



CORPORATE SOCIAL RESPONSIBILITY

Sustainability Report for 2024

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 gen-der identities are explicitly included to the extent necessary for the statement.



About this report

In this sustainability report, Kahl GmbH & Co. KG provides information about its sustainability activities in all areas of the company. The reporting period is calendar year 2024. All information and key figures relate to our single location in Trittau. Our reporting is voluntary.

We are striving to make our report clearer, more structured, and aligned with the growing requirements regarding sustainability reporting. Accordingly, this is the first report to be based on the standards of the Global Reporting Initiative (GRI standards). The references to the respective GRI standards are marked with the corresponding number. We would like to emphasize that we only used this standard as a guide and make no claim to completeness in that regard. Furthermore, all important key figures can now be found at the end of the report.

The members of our CSR team conduct an internal review of the report. An external audit was not carried out.

Foreword

We are pleased to present the fifth Kahl GmbH & Co. KG Sustainability Report, which provides a comprehensive overview of the company's progress.

As a traditional family business with a long history and strong regional ties, we are aware how important sustainable action is – now more than ever. The global challenges surrounding climate, the environment, social justice, and economic stability urge us all to think outside the box and seek solutions that will last for generations.

Our business activities and strategic goals are systematically aligned with our impact on the environment and society. We act responsibly with the goal of ensuring sustainable economic success. Corporate social responsibility is an integral part of our corporate strategy. In 2024, our efforts were recognized by being awarded the EcoVadis Gold Medal. This recognition provides us with additional motivation to continue expanding our activities in this area.



We offer comprehensive insight into our projects and our commitment, including initiatives to reduce emissions, employee development measures, as well as our interactions with business partners and customers. As we continue our journey, we should keep in mind that sustainability is not a destination, but an ongoing process.

We hereby invite you to retrace our journey and join us in creating momentum for a sustainable and livable future.

The Management Team,



Dr. Matthias Seemann
Chief Executive Officer



Tanja Tegner
Chief Financial Officer



Michael Elsner
Director Global Sales & Marketing



Karsten Fries
Operations Director



1. STRATEGY AND MANAGEMENT

1.1 Company profile

Kahl GmbH & Co. KG 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 pharmaceutical 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: Kahl 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, employees, and suppliers.

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 dis-close 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 optimization 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 our stakeholders and our company.

To this end, the handling of resources and their long-term preservation as well as ethical behavior towards customers, employees, business partners and the communities in which we operate are of particular importance.

However, sustainability also means that we continue to advance and reinforce our company in the long term through the actions mentioned above. We are convinced that both commercially sensible behavior and our CSR strategy guarantee this.

Our guiding principle: Reliable, responsible, sustainable – working together for positive change. We use our expertise and opportunities to make a sustainable impact not only in this country, but also worldwide. As an innovative manufacturer, we prioritize conscientious action with a high regard for the environment and society. We recognize the importance of diverse communities of interest and strive for long-term partnerships based on trust and cooperation.

In 2024, we convened in a joint sustainability workshop to revise our CSR strategy and our CSR team structure. Our future CSR strategy is based on the four pillars of environment, labor and human rights, ethics, and sustainable procurement. We also base our greenhouse gas emissions targets on the requirements of the Science Based Targets initiative (SBTi).

1.3 Classification of CSR Managements

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 the 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.

In 2024, the structure of the CSR team was streamlined to facilitate working in a more targeted manner. The team is now made up of four people who represent the four pillars of our CSR strategy. Moreover, the team now works directly with the Management Board.

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 descend-ants 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.

Sustainability also means secure long-term development and the long-term existence of the company.



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.

Kahl 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 ensure 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 Kahl and the trust granted to 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 continually serves 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



Internal ethics training

We introduced ethics training for all managers in 2024. The training courses will be revised every two years. As a responsible company, we are committed to upholding the highest ethical standards and actively contributing to corruption prevention. Training our managers is a crucial component of this commitment. The goal of the training is to further promote the compliance culture and put it into action. It is essential for managers to lead by example and to avoid risks by recognizing them at an early stage. With this measure, we are sending out a clear message of integrity. We are demonstrating that responsible conduct is not only expected but actively encouraged at our company.

