals



Coatings and construction



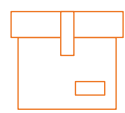
Distribution



Food and beverages



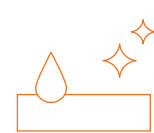
Municipal



Paper and packaging



Personal care and cleaning



Surface treatment



Textiles

## Act with foresight: The precautionary principle

The STOCKMEIER Group fully observes the precautionary principle outlined in the 1992 Rio Declaration on Environment and Development. We identify the hazards, risks and impacts of our products through multiple mechanisms. For selected products, we conduct testing to identify pertinent hazards. In instances where testing is not feasible, we follow applicable regulatory requirements and recommendations to identify and assign classifications. This approach is based on identifying pertinent hazards of our products' ingredients, which is used to identify product hazards.

### Globally Harmonized System of Classification and Labelling of Chemicals

We follow the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) criteria for classifying our ingredients and products. The GHS provides a standardised approach to classifying chemicals and communicating product-safety information. STOCKMEIER has been planning and implementing GHS, incorporating the standard into safety data sheets (SDSs) issued in country-specific languages.

To thoroughly assess ingredients, we review publicly available information from reputable sources such as the United States Environmental Protection Agency (EPA), United States Agency for Toxic Substance and Disease Registry (ATSDR), World Health Organization (WHO) and European Chemicals Agency (ECHA). We obtain proprietary information from our chemical-ingredient suppliers to enable proper handling and classification of our materials and products. Additionally, we carefully evaluate all the substances comprising the raw materials in our portfolio.

We have evaluated these substances using GHS criteria, with the result that our products have technically robust classifications. Our product risks are evaluated by multiple groups within STOCKMEIER, including Toxicology, Industrial Hygiene, Sustainability, Transportation and Package Engineering. If risks are identified, appropriate mitigation measures are implemented. Finally, we use customer feedback to continuously assess our products. Customer feedback includes direct feedback from sales representatives' interactions with customers and customer input received from our technical support team.

### External initiatives and memberships in associations

STOCKMEIER takes its responsibility as a company in the chemical distribution industry very seriously. We subscribe to external auditing for various standards and support initiatives such as:

- Responsible Care®
- ISO 9001
- ESAD II
- DIN EN 16247 (Energy-Audit)
- RSPO (Roundtable of Sustainable Palm Oil)
- GMP+ and Fami-QS (Feed-Standards)
- bluesign® (Textile-Standard)
- EcoVadis
- Sedex
- Ecratum
- Gate50
- FSSC 22000
- ISO 22000

Industry and trade associations have a unique ability to influence standards, regulations and practices. STOCKMEIER engages with a broad range of industry groups, sharing expertise and insights to help these membership organisations enhance sustainability leadership across the industry. STOCKMEIER industry and trade association memberships include, but are not limited to:

- Verband Chemiehandel e.V. (VCH)
- Fecc European Association of Chemical Distributors
- Verband der chemischen Industrie e.V. (VCI)
- Industrieverband Hygiene & Oberflächenschutz (IHO)

### Key impacts, risks and opportunities

The STOCKMEIER Group is well positioned for the future due to its very broad product portfolio, its connections in almost all industries and the strong expansion of the company over the past few years, with the focus on customer service to fully meet our customers' needs.

The STOCKMEIER Group's potential for further development is supported by the flat hierarchy and fast decision-making processes typical of a medium-sized family-owned organisation. In addition, the market offers potential for external growth in line with the growth of our customers.

All of our business processes are continuously monitored and evaluated with a risk-based approach. Risk management is handled directly by the management. In particular, operational safety and environmental protection, IT security and the assessment of risks due to loss of receivables are constantly monitored. Rules of procedure and function-related guidelines provide clarity about the responsibilities within the company. Among other measures, STOCKMEIER has established a risk management system to respond promptly to risks and disruptions in the supply chain.

An Advisory Board supports management by providing strategic advice on overriding issues and helps ensure long-term corporate management.

## Ethics and integrity are our priority

At STOCKMEIER, we are committed to upholding the highest legal and ethical standards, regardless of where we do business.

### Our values

Our everyday work and daily interactions are based on values that we live and breathe, and also expect from others. That goes without saying. And yet it is important to affirm and agree on these values together. In a constantly changing world, a shared understanding of values gives us stability and direction. We have worked to achieve this shared understanding. In workshops with STOCKMEIER Group executives, we defined the values we want to guide our company. We discussed what values should characterise our everyday activities, within teams as well as more broadly. The guiding principles that we have adopted are designed to show us the direction we will take together. They form the basis for our daily work and the foundation for successful and future-oriented employee development.



### Respect

We commit to communicate respectfully and behave accordingly, are open to other opinions and take them seriously, and practice mutual acknowledgement and appreciation for individual personalities.



### Trust

We set an example of honesty and reliability for our employees, trust them to do the right thing in the interests of the company, stand behind them and give them security in their activities.



### Courage

We have the courage to actively bring about change, promote creativity and ideas, and learn from our mistakes.



### Passion

We want to actively shape success, burn with passion today and tomorrow, motivate, inspire and strive for higher performance.



### Sustainability

When making decisions, we consider what will promote the long-term development of the company while protecting people and the planet.

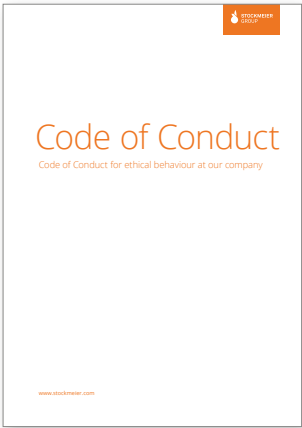


### Responsibility

We take responsibility for our decisions, live and breathe the corporate values and stand by our team.

## STOCKMEIER Code of Conduct

Our Code of Conduct is a guide for how to act and make decisions as an employee. With these guidelines, we expect all our employees to make good decisions on behalf of STOCKMEIER and work ethically and in compliance with the Code and the laws of the countries where we do business.



The Code of Conduct forms the basis for corporate management at STOCKMEIER

As part of this commitment, all new employees are required to acknowledge compliance with it upon taking up their position and to complete an annual online refresher course. This annual online training course enables STOCKMEIER to certify completion and compliance with the Code.

## Guidelines for the STOCKMEIER Group

As part of our business activities, we take responsibility for the environment as well as for the health and safety of our employees. Mutual trust and reliability are the bedrock of all our business relationships. All business divisions are subject to this principle of accountability.

The STOCKMEIER Group is a company for first-class employees whose qualifications, commitment and creativity give us a competitive edge. That is why we invest in education and training and create scope for entrepreneurial action.

By investing in modern production, storage and handling facilities and vehicle fleets, we set high standards for operational and occupational safety. In addition, we require each individual employee to commit to dealing with chemicals and resources in an environmentally conscious manner.

For us, an open information policy towards employees, customers, authorities and suppliers is fundamental to trusting partnerships.

## Quality, environmental and safety policy

With the Guidelines for Quality, Environmental and Occupational Safety Management, the management commits itself and all employees to working independently and constantly improving.

To achieve these goals, an organisation must give employees a high degree of ownership of their work. That calls for regular training and a good flow of information. In addition to these guidelines, many details are set out in rules of procedure, sales and purchasing guidelines and other requirements. As a result, the STOCKMEIER Group ensures that international standards of fair competition and respect for human rights, as well as the associated fight to eradicate child labour, worker exploitation and corruption, are respected and promoted.

## Whistleblowing

STOCKMEIER has designated the Financial Officer as the contact person to whom internal and external callers can report concerns under the Code of Conduct. All concerns will be fully investigated and remedial action taken to ensure that the STOCKMEIER Group's expectations are met. This could also lead to the termination of the business relationship with a customer or supplier.



We identify the hazards, risks and impacts of our products through multiple mechanisms

## In constant dialogue with our stakeholders

STOCKMEIER engages with a wide range of stakeholders including employees, customers, suppliers and relevant external groups:

We endeavour to make STOCKMEIER a company where talented and capable people are inspired, motivated and suitably challenged in their work, and their perspectives are key to our success.

We have a wide spectrum of suppliers, including some of the world's largest integrated oil companies as well as major specialist chemical companies. Through professional account management, we dialogue with suppliers in a two-way open communication, to understand the risks and opportunities from a wide range of industries.

Similarly, our customers tell us about the challenges they face and the results they require, and we use this information to steer our business, drive growth opportunities and help us achieve our sustainability goals.

As a family-owned company, we do not have a broad range of shareholders. Instead, we look to the opinions of the financial community, notifying them promptly of developments within the company.

- As a member of several industry and trade associations at both local and regional levels, STOCKMEIER engages in an active dialogue on industry-specific issues including sustainability.

