

CORPORATE SOCIAL RESPONSIBILITY

Sustainability Report for 2022

UN Global Compact Progress Report

Kahl GmbH & Co. KG



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In order to improve legibility, the masculine form is mainly used for people and personal pronouns. Female and other gender identities are explicitly included to the extent necessary for the statement.

1. STRATEGY AND MANAGEMENT

1.1 Company Profile

Kahl GmbH & Co. KG (KahlWax™) is a private family business founded in 1948. We are among the leading specialists in the area of natural waxes, including beeswax, carnauba wax, and candelilla wax. We provide our customers with a wide range of products and services, with the focus being on refining natural waxes, custom-designed wax blends, and microwaxes, as well as wax emulsions and cosmetic raw materials. From our production location in Trittau near Hamburg, we supply customers in the cosmetics-, foods- and pharmacy industry as well as the technology industry in more than 50 countries around the world. High quality product- and production standards are thereby the foundation of our success. With our knowhow and years of expertise with our own innovation department, we provide our customers with outstanding service and value-adding solutions.

Scope: The company is active in the following areas of business:

Development, processing, manufacture, and sales of natural and synthetic waxes as well as other related chemical products.

Identity: KahlWax™ is a leading innovative manufacturer of natural waxes with a global presence, consistently high product quality and customer orientation, as well as a high regard for customers and employees.

Stakeholder dialog: Our business activity affects the interests of many people. Continuous interaction with our stakeholder- and interest groups has the objective of harmonizing various concerns as much as possible in order to develop and maintain long term trust. For increased acceptance and transparency, we disclose our decisions and actions in an open dialog with our stakeholders.

Interested Party	Influence	Expectations
Employees	high	Salary payment, fair and equitable treatment, safe workplace
Customers	high	Level of satisfaction (quality, price, deadlines)
Suppliers	high	trustworthy partnership, continuity
Legislature	high	Workplace security, compliance with legal regulations
Contracting party	medium	Reliability, compliance with contracts
Local authorities, veterinary inspection office	high	Compliance with legal regulations
Certification offices	high	Maintaining standards
Owner	high	Commercial success, retention of and increase in value, image
Competition	medium	Maintaining fair principles, collaboration where appropriate

1.2 Strategic Orientation

Our strategic goals are based on the five following cornerstones:

- Development and professionalization of structures and processes
- Innovative processes and high quality production
- Tapping into geographic growth potential in existing sectors through optimized sales processes
- Development of innovative mono-natural waxes and their introduction in the market
- Investigating and tapping into growth potential in other markets

The claim **Creating Future Standards** perfectly summarizes our strategy, which is very strongly geared toward innovations in the area of processes and production technology as well as in the area of new products. Moreover, we are driving our international expansion ahead and are continually optimizing our processes and structures.

1.2.1 CSR Strategy

Corporate Social Responsibility (CSR) is firmly enshrined in our corporate strategy and goals. We want to be perceived as a reliable and responsible partner. Additionally, we intend to use our expertise and opportunities to contribute to positive economic and social changes. We believe this brings added value for many of our stakeholders – customers, employees, shareholders, business partners and the communities in which we operate. In this area, we have also made it our mission to live up to our claim: **Creating Future Standards**.

Our guiding principle is: By acting responsibly and sustainably, we are shaping the future as an innovative manufacturer with a high regard for the environment and society.

The focus of our goals and actions is on three key areas:



1.3 Classification of CSR Management

Our business activity and strategic goals are consistently oriented with regard to their effects on the environment and the people around us. We always act with an awareness that we are responsible for our actions and that our commercial success must be sustainable. We thereby consider CSR a part of our business strategy. A structured CSR management is important to us. Therefore, we formulate clear actions and measurable values to ensure that our goals are transparent and comprehensible.

The CSR team is comprised of nine employees who respectively represent one of our departments. Furthermore, one member of the management team assumes the team leadership role. Accordingly, there is at least one appropriate expert on a team for each sustainability aspect, and the entire company is represented, including all of its departments.



1.4 Definition of sustainability

For us, sustainability with regard to our raw materials means that the systems in question are not damaged by cultivation, harvesting, and processing of the original plant or our raw material. The use of resources must also not lead to their loss.

But sustainability is not merely a question of environmental protection and nature conservation or resource consumption. Important environmental protection issues should also be compatible with social (societal) and economic (business) goals. After all, society, the economy, and the environment all affect each other. In order to create a balance, equal consideration must be given to these three areas so that our descendants can still meet their needs in the future. Using the same approach, we also apply the basic idea of sustainability to social and economic aspects.