2.3 Corporate values

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.

QUALITY: 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: 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: 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: Taking ownership of assigned tasks means ensuring 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.

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 de-sired goal.

SUSTAINABILITY: 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

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

- ISO 9001:2015
- HACCP
- Organic in accordance with EU Regulation No. 2018/848
- COSMOS Natural Cosmetic und COSMOS Organic Cosmetic
- Halal
- Koscher
- 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 Kahl evaluated by EcoVadis since 2018.



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. The EcoVadis process validates our sustainability commitments, practices and performance, and offers a clear roadmap for how we can continue to increase our impact over time.

Since our first assessment in 2018, we have been able to improve our score continuously. In our most recent assessment, completed on August 24, we received a gold medal and achieved a score of 76, placing Kahl in the top 5% globally and demonstrating our progress in sustainability.

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.

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 Kahl 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

The company supports 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 2024:

- **Hamburg summt!**

The initiative spotlights the well-known honeybee in order not only to gain a deeper understanding of these animals, but also to recognize the importance and beauty of their wild relatives, the wild bees, and their endangered habitats.



- **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 1000 went to the three different projects.

Wishing Tree campaign:

We have been actively participating in the Wishing Tree campaign (Wunschbaum-Aktion) every year since 2021. Together with our employees, we support social institutions for children in the region.



In 2024, we supported the Kinderhaus in Trittau, a semi-residential youth welfare facility. The program is designed for school children from first to sixth grade. The children come to the facility after school on weekdays, where they receive a communal lunch and help with their homework, followed by supervised playtime. Together with the children, the social workers at the Kinderhaus Trittau created wishing stars, some with personal wishes of the children and others that are focused on supporting the Kinderhaus Trittau. The Kahl employees were able to choose wishing stars and fulfill the wishes.

Additional donations

As part of our social commitment, our company donated a total of €100,000 to charitable organizations in 2024. This amount was split in half and €50,000 was awarded to two important initiatives:



SOS Children's Villages worldwide: With this donation, we are supporting the sustainable development of safe living spaces for children in need. The organization has been doing important work for decades to provide children with a loving home, education, and prospects for the future.

We are all Ukrainians: This initiative is committed to humanitarian aid and reconstruction in Ukraine. Our donation helps provide urgently needed support for people affected by the war, be it through medical care, accommodation, or educational opportunities.

With these donations, we want to live up to our responsibility as a company and make an active contribution to a just society based on solidarity.

3.1 Corporate culture

Kahl currently has 71 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. Kahl expects that our employees as well as our customers, service providers and suppliers acknowledge and adhere to these principles.

Kahl 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.

3.2 Equal Opportunities Officers

In order to maintain a trusting and non-discriminatory environment within the company, we have been employing two Equal Opportunities Officers since 2023. They are Kahl employees who are elected anonymously by all employees every three years. They are the contact persons for employee problems relating to inequality, discrimination or other disadvantages. The Equal Opportunities Officers are trained by an external service provider in order to obtain the relevant qualifications for the office.



3.3 Internal communications

Kahl 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 New policy on working conditions and human rights

In 2024, we introduced a new policy on working conditions and human rights, which serves as a bedrock for our actions in this area and reflects our ethical principles. It reinforces and clarifies our commitment to respecting human rights as well as fair and safe working conditions.



3.5 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 sufficient first responders, evacuation assistants, and fire protection volunteers for all areas on the site.

Health management at Kahl continually strives to improve individual work areas.

In 2024, the national average for sick leave was approximately 5.9%. At Kahl, the sick leave rate was 5.6%. 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.

Since August 2023, we have been supporting our employees' fitness through a partnership with EGYM Wellpass. The membership, which is financially backed by us, offers employees access to numerous gyms, sports and wellness courses and swimming pools.