STOCKMEIER key stakeholder groups
Customers
Employees
Financial community
Government regulators/authorities
Neighbours and local communities
Suppliers
Trade associations and industry organisations
Trade press



STOCKMEIER engages with a wide range of stakeholders including employees, customers, suppliers and relevant external groups

## Reporting practice

STOCKMEIER Holding GmbH is the parent company of a family-owned company that holds stakes in enterprises that operate both in the chemicals trade and in the production of intermediary and specialty products. STOCKMEIER delivers to most countries around the globe. All of the entities conducting business on behalf of our company around the world are controlled and managed by STOCKMEIER Holding GmbH and consolidated in the Annual Financial Report of the Group.

### Defining report content and boundaries

The information in this report applies to STOCKMEIER Holding GmbH and all of its facilities, joint ventures, operating companies and associated companies within the reporting period, unless otherwise stated.

In the case of employees, all metrics relate only to employees of STOCKMEIER and its operating subsidiaries, unless otherwise stated.

As this is our first Sustainability Report, environmental data covers all sites owned and operated by STOCKMEIER in Germany only. It is anticipated that future Sustainability Reports will also encompass recent acquisitions in Spain and France as well as operations in the Netherlands, Belgium, Austria, Poland, the Czech Republic, Romania, Hungary, Slovakia, Great Britain, Russia and the USA.

STOCKMEIER's materiality analysis, together with the reporting guidelines, provide the framework for the report.

STOCKMEIER use a multidimensional process to determine material sustainability issues. These are then aligned with the STOCKMEIER corporate strategy and key business drivers.

### Based on the Global Reporting Initiative (GRI)

Business risks assessment identifies potential strategic, operational, financial and compliance-related risks to the company. These risks are assessed for their likelihood and their impact on the business, and results are shared with the Board.

Material and relevant topics are those that are considered important for reflecting the organisation's economic, environmental and social impacts, or influencing the decisions of stakeholders, and therefore potentially merit inclusion in the report. This definition is based on the Global Reporting Initiative's (GRI) publicly available guidance as found on GRI's website.

 Contact point for questions about the report  
[Sustainability@stockmeier.de](mailto:Sustainability@stockmeier.de)

Restatements of information	This is the first STOCKMEIER Sustainability Report and there are no restatements of information.
Changes in reporting	This is the first STOCKMEIER Sustainability Report and there are no changes in reporting in terms of scope or boundaries.
Reporting period	STOCKMEIER's fiscal and reporting year is 1 March 2019 to 29 February 2020. This report covers activities during the STOCKMEIER fiscal year, unless otherwise stated.
Date of most recent report	This is the first STOCKMEIER Sustainability Report
Reporting cycle	Annual, based on STOCKMEIER's fiscal year





# Our Economic Performance

The STOCKMEIER Group continued to perform well in the reporting period from 1 March 2019 to 29 February 2020. The sudden impact of the coronavirus occurred after this reporting period.

The figures in this section refer to the consolidated financial statements. Only companies that are fully consolidated are included here. The appendix to the consolidated financial statements notes exactly which companies are included. Since some affiliates are not included in the consolidated financial statements, the figures may differ from those in other publications (e.g. our website or brochures). In the 2019/2020 financial year, the STOCKMEIER Group's sales revenues increased significantly above the market average, by 19.6%, to €922 million. The tonnage sold increased by 23.9% compared to the previous year.

The STOCKMEIER Group's sales revenues compared to the previous year		
	2018/2019	2019/2020
	in € million	in € million
sales revenues	771	922

19.6%

suppliers, STOCKMEIER procures its products, most of which come from European countries where environmental and employment laws are rigorously enforced.

Tonnage sold by the STOCKMEIER Group compared to the previous year		
	2018/2019	2019/2020
	in T. to	in T. to
tonnage	1,552,441	1,923,771

Number of employees in the STOCKMEIER Group compared to the previous year		
	2018/2019	2019/2020
employees	1,181	1,543

## A stable financial position

The Group's financial position can be described as comfortable. Sufficient unused bank credit lines are available for liquidity peaks. Opportunities to create further sources of liquidity such as leasing, with the exception of motor vehicle leasing, or factoring are not used. The Group has met its payment obligations at all times and on time. Where possible, supplier invoices were paid using cash discounts.

The financial position of the Group remains stable. About half of the Group's assets are used for fixed assets. The balance sheet total increased slightly. The Group's long-term financing is secured by its equity ratio, which is well above average.

Equity increased by €38.82 million to €239.98 million, which corresponds to a ratio of equity to total assets of 49.1%.

The personnel structure in the STOCKMEIER Group, which is characterised by flat hierarchies and fast decision-making processes, also contributes to long-term economic progress. Consistent standards are achieved through centralised services, especially for the purchasing, financial management, accounting, human resources, IT, project management and quality management departments. The quality of leadership also improves through management circles. In addition, employees receive professional and personal support regularly in the form of internal and external training courses.



# Always above board

The STOCKMEIER Group is active in numerous countries, coming into contact with different cultures and values in our daily work. It is therefore important to clearly state what our Group stands for and where we draw our boundaries.

The values, principles and actions that determine the corporate actions of the STOCKMEIER Group are clearly communicated to all employees in the Employee Code of Conduct. A business policy strictly in compliance with the law and principles serves the long-term interests of the company. The aim is to rigorously comply with the highest ethical standards and to create a working environment that promotes integrity, respect and fair behaviour. The Code of Conduct applies to all employees, and all contractual partners who

work on behalf of a company in the STOCKMEIER Group are also required to consistently comply with its provisions. We expect all employees to fully comply with the Code in their daily work and there is no tolerance for antitrust violations, cartel violations or corruption in any form.

STOCKMEIER companies undertake to consistently implement compliance and compliance standards in competition and antitrust law, avoid conflicts of interest, maintain data protection and information security, uphold business integrity as well as observe country embargoes and sanctions lists, and to promote and further develop these principles in all business areas.

STOCKMEIER adheres to the applicable laws and regulations in all business activities



## We use four principle mechanisms to prevent corruption:

1

### Double check principle

The double check principle (often called the four eyes principle, the two-man rule or the two-person rule) is a requirement that two individuals approve an action before it can be taken.

The principle of dual control always applies to all business transactions with an external impact and to financial matters.

Legal and financial documents require the signatures of two individuals, while management systems require that important decisions be approved by two separate people before implementation is committed.

The double check principle adds an element of security to any decision-making process. It also helps ensure the integrity of work and the soundness of the organisation.

2

### Separation of functions

Separation of functions (also known as segregation of duties) is the concept of having more than one person required to complete a task.

In business, separation through spreading individual tasks among multiple individuals is an internal control intended to prevent fraud and error.

The appropriate workflows and digitalised payment processes ensure transparency and monitoring of the cash flow. Separating the

3

### SAP authorisation

The SAP authorisation concept protects the SAP system from running transactions and programs without authorised access.

Users can execute transactions and programs in the SAP system only when they have obtained a specific authorisation for this activity.

The SAP authorisation concept ensures proper business processing and is regarded as a corruption prevention mechanism.

4

### Compliance culture

Using the Employee Code of Conduct, STOCKMEIER undertakes to create a compliance culture with its employees that is fully in line with the laws, internal principles and best practice.

Employees are trained in compliant behaviour in the business environment and to be vigilant in order to recognise and deal with any potentially non-compliant behaviour.

All employees are obliged to intervene in any violations and raise these immediately with senior management.

New employees are fully trained, and approved guidelines are available to employees on the intranet.



# Our Environmental Performance

STOCKMEIER strives to reduce its environmental impact by reducing its use of energy and minimising the associated emissions. It is our stated goal to protect the environment. This principle is reflected in how we do business.

Our products help our customers improve their products and processes, contributing to technical developments that improve efficiency and, step by step and brick by brick, also help improve their environmental performance. By incorporating environmental concerns in the design of new processes and facilities, and by managing environmental risks consciously, STOCKMEIER improves its own performance and communicates openly about this performance.

## Energy

STOCKMEIER operations cover a wide geographical range, serving customers in countries including Germany, Spain, France, the Netherlands and several countries in Eastern Europe.

In this, our first Sustainability Report, STOCKMEIER's energy data is correlated on a calendar-year basis (January to December) and relates to operations in Germany only. The energy and CO<sub>2</sub> emissions data relates to the direct energy consumption in our facilities and delivery vehicles. This data does not include emissions from freight forwarders because such data is not available. Nor does it include a reference to the footprints of the products.

### Energy intensity

Energy intensity is a measure of the energy efficiency of a company. It is calculated as units of energy per unit of eco-

nomie activity. High energy intensities indicate a highly efficient process of converting precious energy into valuable economic activity. STOCKMEIER's activity can be divided into two categories:

- Direct delivery (often referred to as "Strecken business") is typically sold by STOCKMEIER but delivered directly from the chemical manufacturer as the supplier to the end customer using external transport equipment.
- Warehouse sales typically consist of product stored on a STOCKMEIER site and delivered mostly by STOCKMEIER's own transport fleet.

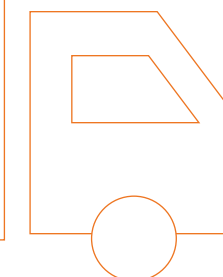
Since the energy consumption of the direct delivery business is not available, the business activity used to calculate the energy intensity and carbon dioxide intensity is that of warehouse sales, without the energy consumption of the forwarding agencies. STOCKMEIER's operations consumed 39 million kilowatt-hours of energy in 2019. This represents 85 kilowatt-hours of energy per tonne of warehouse sales in 2019.