2. BUSINESS ETHICS

2.1 Corporate Management

For us, as an innovative family company, the high quality of our products, sustainability and safety in production and for employees are key factors for our daily activities and success. We consider that responsible corporate management derives from the example of the prudent businessman, the company values and internal and external guidelines, to which we are committed. These characteristics contribute significantly to our CSR strategy.

KahlWax™ works systematically on developing a comprehensive management system that complies with international standards and the requirements for quality control, product safety, as well as environmental and consumer protection. All sectors are continually in contact in order to be able to guarantee high quality standards in the acquisition of raw materials and up to the resale of the functioning contents. We thus assure conscientious monitoring of all in- and outgoing products as well as conformity with currently valid laws and regulations in the sectors of the food, pharmaceutical, and cosmetics industries.

2.2 Code of Conduct

The good reputation of KahlWax™ and the trust granted us by our business partners, customers and the authorities depend decisively on the conduct of each individual employee. In order to achieve the basic requirements for responsible corporate management, all employees must follow the guidelines of the internal code of conduct, in addition to laws and ethical standards. This code serves continually as a guide and equally as a binding pledge for all of the concerned parties. The code of conduct includes, among others, guidelines on the following points:

- Mutual respect, integrity and compliance with law
- Data protection
- Protection of company assets and trade secrets
- Work, health and environmental protection
- Anti-discrimination, racism and integration
- Anti-corruption
- Ombudsman for anonymous and non-anonymous reporting (whistleblowing procedure)
- Continual improvement

2.3 Corporate values

Throughout the year, we decided that we would like to establish corporate values at KahlWax™ to provide employees with a fundamental regulatory framework for our actions. Corporate values form the core of a company and clarify what the organization and employees represent so that everyone involved can base their actions on them.

The corporate values will be clearly communicated to all stakeholders in the course of 2023 so that they can understand and implement them. They are expected to shape our identity and reflect our corporate culture.

QUALITY → we are experts and act accordingly

Quality does not only refer to our products or a systematic approach. It is equally important in all areas. This also means that we try to continuously improve in every respect.

RESPECT → treat everyone politely and with respect

Everyone in the company should treat each other with respect, appreciation, and equality. This applies to daily interactions as well as conduct in critical situations. Respect must also be extended to the social environment, customers, business partners, service providers, and the environment.

INNOVATION → we want change, innovation, and improvement

Innovation refers to new concepts or optimization of products, procedures, processes, and workflows arising from ideas. It is important to question whether a particular product or process makes sense.

RESPONSIBILITY → we take ownership of the tasks assigned to us, but we also take on these tasks independently

Taking ownership of assigned tasks means to ensure that everything runs smoothly to produce the best possible results. This involves doing whatever is necessary and right in each case so that the intended goals can be achieved. Moreover, it is important to be ready to accept responsibility independently.

WILLINGNESS TO PERFORM → we act ambitiously

Willingness to perform is demonstrated through independent, industrious work as well as consistent action that is geared towards the achievement of previously established goals. Some goals are intended to be tackled individually, while other goals are meant to be achieved through team effort or are part of corporate goals.

COMMUNITY → we consider ourselves to be a community

Commonality is the foundation of any well-functioning collaborative activity. This creates dependable cohesiveness, especially in difficult situations. A sense of community increases the likelihood of achieving a desired goal.

SUSTAINABILITY → we are conscientious about our environment and our fellow human beings and act accordingly

Sustainability involves acting ethically, responsibly, and steadfastly in the interest of the common good and the environment. For lasting effectiveness, unnecessary strain on resources of any kind must be avoided.

2.4 Certifications and Standards

KahlWax™ is already certified in compliance with certain standards and fulfils the requirements stemming therefrom with regard to environmental management:

- ISO 9001: 2015
- HACCP
- COSMOS Natural Cosmetic and COSMOS Organic Cosmetic
- Halal
- Kosher
- RSPO

Since 2021, we have a list of products that is also certified according to the **NATRUE standard**. To date, there is no official regulatory definition for natural and organic cosmetics. Products must primarily comply with EU Cosmetics Regulation 1223/2009, beyond which there are only private standards. Organic ingredients are regulated by Council Regulation (EC) No. 834/2007 for organic agriculture. NATRUE (the international natural and organic cosmetics association) is an international non-profit organization located in Brussels. Its mission is the worldwide promotion and protection of natural and organic cosmetics. Since its founding in 2007, NATRUE has been offering natural and organic cosmetics manufacturers a way to make their high quality standards visible to consumers with a label. NATRUE certification is available for raw materials as well as finished products. The process is identical and follows generally accepted certification procedures.



EcoVadis provides holistic corporate social responsibility ratings to companies through a global cloud-based SaaS platform to help companies better manage and communicate their CSR performance in a clear and trackable way. Each company is rated on issues relevant to its size, location, and industry. For our customers and business partners, we have had KahlWax™ evaluated by EcoVadis for many years now.

The goal of this CSR assessment methodology is to evaluate the quality of the company's CSR management system based on its policies, actions, and results. The assessment focuses on 21 criteria, which are divided into four topics: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. We were able to steadily improve on the rating and received a silver medal in 2021.



2.5 UN Global Compact

In December 2021, we were recognized by the UN Global Compact Office of the United Nations as a supporter of the Global Compact. The UN Global Compact is the world's largest and most important initiative for sustainable and responsible corporate governance. The German Global Compact Network (DGCN) with more than 800 participants from business, civil society, and politics supports companies in strategically incorporating sustainability based on ten universal principles and contributing to the implementation of the Sustainable Development Goals. Compliance with these ten principles is an obvious choice for us. We are therefore pleased to be able to support the UN in this important mission.



Netzwerk
Deutschland

Businesses should:

1. support and respect the protection of international human rights.
2. ensure that they are not complicit in human rights abuses.
3. uphold freedom of association and recognize the right to collective bargaining.
4. advocate for the elimination of all forms of forced labor.
5. advocate for the elimination of child labor.
6. advocate for the elimination of discrimination in job searches and at the workplace.
7. follow the precautionary principle in dealing with environmental issues.
8. take initiatives to promote greater environmental awareness.
9. expedite the development and distribution of environmentally friendly technologies.
10. fight corruption in all its forms, including extortion and bribery.

The KahlWax™ management is committed to ongoing support of the Global Compact and renewal of the company's commitment to the initiative and its principles.



2.6 Social commitment



KahlWax™ has supported a social project in Pedro II in Piauí, Brazil, since early 2022. In collaboration with other sponsors (like Brasil Ceras and the Instituto Sustentabilidade da Carnaúba), Fundação Santa Ângela created Project **Inclusive Carnaúba for Education and Biodiversity**. Thirty students from families working in the carnauba wax sector were able to enroll in vocational courses in agriculture, agribusiness, and animal husbandry. A special consulting firm, specialized in the development of models for agroforestry systems, was hired to develop system models for sustainable treatment of carnauba palms and explain them to the students. The focus is on conservation of fauna and flora as well as on palm management as a source of income. The sponsors contribute to the costs of the educational program as well as accommodations for the students and materials for the courses. Courses began in March 2022 and will continue in 2023.



carnauba
sustainability institute

Biodiversity. Thirty students from families working in the carnauba wax sector were able to enroll in vocational courses in agriculture, agribusiness, and animal husbandry. A special consulting firm, specialized in the development of models for agroforestry systems, was hired to develop system models for sustainable treatment of carnauba palms and explain them to the students. The focus is on conservation of fauna and flora as well as on palm management as a source of income. The sponsors contribute to the costs of the educational program as well as accommodations for the students and materials for the courses. Courses began in March 2022 and will continue in 2023.