As a distributor, the energy consumed by STOCKMEIER directly is principally made up of road transportation fuels for the delivery of goods to customers and supplies to our sites. Diesel for the delivery trucks and forklifts as well as natural gas and electricity (for heating, lighting and operating production facilities and offices) make up the bulk of the energy consumption.

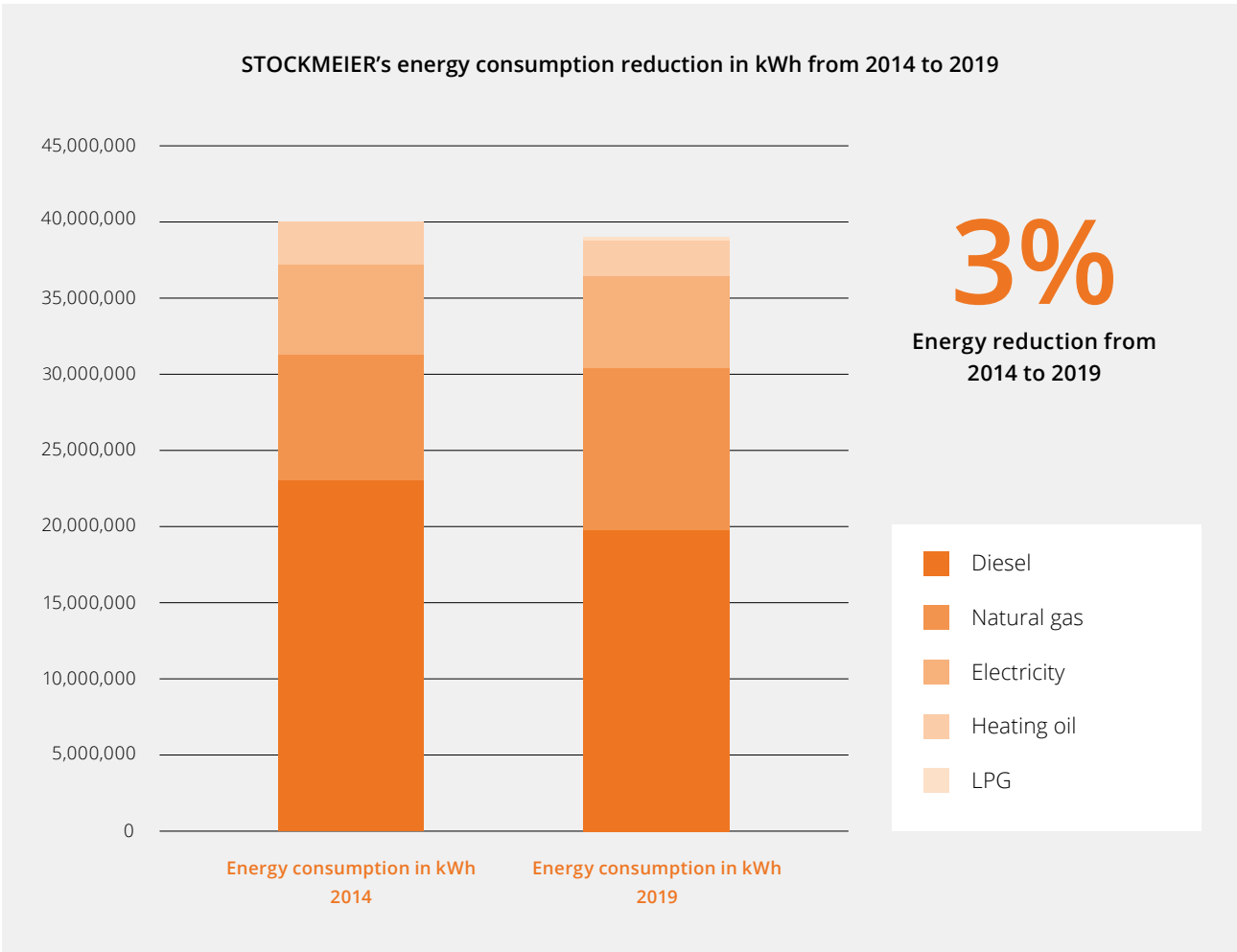
STOCKMEIER consumed

# 85

kilowatt-hours of energy per tonne of  
warehouse sales in 2019







Greenhouse gas emissions

Our manufacturing operations do not produce greenhouse gases as a direct by-product; therefore, direct greenhouse gas emissions can be considered to be zero. Greenhouse gas emissions do, however, result from STOCKMEIER's use of energy and corresponded to 23 kilograms of CO<sub>2</sub> per tonne of warehouse sales in 2019.

STOCKMEIER's business grows and energy use declines

With rising customer demand for our products and services, the STOCKMEIER Group is growing rapidly, and sales tonnage is increasing. Despite this increasing level of economic activity, with investments in more efficient equipment and dedicated management, our environmental improvements and efficiency gains enable us to serve our customers without proportionally expanding our greenhouse gas emissions.

Energy intensity and CO<sub>2</sub> emissions intensity

Between 2014 and 2019, the STOCKMEIER Group's sales tonnage of warehouse goods grew by 20%, but energy consumption fell by 3% in the same period and CO<sub>2</sub> emissions by 19%. This corresponds to a 19% improvement in energy intensity in kilowatt-hours per warehouse tonne sold, and a 33% improvement in carbon dioxide emissions per warehouse tonne sold in 2019 compared to 2014.

**These are enormously encouraging gains that result from a dedicated focus on reducing energy consumption and greenhouse gas emissions. We are committed to continuing on this course and driving greenhouse emissions down to zero by 2050. We realise that the early gains in energy intensity and CO<sub>2</sub> emissions intensity may include "quick wins", and that later gains may require ever increasing dedication and focus. STOCKMEIER will not stray from this path but stay focussed on our journey towards a sustainable future and move towards zero greenhouse gas emissions.**

Reduction of energy consumption

As a distributor, STOCKMEIER's direct energy consumption consists chiefly of diesel for delivery trucks and forklifts, i.e. primarily transportation fuels for the distribution of products and supplies. Natural gas and electricity for heating, lighting and operating production facilities and offices make up our remaining energy consumption.

The examples below underline the quiet revolution at STOCKMEIER when it comes to gradually saving energy. All measures are geared towards the overall strategy of reducing energy consumption and, if possible, using energy sources whose greenhouse gas emissions are inherently lower.

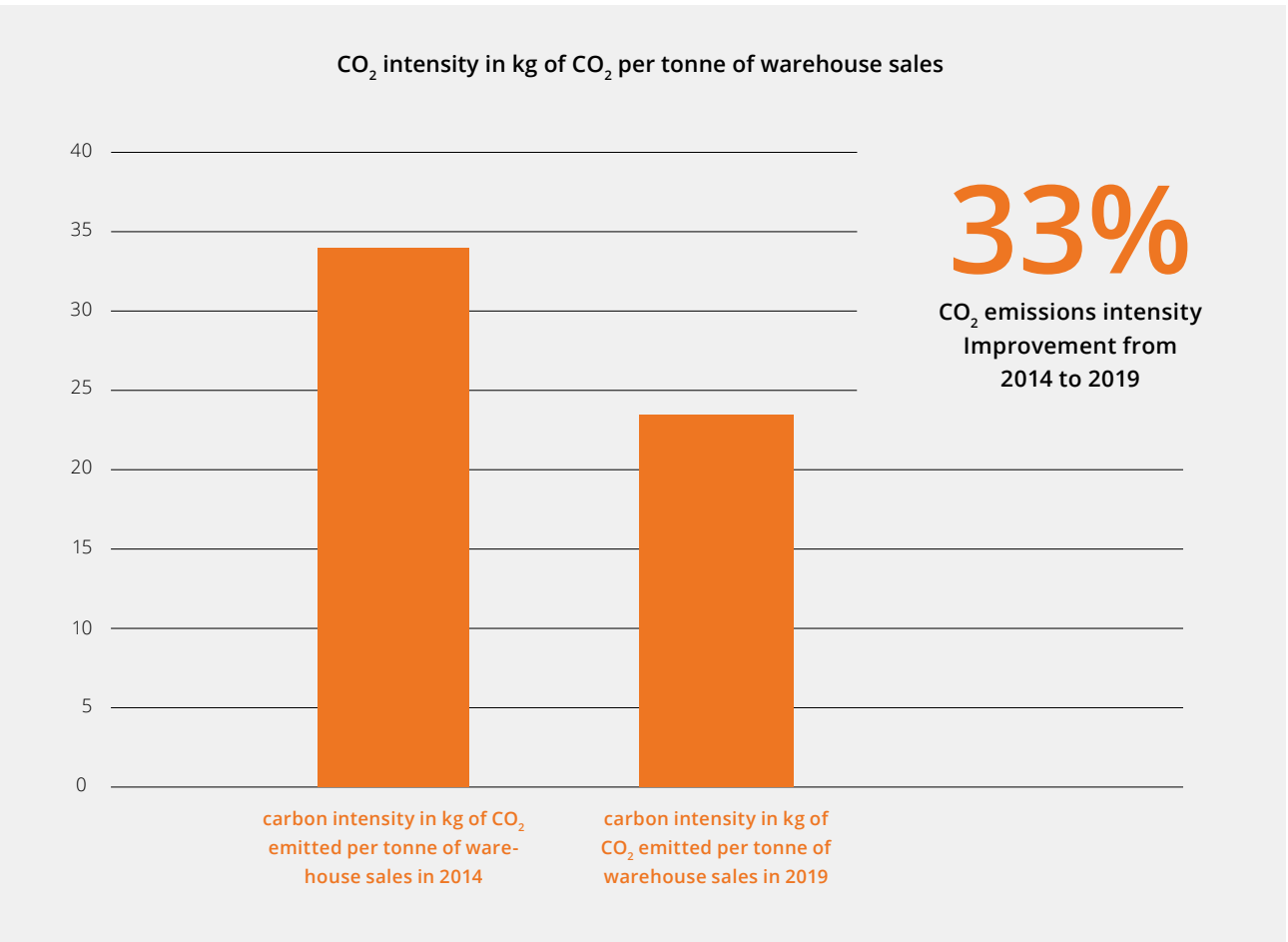
Driving techniques to decrease energy requirements