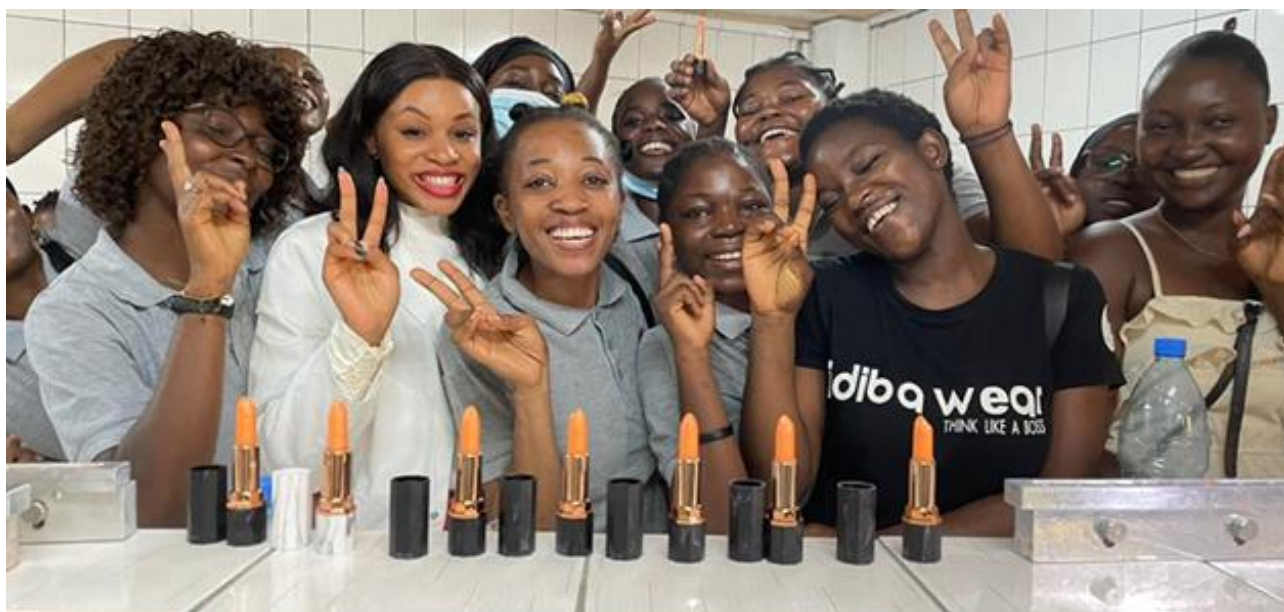


We donated beeswax, carnauba wax and candelilla wax to the **SHE ENVISIONS** project (Sustainable Growth Projects e.V.) in Cameroon in late 2021 and early 2022. The project offered workshops on lipstick formulation and production at two universities in Cameroon – at the “Second Chance” continuing education program for female refugees and the continuing education center for female cosmetics startups. More than 300 women participated in these workshops and were able to expand their knowledge in the field of cosmetics technology.



SGP
SUSTAINABLE
GROWTH PROJECTS e.V.

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Moving forward, the company will support various annual donation campaigns under the title "Birthday Donation". On their birthday, each employee receives a card on which they can select which project they would like the company to support. This gives them the opportunity to decide for themselves which project the birthday donation of €10 should go towards.

At the end of the year, the donations are rounded up and transferred to the respective projects.

The following projects were selected for the year 2022:

- Nature conservation foundation Stiftung Naturschutz Schleswig-Holstein

The clear idea behind the foundation's work is to find the best possible way to realize nature conservation and biodiversity in Schleswig-Holstein.



- Trittauer Tafel

Every day, volunteers collect surplus groceries from supermarkets, bakeries, and other stores to distribute to fellow citizens in need.



- Kinderhaus "Blauer Elefant" Stormarn

Since its foundation, the child protection agency "Kreisverband Stormarn" has been representing the interests and rights of children and advocating for stable coexistence in families.



A total of EUR 750 went to the three different projects.

3. EMPLOYEES

3.1 Corporate Culture

KahlWax™ currently has 68 employees at the Trittau location. We inspire and recruit talented people from diverse backgrounds for our company. We treat every individual with respect and fairness, do not tolerate any form of discrimination, bullying, or harassment in our work environment, and encourage all employees to pursue personal career development.

We are aware of our obligations to respect personal dignity, the privacy and personal rights of all employees and our customers, service providers and suppliers. KahlWax™ expects that our employees as well as our customers, service providers and suppliers acknowledge and adhere to these principles.

KahlWax™ emphasizes a prejudice-free and integrated personnel policy. The corporate culture is characterized by tolerance and equal opportunity, regardless of factors such as age, gender, ethnic background, religion or world view, sexual orientation, or disabilities.

All employees undergo continuous training on various topics and receive support in their career development.

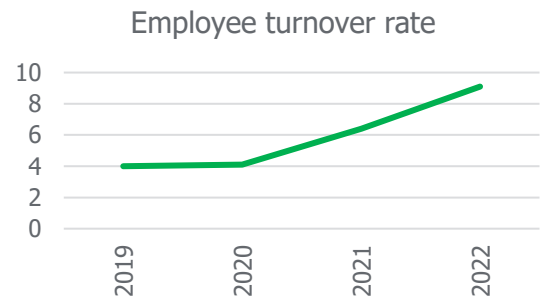
The average training hours per employee in 2022 were 10.91 hrs.

The 68 employees are 46% male and 54% female. It is unknown whether any employees identify as non-binary. There are 11 part-time employees (as of December 2022).

Proportion of women in upper and middle management: **40%**
(Management team: managers and directors)

Proportion of women in lower management: **42%**
(Team Leaders)

At 8.01 years, the average employee tenure at KahlWax™ is pretty good. The employee turnover rate was 9.1% as of December 31, 2022.