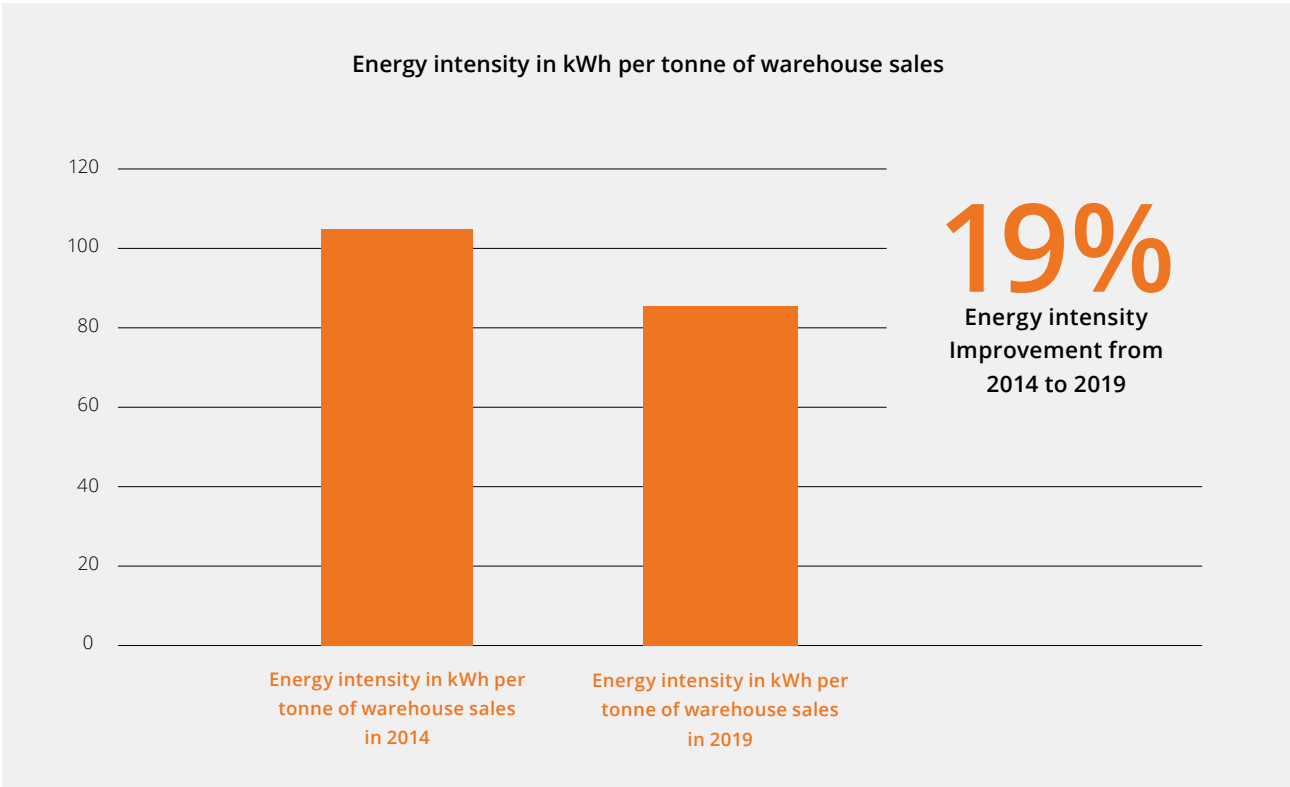
Fuel-efficient driving techniques also help decrease the environmental impact. Such techniques include anticipating traffic flow. Keeping an appropriate distance between vehi-

cles helps STOCKMEIER drivers reduce speed fluctuations in traffic flow, thus enabling steady driving at a constant speed. By maintaining a steady speed at low revolutions per minute, shifting up early and checking tire pressure regularly, it's possible to decrease the energy required to move the vehicle and at the same time enhance safety.

Optimising fleet routes and packaging

By constantly optimising product transport patterns, STOCKMEIER's transport planners combine routes to optimise the truck payload and increase fuel efficiency. Inefficient packaging increases transportation costs and waste, and also impacts warehouse and inventory capacity. More efficient, reusable packaging such as intermediate bulk containers (IBCs) helps reduce costs, emissions and material use.





Water

Our company is not a major user of water. However, we are conscious of the need to carefully manage the use of this resource. Two-thirds of the water we use is taken from the community water supply network, and one third is ground water extracted from company wells.

Approximately half of all water used by STOCKMEIER goes directly into the finished product, where it is used as a diluent. The other half of the STOCKMEIER Group's water consumption is used in manufacturing operations, typically to regulate the temperature of chemical tank facilities and for cleaning. In addition, water is used in offices and plants for toilet and kitchen facilities.

Wastewater is monitored and treated on site as required, before being returned via sewer systems to community treatment facilities.

Water use intensity and water discharge intensity

Thanks to careful management of this precious resource, the STOCKMEIER Group managed to consume just 139,000 cubic metres of water in 2019, which is equal to 302 litres of water for each tonne of warehouse product sold. With approximately half of this going directly into the product, water discharge was just 124 litres of water per tonne of ware-

house product sold. We stand by our firm commitment to a sustainable future and, where possible, zero water discharge.