3.2 Labor & Human Rights Policy

At KahlWax™, we strive for exemplary quality in products and processes as well as in behavior. Our newly devised corporate values will support us in this endeavor. This is because we firmly believe that respecting and upholding our values will continue to be the foundation of our success in the future. Committed to these business principles, we have introduced rules and procedures in our company to ensure that we can all live up to these high standards. In 2022, we devised a new Labor & Human Rights Policy that includes the following:

- Basic provisions on respect for human rights
- Child labor and young workers
- Forced or compulsory labor and human trafficking
- Harassment
- Non-discrimination
- Working conditions
- Wages and benefits
- Working hours
- Freedom of association and assembly
- Occupational safety

These rules and procedures are constantly updated and adapted to current and legal requirements. A summary of our guidelines can be found in our Code of Conduct and as an appendix to our Quality Management Manual. This way, they are accessible to all employees.

3.3 Internal Communications

KahlWax™ is working on an open communications culture in order to improve the trustful relationship between management and employees. This includes the establishment of target agreements and regular employee feedback discussions. Apart from that, we have established guidelines on topics such as working from home (mobile working) to guarantee a uniform approach. All employees have current issues and information put forth in the context of employee info meetings.

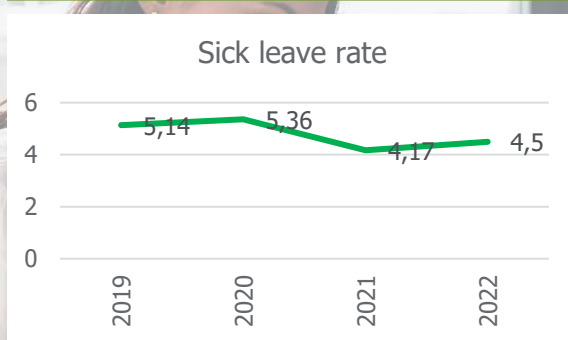
3.4 Work Safety and Health

We promote the health and wellbeing of our employees in order to maintain their motivation and performance over the long term. A safe workplace is thus a basic prerequisite. In the offices, all desks are height-adjustable to establish a more ergonomically designed workplace.

All employees obtain regular workplace-related safety instructions to minimize the risk of accidents. There are a sufficient first responders, evacuation assistants, and fire protection volunteers for all areas on the site.

In 2022, there were two workplace accidents, but they were not reportable. An accident is considered reportable when the employee is absent for more than 3 days.

Health management at KahlWax™ continually strives to improve individual work areas.



In 2022, the national average for sick leave was approximately 5.6%. At KahlWax™, the sick leave rate was 4.5%.

We would like to effectively reintegrate employees who are returning after a long absence. In this context, company integration management develops individual solutions to adapt the work situation to the needs of the employee.

Among the health advances made operationally there are, in addition, regular back massages and the free provision of beverages and fruit.

4. PRODUCTS

Natural waxes are among the oldest raw materials used by humans. Wax is multitalented. It is used for all possible goods and purposes: From candle production to preserving fruit, in the cosmetics industry, for polishing cars, and right up to combing whiskers and on to polishing furniture. Although we may not always notice, wax is contained in a number of products we use daily. KahlWax™ sells natural and synthetic waxes for technical applications and as additives for the cosmetics-, pharmaceutical- and foods industry. Depending on the type and origin, waxes are distinguished by appearance, properties and areas of application. We procure our raw waxes from around the world. We care about our relationship with our suppliers and commit ourselves to sustainable production. The traceability of our goods thereby assures quality and a stable supply chain.

Most of our raw materials that are used for natural waxes are by-products of other industries; thus, we engage in upcycling to a great degree. Upcycling is a form of recycling of materials. Useless by- or waste products are converted into new raw materials with the aid of upcycling. Differing from recycling or downcycling, upcycling results in a material appreciating in value. The process of recycling of available material reduces the need for newly produced raw materials and thus functions to preserve resources.

Examples include beeswax, tea wax, sunflower oil wax, rice bran wax, orange peel wax, jasmine wax, mimosa wax, and rose wax.



4.1 Product Responsibility

Quality starts at procurement. Traceability, sustainability, and stable supplier relations are thereby the most important building blocks for an outstanding product. Close cooperation with suppliers and a strong presence in countries of origin together can lead to continually improving raw material quality parameters. We have these wax qualities thoroughly investigated in collaboration with specialized laboratories and communicate them openly to the customer for transparency and trust. We ensure constant improvement in social and ecological aspects for all facets of our product portfolio.

The continual development of a sustainable portfolio and the provision of alternative product solutions are important contributions to achieving our sustainability goals and to supporting the recycling economy.

In a joint effort with our suppliers and customers, we concentrate on research and development for innovative alternatives to reduce burdens on the environment, to save energy and resources, and thus to promote environmentally friendly and especially sustainable sourcing and production.



4.2 Supply chain responsibility

We take responsibility for environmental, human rights, employment, and social standards in the supply chain. We are working to identify and evaluate ecological and social risks, negative effects and developmental potential along the supply chain. Our Ethical Purchase Policy allows us to ensure that our suppliers are also qualified to uphold our standards.



KahlWax™ is a member of the Roundtable on Sustainable Palm Oil (**RSPO**), founded in 2004 at the initiative of the WWF. As a central organization, it attempts to promote sustainable cultivation methods for palm oil and thus to limit environmental damage. Other members of the Roundtable, aside from environmental protection groups and other NGOs, are mainly companies and institutions from the palm oil value added chain, including plantation operators, traders, and industrial purchasers of palm oil, but also investors and bankers. A certification system is intended to ensure that principles and criteria are maintained. Producers are examined during the RSPO certification to ensure that palm oil is being produced in correspondence with these criteria. The RSPO certification of dealers and other companies in the supply chain is intended to ensure that information on the use of certified palm oil is truthful. The RSPO certification of the supply chain hereby approves and checks various types of information. KahlWax™ has decided on mass balancing. In the process, a specified ratio of certified and non-certified palm oil is assured along the supply chain, including the end product.



As a member of the **IRC** founded in 2018, KahlWax™ pursues the goal of overcoming the social and biodiversity problems of the carnauba value chain.

A large portion of carnauba production takes place in the northeast region of Brazil, in Piauí and Ceará, which belong to the poorest regions of Brazil. The country suffers under difficult conditions and the inadequate management of the local habitat. Employees report long and excessive working hours and exploitation, whereby the latter is not limited exclusively to the carnauba sector.

Compared to earlier times, employees have already experienced improvements. Despite that, some still do not receive a minimum wage, have too little training and only inadequate access to first aid equipment in the field. Nevertheless, health- and safety measures have improved with the distribution of personal protective equipment and the training of machine operators.

Since 95% of carnauba wax production involving 100,000 to 200,000 workers takes place in Piauí and Ceará, KahlWax™ is devoted to helping Brazil improve the current situation in order to assure sustainable and fair carnauba production.





In order to achieve this, KahlWax™, is a part of the IRC, which promotes cooperation in human rights and biodiversity practices in the carnauba value added chain in Brazil, in harmony with the demands of the **Union for Ethical Biotrade** (UEBT). The goal is to support carnauba processing companies in improving work and wage conditions for workers. Besides KahlWax™, the project also involves Brazilian and international stakeholders, the government, and institutions of civil society, as well as a few others. As members of the IRC, they must adhere to certain obligations. For example, they must not be listed on the criminal prosecution list of slave labor companies of the Brazilian government. They must also facilitate traceability and annual inspections by third parties. The results are already evident: The IRC achieved progress in the form of presentations at international events, dialog with local governments, cooperation between IRC members, and improvements in practices in the value chain (e.g. training or tracing).



KahlWax™ purchases carnauba wax exclusively from UEBT members.



With a nominal GNP of USD 908 per capita/year, Uganda is one of the poorest countries in the world. The main export is coffee, which accounts for 20–30% of export earnings.



In Uganda, we are supporting a Self Help Africa NGO project called **MORE** (Market Oriented Rural Enterprise). This project focuses on transforming the lives and increasing the incomes of 2,000 smallholders whose income is based on beekeeping and its related products such as honey, propolis, and beeswax. The project helps them improve their skills, increase their competitiveness, and gain access to reliable markets.

Among others, the project will also support the commercial goal set by the Danish company, Swienty A/S, and the Ugandan company Golden Bees Ltd. in order to increase the quantity, quality and traceability of honey and wax from Uganda.

4.2.1. Key performance indicators (KPIs) in the supply chain

We define four KPIs for sustainability in the supply chain. Suppliers are included/rated based on the following aspects:

- has acknowledged our Ethical Purchase Policy (EPP)
- publishes annual CSR report or is a member of EcoVadis or similar organization
- has sustainability certification, e.g. ISO 14001 or RSPO
- praises sustainability in its documentation or on its website

Number of suppliers	EPP signed	CSR reporting	Sustainable certification	Environmental policy statements
121	110	75	71	10
100%	91%	62%	59%	9%

Of all palm oil-based raw materials purchased, 100% were RSPO certified. For palm kernel oil-based products, the figure was 94%.