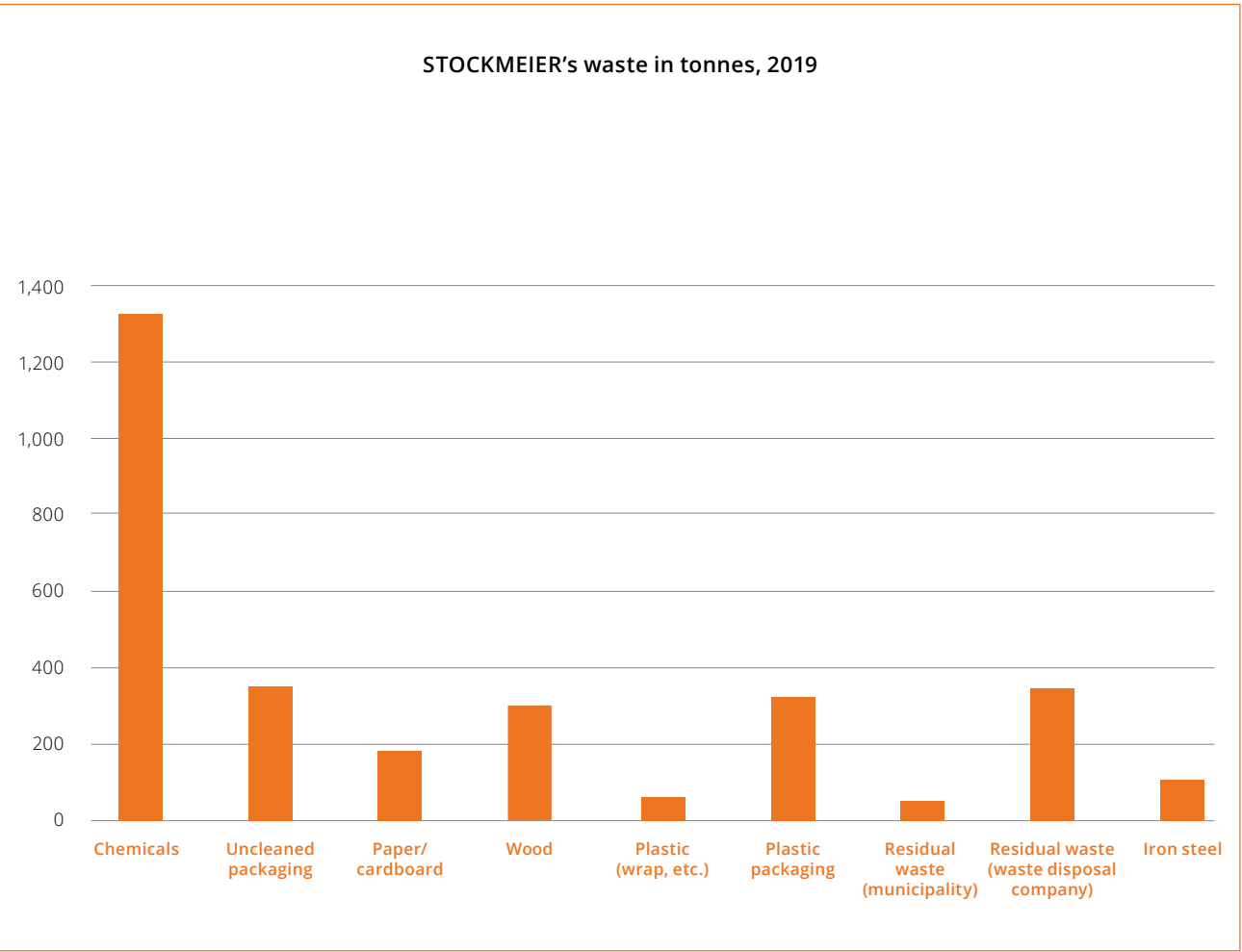
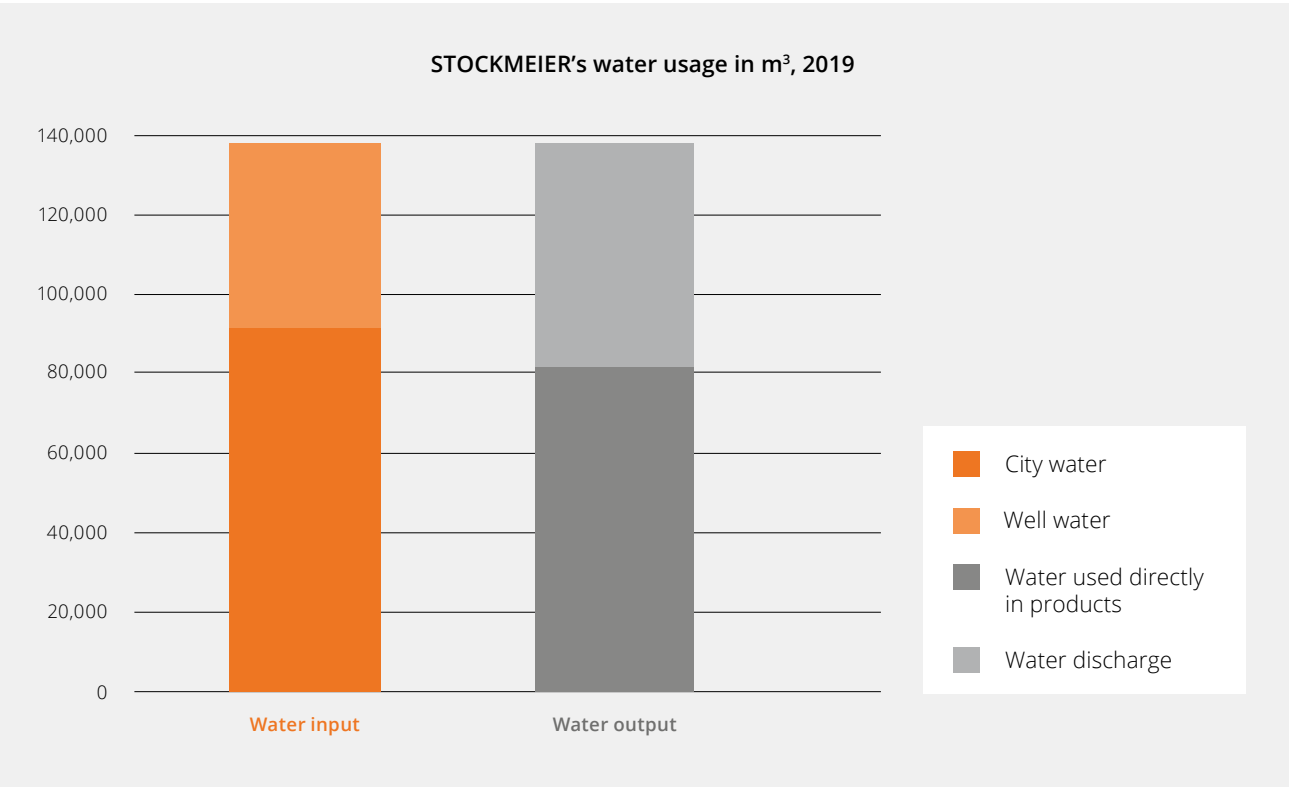
Effluents and waste

The STOCKMEIER Group strives to serve customers well while keeping resource consumption to a minimum. A key focus of these efforts is to reduce waste from manufacturing operations. Our aim is to lower the amount of waste sent to landfills and incinerators, conserve natural resources such as timber and minerals, and reduce the need for new raw materials, thus saving energy.

Waste by type and disposal method

Hazardous waste is composed of chemicals and uncleaned packaging. Other types of waste are non-hazardous. By recycling materials and reusing packaging such as ICBs and pallets, the STOCKMEIER Group has reduced non-hazardous waste to 3.0 kilograms per tonne of warehouse sales and hazardous solid waste to 3.7 kilograms per tonne of warehouse sales.

We remain committed to our journey towards a sustainable future and the move to zero waste of all types, and from all sources, as relates to our business. We maintain an unwavering focus on optimising our business and reducing waste.





## Supplier environmental assessment

### STOCKMEIER's supply chains

The STOCKMEIER Group plays a key role in linking suppliers and service providers with end customers in supply chains where material and information are exchanged. These supply chains incorporate positive social and environmental practices, and their effective management calls for discipline that reduces potential risks, generating long-term value for stakeholders.

Suppliers that comply strictly with laws and regulations – such as human rights, labour, governance and environmental practices – minimise the risks of supply chain interruptions. Reducing their environmental footprint by closely monitoring energy and water use as well as waste and emissions can help suppliers realise efficiencies and reduce supply costs. In addition, creating sustainable products for customers can be seen as a differentiating factor that leads to sales growth.

### New STOCKMEIER suppliers

STOCKMEIER expects suppliers to comply with all national laws and regulations, which may sometimes go beyond local legislation.

That is why new suppliers are assessed for conformity with recognised social and environmental standards, as well as their labour and environmental practices that may affect potential risks.

New suppliers to STOCKMEIER go through an approval process before being accredited as an approved supplier. This new supplier assessment encompasses a risk assessment

encompassing legal, financial, operational or reputational risks. New suppliers must pass the assessment before conducting any business with STOCKMEIER.

Our Supplier Code of Conduct is the standard for suppliers in screening for environmental criteria, and suppliers are encouraged to conserve natural resources, avoid use of hazardous materials where possible, and actively engage in re-use and recycling activities. In addition, new suppliers must meet ethical sourcing standards, which are based on international standards, regarding health and safety in the workplace, environmental policies, harassment, diversity, ethics and labour practices, as well as a carbon emissions analysis.

### Supplier social and environmental assessment

We believe sustainable supply chains are those that ensure the well-being of the people and environments we procure from, while supporting our principle of growing the business through ethical and legal business practices. It is therefore our responsibility to leverage our purchasing power for the benefit of those partners that align most closely with this definition.

### Our core principles of sustainable procurement

We expect our suppliers to conduct their relationship with us and any of our clients, partners and other suppliers on a fair and ethical basis and in compliance with our core principles of sustainability. These principles apply to suppliers' activities and, where appropriate, to their downstream supply chain.

Reducing their environmental footprint by closely monitoring energy, water, waste and emissions can help suppliers achieve efficiencies and reduce supply costs.



## Our core principles of sustainable procurement



### Human rights

We insist on respect for human rights in dealing with supplier stakeholders at large (i.e. team members, clients, suppliers, shareholders and communities). Suppliers should support the principles of the Universal Declaration of Human Rights.

### Compliance with applicable international, national, state and local laws

We recognise that local customs, traditions and practices may differ, but expect as a minimum that suppliers comply with local, national and international laws, including (but not limited to) all environmental, health and safety, and labour laws. We expect suppliers to support International Labour Organization core conventions on labour standards.

### Forced or compulsory labour

Our suppliers must not use forced, bonded or compulsory labour and employees must be free to leave their employment after reasonable notice. Employees must not be required to leave deposits, money or papers with their employer.

### Child labour

We refuse to accept the use of child labour in the supply chain. No one should be employed who is below the legal minimum age for employment. Children must not be employed for any hazardous work or work that is inconsistent with their personal development.

### Equality and diversity

We refuse to accept unlawful discrimination of any kind in working relations and we expect diversity to be promoted. Suppliers should not discriminate in hiring, compensation, access to training, promotion and termination of employment or retirement.