4.3 Quality management

To fulfill contractual agreements, customer requirements and to plan, implement, monitor and improve all quality relevant activities, and to improve customer satisfaction, Kahl GmbH & Co. KG maintains a quality management (QM) system per **DIN EN ISO 9001: 2015**.

Our quality policy pertains to the area of customer satisfaction, product quality, product safety, continual improvement, and personnel responsibility. Once annually and in the context of evaluating the QM system, measurable quality goals are developed and set by company management, together with those responsible for the sectors. Attainment of the goal is determined the following year in the evaluation of the QM system. QM system documentation is subdivided into the individual business sectors. Each sector is subdivided into further sections. All documentation is designated according to an established code. The current QM handbook documents are stored on the in-house EDP network for all employees. Information on updating, new editions or other changes to documents is handled by quality management per e-mail to the employees. All outside complaints and internal deviations are recorded and related to the delivered batches as a percentage.

4.4 Productivity

The most important resource for a company are qualified employees. Acquiring them, promoting them, and retaining them for the company is an important competitive factor – and, at the same time, a challenge for personnel management. In addition to employees, order placement and the machine park are significant factors in the efficiency of a manufacturing company.

As was the case in the two prior years, many office-based employees regularly worked from home offices.

We continued to record a high level of incoming orders, and production was running at high capacity for long periods.

However, the global shortage of raw materials or supply chain issues have had an impact on KahlWax™. Many raw materials were not delivered in the expected volume, quality, or delivery period. In addition to increased demand, transportation problems and production stoppages at suppliers were the main reasons for the situation. Furthermore, trade policy measures lead to supply bottlenecks and price increases.

5. ENVIRONMENT

As was the case with many other companies, the consequences of climate change and environmental degradation also impacted KahlWax™ directly: Natural resources are becoming scarcer, fossil energy sources are becoming more expensive over the long term and, not least, customers are becoming more critical in the selection of their suppliers.

To coordinate climate and environmental measures, many companies have introduced environmental management systems in the meantime. They serve to systematically uncover and eliminate weak points in the company as well as to continually improve in-house environmental performance.

We decided to tackle the necessary preparatory measures for a possible certification according to the environmental management standard ISO 14001. We set a project period of 5 years for it.

5.1 Environmental Policy

We have formulated a new environmental policy in 2022. We consider it part of our quality policy and have incorporated it into our company manual. In 2023, we will conduct a risk assessment to help us identify the targets and actions we need to take.

5.2 Industrial Environmental Protection

Even though we use 100% green power at KahlWax™, we do not think that goes far enough. We want to reduce Scope 2 emissions by 50% by 2030 as a milestone goal. To achieve this goal, we are planning on using solar energy, a lighting concept to save electricity, and automatic regulation of radiators.

The pipelines and boilers in the production areas have been extensively insulated. We hope that this will lead to a measurable reduction in heating oil consumption.

5.3 Climate Protection

How large is the carbon footprint at KahlWax™?

To answer this question, the directly caused emissions must be considered, as well as the upstream and downstream activities within the value added chain, which also cause emissions.

Once a year, we determine the directly caused emissions based on mobility, electricity, and heating oil consumption (scopes 1 and 2).

The resulting CO₂ emission in 2021 amounted to 1,121.6 metric tons and thus increased slightly compared to the previous year.

The following values were calculated for 2022:

Scope 1	1,030.3 t CO ₂
Scope 2	211 t CO ₂
Total	1,241.3 t CO ₂

The increase is based on raised production volumes.

5.4 Waste and Recycling

Avoiding waste is a top priority for us and the waste produced is separated, because separation of waste is the most efficient way to promote recycling. At KahlWax™, the strict separation of waste therefore prevails in the areas of the laboratory, in production and in storage according to the Commercial Waste Ordinance.

All employees are instructed to use general consumable materials as much as needed, but also as little as possible. Rechargeable batteries and energy accumulators are used wherever possible in the company. We have significantly reduced the number of printed labels and switched 90% of our customers to digital invoicing.



The waste to be eliminated is broken down as follows:

Description	Quantity (mt) 2020	Quantity (mt) 2021	Quantity (mt) 2022
Mixed municipal waste	233.68	250.68	267.28
Wood	62.86	56.87	28.55
Solvents	0.385	0.216	0.393
Washing liquid	60.59	67.79	88.75
Iron and steel	11.229	5.73	8.92