### Employee well-being and development

Where applicable, suppliers should give consideration to flexible working conditions to promote work-life balance, as well as the training and personal development of team members.

### Disciplinary practices

Employees must be treated with respect and dignity. Physical or verbal abuse or other harassment and any threats or other forms of intimidation are prohibited.

### Freedom of association

As far as the applicable laws allow, freedom of association should be respected.

### Health and safety

A healthy and safe working environment must be provided for all employees, in accordance with international standards and laws. This includes making sure that adequate facilities, training and access to safety information are provided. All applicable policies, procedures and guidelines must be adhered to. Where suppliers work on STOCKMEIER premises, or on behalf of STOCKMEIER, for example in the use, handling, transport or disposal of hazardous materials, they must confirm that they understand their obligations. They must also confirm that they have management processes and controls in place and, where applicable, agree to be fully responsible for any liability resulting from their actions.

### Confidentiality and intellectual property

We require our suppliers, contractors and their team members to maintain confidentiality with regard to all information to which they have access, in accordance with applicable laws. We also expect them to protect all intellectual property belonging to STOCKMEIER, our customers, and other suppliers and individuals.

### Refusal of bribery and corruption in business practices

STOCKMEIER is a responsible family business and takes business ethics extremely seriously. We require our suppliers to demonstrate zero tolerance for antitrust violations, cartel violations or corruption in any form. Suppliers must demonstrate that they consistently implement compliance standards in competition and antitrust law, avoid conflicts of interest and actively promote and assess business integrity.

### Environmental impacts

STOCKMEIER continually monitors and evaluates the environmental impacts and risks of its business. We are working to reduce these impacts and promote environmentally friendly policies in areas including:

- Waste and disposal
- Improved efficiency in the use of resources such as energy, water and raw materials
- CO<sub>2</sub> and other gas emissions, as well as other factors impacting climate change
- Environmental impacts such as noise, water and ground pollution
- Management, operational and technical controls to minimise the release of harmful emissions into the environment



### STOCKMEIER Supplier Code of Conduct

THE STOCKMEIER Supplier Code of Conduct was developed to ensure that suppliers enforce safe working conditions, that their workers are treated with respect and dignity, and that their manufacturing processes are environmentally responsible. The components of the STOCKMEIER Supplier Code of Conduct are:

- Labour Standards and Practice – This covers working hours, freely chosen employment, compensation, child labour, freedom of association, non-discrimination, and health and safety
- Environmental Policy – This includes the use of materials and product as well as transport technology
- Documentation and Review Policy – Information on how the code is monitored and reviewed

The STOCKMEIER Supplier Code of Conduct is important because it helps avoid damage to the brand that could result from a supplier's exposure to environmental or human rights violations. As such, it gives both STOCKMEIER and our suppliers a competitive edge.

Our company sources the vast majority of its products from European countries where enforcement of environmental and labour law are rigorous. Hence there is an extremely small risk of environmental or human rights violations in our suppliers' supply chains.

A healthy and safe working environment is one of our core principles



### Important international labour and environmental standards

The labour standards that form the basis for the STOCKMEIER Supplier Code of Conduct are derived from the following international standards:

- UN Global Compact
- UN Universal Declaration of Human Rights
- International Labour Organization (ILO) International Labour Standards

### Important international environmental standards

The minimum environmental standards set out in our Supplier Code of Conduct require suppliers to adhere to the laws of their own country. There are two international standards covering social and environmental issues:

- ISO 14000 is a series of international voluntary standards and guidelines around environmental management systems, ecolabelling, environmental auditing, environmental performance evaluation, environmental aspects in product standards and life cycle assessments.
- SA 8000 is an international standard for decent working conditions covering: child labour, forced labour, workplace safety and health, freedom of association and the right to collective bargaining, discrimination, discipline, remuneration, working hours and HR management systems.



From over

1,500

**STOCKMEIER sources the vast majority of its products from European countries where enforcement of environmental and labour law are rigorous**

STOCKMEIER expects suppliers to comply with all national laws and regulations

STOCKMEIER regards these two standards as best practice guidelines and encourages suppliers to have their production facilities certified according to these standards.

As a distributor, our company acts as a strategic partner to both chemicals manufacturers and end customers. STOCKMEIER buys large quantities of chemicals from the producers to distribute them in smaller quantities to our customers, always striving for long-term and sustainable relationships with suppliers. STOCKMEIER sources products from well-known manufacturers such as Dow Chemicals, BASF, Evonik and ExxonMobil, as well as key regional manufacturers.

The manufacture of products by suppliers may require the use of chemicals, but, from experience, the methods typically used in such manufacturing comply with the highest standards and there is very small risk of conflict with STOCKMEIER's stated social or environmental objectives.

Our suppliers are typically well-established, reputable organisations that operate in regions/countries with strict environmental and human rights enforcement. That's why many suppliers and customers also have a supplier code of conduct. EcoVadis has become the industry's acknowledged leading platform for supplier sustainability assessment. The STOCKMEIER Code of Conduct is based on these indus-

try standards and policies, so STOCKMEIER suppliers' willingness to adopt the Code of Conduct is reinforced by the demands of the market.

Given the very small risk that suppliers are engaging in practices that violate STOCKMEIER's Supplier Code of Conduct, compliance is monitored through appraisals by an external consultancy (EcoVadis) and self-audits by the suppliers. Where there is any cause to suspect an increased risk, a STOCKMEIER team performs an on-site assessment using the Supplier Assessment Checklist.

The policy for handling any violations of the STOCKMEIER Supplier Code of Conduct is communicated to suppliers upon their first audit, including the time frame for remedying any noncompliance, consequences for repeat offenses and circumstances that would lead to termination of the business relationship with the supplier.

STOCKMEIER sources products from more than 1,500 manufacturers. The high integrity demonstrated by these suppliers means that, in our experience, the risk of noncompliance with our stated social or environmental standards is extremely small. This very low frequency of noncompliance enables STOCKMEIER to play an active role in helping suppliers resolve any noncompliance arising from the assessments.



# Our Social Performance

Occupational health and safety is central to STOCKMEIER. We want our employees to return home to their families as safe, and in the same condition, as they were when they arrived for work.

## Comprehensive occupational health and safety

The health and safety of our employees at work is very important to us. This is why we provide annual training to all employees as well as the opportunity to pursue additional general training topics online at any time.

All incidents at work and near misses are taken into account and are evaluated regularly. Incidents resulting in group-wide measures are communicated, with all employees receiving information or new guidelines. Our intranet includes a special "learn from incidents" section. We also hold quarterly HS (health and safety) meetings for debriefing when incidents occur. These sessions bring all our occupational health and safety leaders together. Another HS meeting is held twice a year in the manufacturing companies with fewer than 20 employees. An annual meeting and ongoing exchange among the employees responsible for occupational health and safety promote cooperation at all our companies nationwide.

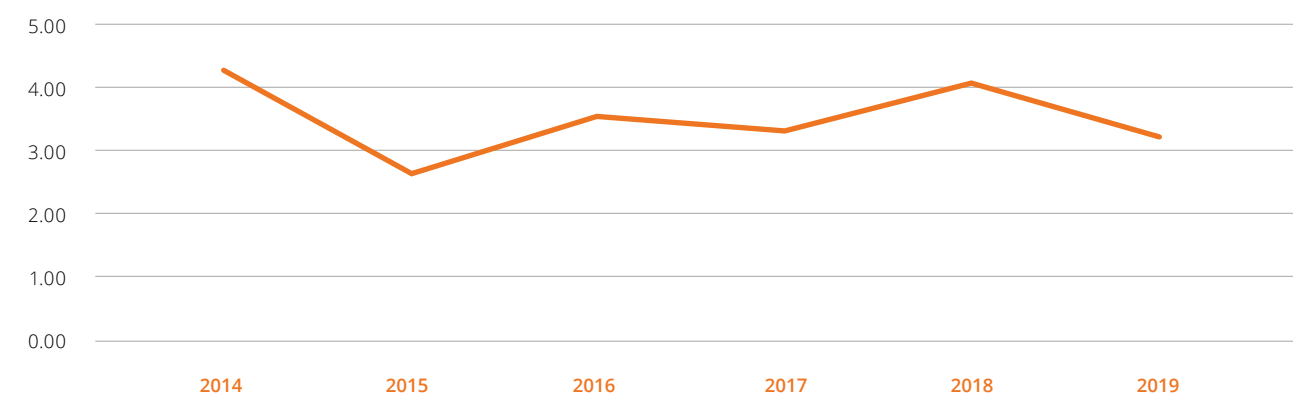
We record and evaluate all accidents at work and near misses. Important conclusions are then communicated throughout STOCKMEIER, incorporated into our occupational health guidelines and included in training measures.

### Significantly below the industry average

The total incidents recorded (TIR) is a key metric for accidents at work. It is calculated by multiplying the total number of OSHA recordable incidents during the reporting period by 200,000 for a certain year, divided by the total number of hours worked by all employees during the same reporting period.