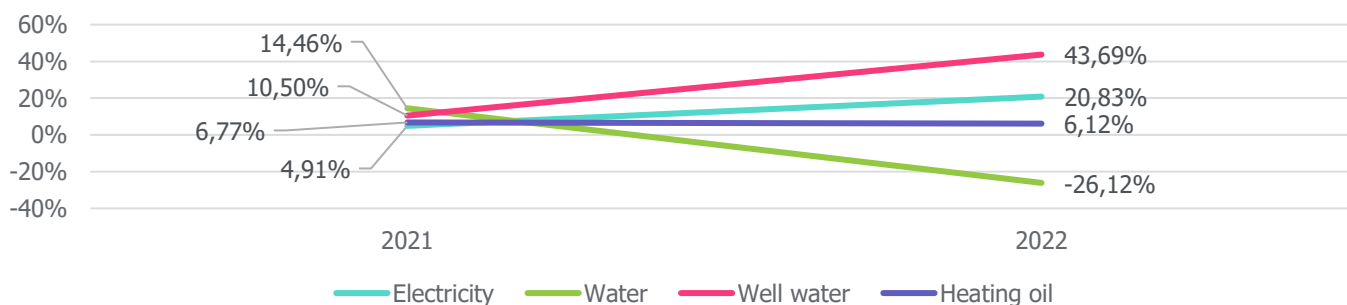
Since August 2022, wooden pallets have been discarded for recycling, which has reduced the wood waste by almost 50%.

In February 2022, we switched from disposable aluminum trays to washable stainless steel milk jugs for sampling in the laboratory. Previously, approximately 8,000 aluminum trays were used per year. This equates to approximately 60 kg of aluminum waste annually, which is now eliminated.

Compared to 2020, there was also no short-time work in production in 2022 and production was regularly carried out on Saturdays.

Description	Consumption 2020	Consumption 2021	Consumption 2022
Electricity	361,187 kWh	378,907 kWh	457,843 kWh
Water	4,323 m ³	4,948 m ³	3,652 m ³
Well water	24,363 m ³	26,921 m ³	38,684 m ³
Heating oil	276,433 L	295,147 L	313,223 L

Resource use



6. DATA AND FACTS

6.1 Goals

We are targeting the following goals:

- Become one of the top employers in the region
- Offer apprenticeships again starting in 2025
- Continue to forge ahead with digitalization with a focus on reducing printouts
- Starting in 2026, purchase $\geq 1\%$ raw materials certified in terms of sustainability
- In line with Science Base Targets (SBT), reduce scope 1 and 2 $\geq 50\%$ by 2030
- Establish innovative processes in production
- Identify and support social projects in Central and South America
- Establish corporate volunteering in social projects in the region
- Make the main building more sustainable
- Consider risks and opportunities for an assessment of the required environmental management

6.2 Catalogue of Measures

We are aware that sustainable CSR management must go beyond individual measures, including major changes in companies and organizations. Small measures to be realized over the short term also certainly contribute to success, as well as to an awareness of implementation within the company. We also include the processing and implementation of the following points:

Sustainability communication

For our successful measures to conserve resources in and around our offices, we will install a sustainability pinboard for our employees in March 2023. It will be used to update and motivate our employees and address topics including ventilation/heating, electricity, copying/printing, and waste. The goal is to convey our values, such as honesty, fun, trust, and team spirit, and help people understand and implement sustainability topics.

Wildflower meadow

On an area of about 900 m² next to our warehouse, the meadow has not been mowed since spring 2022. This has created a wildflower meadow that provides food and shelter for butterflies, our KahlWax™ bees, but also wild bees, beetles, and other insects – and will continue to do so into the fall.

Conversion from copy paper to recycled paper

We are switching our copy paper to FSC certified and 100% recycled paper as of January 2023.

Optimization of polyethylene bag strength

We mainly use 100% recyclable polyethylene (PE) bags to deliver our goods. We plan on reducing their film thickness of 160 µm to a thickness of 140 µm. This will result in significant material and therefore waste reduction.

6.3 Outlook

We have also compiled a catalog of measures for the next five years that will expedite the implementation of our goals.

- Fair-for-Life certification
- Develop a concept for social projects in Mexico, Colombia, and Argentina
- Conduct employee survey to find out which social project the company should support with donations
- Compile projects for corporate volunteering
- Finalize vegetation concepts for roof, facade, and interiors
- Examine potential unsealing of surfaces
- Separate the heating of the offices from production

For each measure, the responsible employees still need to be identified and a time timescale needs to be defined.

In addition to the specific measures, we are also running longer-term projects that lack a defined time-scale. For example, this includes the review of the entire value chain and its CO₂ emissions and the Scope 3 calculation. The appropriate measures for reduction and neutralization still need to be worked out.

In the area of administration, a lighting concept is currently being worked up that saves energy and costs as well as space, and should optimize the illumination for the workplace.