Our TIR (more than 3 days at 200,000 working hours) is 3.35, and in 2019 we had no fatalities and no work-related illnesses. We recently benchmarked our safety performance with the German Chemical Distribution Association (VCH), where 75 companies took part in a study encompassing over 6,000 employees and €6.8 billion in turnover. The average lost time injury rate (LTIR) for this group of German chemical distributors was 8.2. The STOCKMEIER Group has been a member of the VCH since the beginning of the initiative.

Total incidents recorded (TIR) 2019





We believe our LTIR should be zero. All accidents and injuries are preventable, and we continue to work hard to improve our performance. In the case of accidents at work, each employee's quick and complete recovery is important to us. We respect the medical professionals' assessments of the time employees need to rest and recuperate, rather than offering alternative jobs.

In 2018, we took a first step towards ISO certification with one company. This was conducted in cooperation with that employer's liability insurance provider. In the coming years, more STOCKMEIER companies will follow, and we aim to eventually have complete coverage meeting the new ISO 45001 standard.

## We take care of our employees

Work-related ill health is typically a result of bad working conditions or practices. This includes acute, recurring and chronic health issues. Medical professionals work closely with STOCKMEIER to ensure that our systems comply with governmental regulations on topics such as medical records management, emergency response and firefighting.

Our workplace health programme is based on a "from employee to employee" concept. With this approach, we aim to increase participation and acceptance. Each location develops a specific concept in cooperation with the various players. Health days covering special topics as well as ongoing groups are part of the programme.

Our workplace health programme is based on a "from employee to employee" concept



## Ergonomics – a multi-tier training program

Ergonomic advice is available to our employees. They can speak with a knowledgeable health professional and learn strategies to prevent discomfort or to speed the healing process. We also have office ergonomic training and risk assessment surveys that identify potential ergonomic issues. This philosophy is derived from STOCKMEIER's Occupational Health and Safety Policy, which underpins our commitment to continuous improvement in safety performance. The goal: zero injuries or incidents, professional management of safety risks and up-to-date, safe plants and products.

STOCKMEIER has clearly defined and measured safety responsibilities that promote accountability. Senior managers demonstrate safety leadership, delivering a multi-tier training programme that is a key component of our learning organisation as well as a rigorous and meticulous approach to learning from near misses and planning for new investments. Each task must be conducted with a clear concern for safety – our safety, the safety of colleagues and contractors, visitors, our customers and the wider communities in which we operate.

## Best working conditions

Key business challenges such as globalisation and digitalisation have a significant impact on STOCKMEIER, our work and our team. Ultimately, however, our STOCKMEIER staff are truly our most valuable asset.

In a world of constant change, a shared understanding of our values gives us stability and orientation. Defining our STOCKMEIER values helps us in our everyday dealings and embedding these values in our company culture is vital to our long-term success.

A balanced salary strategy, choice of training options, flexible working hours, compatibility of family and career, equal job opportunities and promotion of health and well-being are essential features that will keep STOCKMEIER a great place to work and an employer that attracts the very best talent. As we continue to grow, we hire new high-calibre talent with our personnel recruitment process, which includes career days, social media as well as traditional recruitment.

For this reason, STOCKMEIER sets great store by its portfolio of educational concepts to build on the talent within the

# 6.7%

is the fluctuation rate at STOCKMEIER, which has been very low for years

company, fostering and cultivating people's skills and abilities to excel in both existing and future positions. Career opportunities for our young talent are particularly important to us. We believe that in the end, the attractive employer with competent, skilled and capable personnel will come out on top of the market.

## Substantial employer attractiveness

STOCKMEIER is a third-generation family-owned enterprise with 100 years of a proud company history. Throughout all this time, the focus of our activities has always been firmly on our people. And that remains true today. An attractive work environment that meets the needs of the many different interest groups within the company is not just a nice gesture. It's good for business, too. The positive and balanced working atmosphere at STOCKMEIER fosters motivation and commitment. The positive group feeling and identification with the company are reflected in a rate of staff turnover of only 6.7%, which has been very low for years. Retaining skilled and motivated staff long-term is key to our business, and we see our focus on leadership, cooperation and talent management as vital to our successful future. Consequently, we strive to further cultivate our management culture.





### An open and respectful feedback culture

We are convinced that cooperative leadership, networked staff and an open and respectful feedback culture enhance motivation and are essential to our success. This sets high standards for transparency and communication. Positive leadership requires an active feedback culture. Open and intense communication across all levels in the company is the foundation this culture is built on. We request and give feedback – and we lead with trust, respect and empathy.

### Salary aligned with market standards

STOCKMEIER places great emphasis on offering its staff an appropriate salary as part of their attractive working conditions. It is important to balance the economic interests of the company with the staff's wishes. We are guided by the market standards for internationally operating companies in our line of business. In addition to fixed salaries, which are governed by collective agreement or individual work contracts, our staff also receive variable salary components that depend on individual and company performance.

### Work-life balance is an important factor

Flexible working hours are part of modern companies. With our flexible work schedules and various agreements governing flexitime, we help our staff maximise their potential and align the challenges of their work and private lives.

Modern communication tools help make the workplace more flexible, and work today is more about performance than mere presence. Further important factors enhancing work-life balance are options for parental leave, care of relatives and flexibility in case of emergencies.

Here at STOCKMEIER, we look at each staff member's personal situation and react to their specific requirements. Retaining the knowledge and experience in our teams is enormously important, and we aim to assist all staff on parental leave with their subsequent return to their job.

We promote a responsible and healthy way of life through various measures

### Realising the full potential of our staff

When an organisation develops its employees, it is strengthening its key assets and making these employees even more valuable and more effective. At STOCKMEIER, we believe staff development is an investment in our people that will ultimately result in a stronger, more effective workforce and a stronger, more effective company.

When employees improve their skills and performance, STOCKMEIER achieves higher levels of success. Our objective is to develop and realise the full potential of every member of the STOCKMEIER team, including the management.

Staff development improves the key competencies that enable individuals at STOCKMEIER to perform current and future jobs through planned learning activities. We also help maintain an environment conducive to total participation, quality leadership, and personal and organisational growth. So, through the integrated use of training and development, performance evaluations, organisation development and career development efforts, we improve individual, group and organisational effectiveness and support organisational goals.

Standard performance appraisals conducted company-wide are the bedrock of staff development. They help us reach our goal of more communication, openness and transparency and create a vital opportunity for feedback. They also aid in orientation and alignment through common goals and are the foundation for further personnel development measures. They are conducted in a spirit of partnership and openness, but at the same time they are private and set against the background of personal and professional development.



Our employees develop through continuous training and education

### Some of the ways we support our employees

#### Promoting health and well-being

At STOCKMEIER, we promote a responsible and healthy way of life through various health-management initiatives, such as informative health days that are carried out together with various external health agencies. They cover topics including nutrition advice for healthy living and the ergonomic design of the workplace, and easy workplace fitness exercises are also demonstrated to our staff.

Ergonomics are increasingly important, and a large number of our office workstations are equipped with electric height-adjustable office desks; used in combination with our high-grade office chairs, this can help prevent back complaints. Staff are offered regular preventive medical examinations with the company doctor at no charge.

The Employee Assistance Program (EAP) was introduced throughout the STOCKMEIER Group during 2019. This

initiative offers independent psychosocial counselling for staff through an external counselling service by telephone (hotline). This counselling service covers a wide range of different personal, domestic and professional topics that can lead to stress and anxiety.

#### Business bike

Health and well-being are important to us all, and the benefits of a healthy lifestyle make a positive difference.

As part of this, each member of staff at STOCKMEIER is encouraged to participate in a bicycle leasing scheme with direct financial support from STOCKMEIER.

This is just one more example of the many ways STOCKMEIER actively encourages staff to take positive steps to achieve a healthy, happy lifestyle.



## We support lifelong learning

Learning is a never-ending process. More than in the past, education is now a lifelong process in which the individual acquires skills and abilities in formal and informal learning settings throughout their entire life. Learning improves knowledge, skills and abilities, and lifelong learners are motivated to learn and develop because they want to; it is a deliberate and voluntary act.

STOCKMEIER follows an approach of entirety and accompanies its staff through all stages of professional life.

Personnel development measures match the individual requirements of each member of staff and the workplace, from recruitment through to retirement.

We offer our staff a large number of diverse internal and external training opportunities to consolidate and expand linguistic, professional and personal competencies.

A large amount of learning is based on experience and occurs every day in the workplace. Modern communication technology facilitates internal transfer of knowledge. External training such as sales training and project management, as well as long-term development programmes for specialists and executive staff round out the development measures.

## Discover and promote talents

At the heart of the people management process is identifying key roles and mapping out ways to ensure the organisation has the right people with the right skills, capabilities and experiences, in the right place at the right time.

Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave or retire. Succession planning increases the availability of experienced and capable employees that are ready to assume these roles as they become available.

At STOCKMEIER, we aim to attract the best talent, retain those individuals, and develop them through well-targeted development efforts. Succession planning helps us build the “bench strength” of STOCKMEIER to ensure our long-term health, growth and stability. Based on regular analysis of our current composition, we can prepare for succession in a timely and direct manner.

In order to compensate for potential loss of know-how, long term transit phases are planned and realised. At the

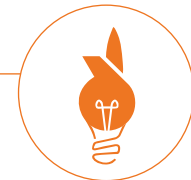
same time, we create career opportunities and offer new challenges to young staff. In this way, we aim to ensure that STOCKMEIER has the right people with the right skills, capabilities and experiences, in the right place at the right time. We also remain capable of responding to demographic changes as well as the demand for creative and qualified staff generated by key business factors such as increased digitalisation and globalisation.

Succession planning helps us build the “bench strength” of STOCKMEIER to ensure our long-term health, growth and stability.

## In-house training improves our performance

Employees achieving the skills to successfully perform their roles is an essential part of any successful business. Here at STOCKMEIER, we pride ourselves on our in-house training system, which helps link employee training directly to increased performance and employee retention. The training system provides our teams access to key specialists while in parallel, trained key members of staff build and reinforce the learning in everyday work situations. This is complemented by detailed documentation and special training videos, which provide engaging ways to educate our staff on specific topics via the company intranet.

Learning opportunities developed and used by STOCKMEIER may be provided to employees as part of legal requirements for industry performance and safety standards or as part of our continuing staff development programme.



## Business Innovation & Digitisation (BID)

STOCKMEIER recently created a special innovative area of organisational development: The Business Innovation & Digitisation Team. (BID)

We cooperate closely with partners to help design tomorrow's world of chemistry. These are comprised of start-ups and external consulting as well as our suppliers and customers.

We develop continuously in order to leverage new digital tools to achieve business model innovation (sometimes in conjunction with a new customer or user value prop-

osition). This lets us utilise new ideas and innovation in a purposeful way for our customers.

In terms of training, we use new, creative learning and working methods such as design thinking, which is a process for creative problem solving. With a human-centred core, design thinking inspires STOCKMEIER to focus on the person we are creating for, which results in better products, services and internal processes. Giving people the freedom to work creatively, we can conduct much of our own in-house training according to this principle.

We use new, creative learning and working methods such as design thinking







Diversity is an important asset for STOCKMEIER

over  
**90%**  
 of apprentices are later offered regular  
 employment by STOCKMEIER

### Top-tier education

As STOCKMEIER continues to grow, we see a steadily increasing demand for qualified junior staff, and STOCKMEIER delivers company-based training and development at all company sites.

Currently, we number 38 apprentices in 12 different professional fields, with both a business and an industrial focus. Thus, we not only meet our company's needs but also our social responsibility. We offer well over 90% of our apprentices employment contracts once their training is complete.

In addition to traditional training, STOCKMEIER also offers the option of work-study programmes, i.e. working as part of a university degree programme. In cooperation with various universities as well as training associations, our team members have achieved qualification up to a master's degree.

### Observing international standards

The observance and implementation of international regulations and standards is extremely important to us at STOCKMEIER. This applies to the protection of human rights as well as the ban on child labour and the violation of compliance rules.

### Supporting diversity and equal opportunity

At STOCKMEIER, we believe that equality is ensuring that everybody has equal opportunities and is not treated differently or discriminated against because of their characteristics. Diversity means taking account of the differences between people and groups of people, and placing a positive value on those differences.

Diversity is expressly sought at STOCKMEIER. The mix of different cultures enriches our everyday work, and learning about other cultures helps us understand different perspectives within the world and within the company.

At STOCKMEIER, we are striving to hire more international staff, not at least because our business is becoming more international. Currently, we recruit staff from 45 nations. Thus, we are a diverse workplace, and we want all employees to feel respected and valued for their unique contribution. We realise that a diverse workforce is a significant factor in

ensuring that the organisation has the right people with the right skills, capabilities and experiences, in the right place at the right time.

STOCKMEIER does not tolerate any discrimination or violation of human dignity. All staff members have the same rights, are equally valuable and have the right to equal treatment. Regardless of their gender, nationality, ethnic background, skin colour, age, disability, sexual identity or religion, they have the same opportunities at STOCKMEIER and the same chances for personal success within the company.

Every single one of us is committed to respecting human rights and putting them into practice. We do not allow any degrading of groups or people because of certain ideals, prejudices or emotional associations.

Every single one of us is  
 committed to respecting  
 human rights and putting  
 them into practice.

### Child labour

STOCKMEIER condemns the exploitation of children through any form of work that deprives children of their childhood, interferes with their ability to attend regular school, and is mentally, physically, socially or morally harmful.

### Freedom of association and collective bargaining

STOCKMEIER is a forward-thinking, modern employer and, as such, respects the right of its staff to organise in employee representations and bargain collectively.

We cooperate constructively and in a spirit of partnership, with regular dialogue between the works council and management. Where appropriate, we come to agreements with the employee representatives.

In Germany, comprehensive regulations are embedded in the Works Constitution Act. Although a works council does not exist in all STOCKMEIER Group companies, we regularly adopt negotiation results and works agreements for the whole Group.



The United Nations is committed to the preservation of human rights worldwide

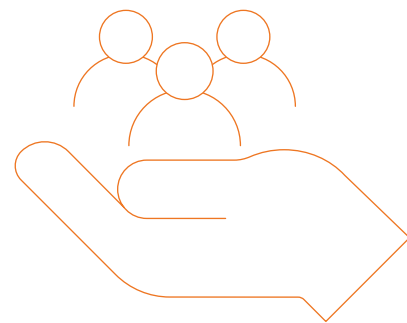


## In contact with local communities

STOCKMEIER takes pride in having excellent relationships with our local communities. In addition to providing employment for almost 1,800 people in over 50 locations, we take a proactive approach and engage positively with local communities.

Our systematic and responsible environmental and safety management ensures that we minimise risks associated with our operations, which prevents any significant negative impact on our communities.

Public services such as fire departments, safety regulators and environmental bodies all collaborate positively with STOCKMEIER and help us maintain the highest operational standards, thus reducing any negative impacts on the local community.



## Good corporate citizenship

At STOCKMEIER, we work hard to remain a good corporate citizen, complying with a wide range of socioeconomic standards. We were not in breach of and did not receive any significant penalties (significant penalties or fines are considered to be in excess of €100,000) and STOCKMEIER was not subject to any substantiated complaints or incidences of:

- Operations with significant negative impact on local communities
- Business ethics noncompliance, anti-competitive behaviour or violations of anti-trust and monopoly legislation, corruption, bribery,
- Data loss or breaches of privacy
- Compliance with environmental laws and regulations
- The sale of banned products
- Noncompliance with product/service information and labelling regulations
- Health and safety impacts of products or services
- Occupational health or safety or environmental laws and regulations including bodies of water affected by water discharges
- Rights to exercise freedom of association and collective bargaining
- Incidents of child labour
- Marketing communications, including advertising, promotion and sponsorship

## Focus on marketing and labelling

Correct, complete and specific information is the basis for sustainable action. As such, marketing and labelling are key components of well-functioning sustainability management.

### Requirements for product and service information and labelling

We deliver products and services safely and sustainably by focussing relentlessly on safe, efficient operations and working with suppliers and customers to further improve health and safety right across the supply chain.

From assessing our suppliers to providing comprehensive information to our customers about the properties and hazards of the products we supply, we go the extra mile to closely monitor and adapt to the latest developments in national and international chemical labelling and regulation legislation.

Our safety data sheets, backed up by our technical team as well as sales training and development programmes, ensure that we convey not only the physical and chemical properties of our products to customers but also the chemical hazards and safe handling guidance.

### Marketing communications

As a global leader in many of our markets, we compete determinedly and honestly for business and do not misrepresent our products, services or prices, or make false or misleading claims about our products or services or those of our competitors.



We give customers comprehensive information about the properties of the products we deliver

### Respect customer privacy

Our Data Protection Officer is responsible for checking and reporting reportable incidents to the state data protection authority.

There have been no reportable incidents or substantiated complaints concerning breaches of customer privacy or losses of customer data in the STOCKMEIER Group over the past five years.







Further  
Information

This report has been published with the intention of promoting the engagement of our stakeholders. In order to pursue this purpose, we want to exchange information about social, economic and ecological performance as well as the goals that we have set at STOCKMEIER.

Sustainability is at the heart of STOCKMEIER's business. We are proud to be able make this claim. That is why we will continue to strive to provide sustainable solutions that help our customers meet their goals while minimising resource consumption to maintain the integrity and stability of the natural system. We try to meet the needs of the present without compromising the capabilities of future generations by minimising the impact on people and the planet.

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External Assurance

Currently STOCKMEIER does not pursue external assurance/verification for its Sustainability Report.

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**STOCKMEIER Holding GmbH**

Am Stadtholz 37  
33609 Bielefeld, Germany  
+49 521/3037-0  
info@stockmeier.de  
www.stockmeier.de

STOCKMEIER Chemie  
STOCKMEIER Chemia Polska  
STOCKMEIER Chemicals Belux  
STOCKMEIER Química  
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