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. Kahl sells natural and synthetic waxes for technical applications and as additives for the cosmetics, pharmaceutical and foods industry. De-pending 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 tea wax, sunflower oil wax, rice bran wax, orange peel wax, jasmine 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 pro-mote 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.



Kahl 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. Kahl 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.

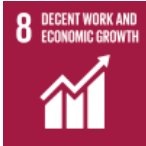


As a member of the **IRC** founded in 2018, Kahl pursues the goal of overcoming the social and bio-diversity problems of the carnauba value chain.



A large portion of carnauba production takes place in the northeast region of Brazil, in the states 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, Kahl is devoted to helping Brazil improve the current situation in order to assure sustainable and fair carnauba production.



In order to achieve this, Kahl, 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 Kahl, 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).



Kahl purchases carnauba wax exclusively from UEBT members.



Kahl 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 continued in 2024.



carnauba
sustainability institute



4.2.1 Sustainable supplier management

All suppliers are notified of our compliance principles via our Ethical Purchase Policy and are required to comply with them.

Our annual evaluation process for suppliers and service providers includes a CSR risk analysis, which we use as a decision-making tool for our supplier management. The CSR risk analysis is based on the criteria of corruption, human rights, labor rights and the environment, as well as the documentation provided by suppliers on the topics of ethics, sustainability and the environment. Evaluations by NGOs on these topics are used for the assessment and categorized as low, medium or high risk. The risk analysis accounts for 20% of the overall supplier assessment. In this way, we want to ensure that sustainability aspects play a decisive role in our raw material procurement process.

We also record several key figures in the area of sustainable procurement (see 7.3).

4.2.2 Sustainable procurement policy

In 2024, we introduced a new policy on sustainable procurement, which serves as a framework for our actions in this area and reflects our ethical principles. It is based on the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the fundamental conventions of the International Labor Organization.

4.3 Quality management

To fulfil 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.

5. ENVIRONMENT

As was the case with many other companies, the consequences of climate change and environmental degradation also impacted Kahl 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.

In 2024, we revised our environmental policy, because key topics such as energy consumption, greenhouse gases, and biodiversity were previously not addressed at all or only inadequately. We now want to look at these topics in more detail and set specific targets and measures to fulfill our social responsibility.

5.1 Corporate environmental & climate protection

How large is the carbon footprint at Kahl? To answer this question, the directly caused emissions must be considered, as well as the upstream and downstream activities within the value added chain. Once a year, we determine the directly caused emissions based on mobility, electricity, and heating oil consumption (scopes 1 and 2). This calculation serves as the basis for developing targeted measures to reduce emissions.

Even though we use 100 % green power at Kahl, 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.

As part of the lighting concept, the old lighting system in the warehouse was replaced by a new, modern, individually programmable system. Areas were defined in which the light is dimmed and only turns to full power when the area is approached or entered. Motion detectors and time delay relays were installed to perfectly adapt the lighting to all needs. Compared to the previous system, it will reduce greenhouse gas emissions by roughly 81% CO₂ each year.

5.1.1 Energy audit

In 2024, we asked an independent external service provider to conduct an energy audit in accordance with DIN EN 16247-1. The audit is intended to create clarity and transparency with regard to structures and processes, energy potential, and personnel requirements for a sustainable increase in energy efficiency/utilization. The focus was on our production.

After the audit, we implemented several of the proposed measures, some of which had already been planned. The following measures were implemented: Programming optimization of the electrical thermostats, installation of LED light fixtures in the warehouse, and examination of the statics for the installation of a photovoltaic system.



The assessment of an alternative for the steam boiler and the energy generation optimization will be implemented as a project starting in 2025. Additional options and proposals from the energy audit will be considered as part of this project.

5.1.2 Installation of charging stations for employees

All of our company vehicles are hybrid models, which is why we installed charging stations for them several years ago. We installed additional charging stations in 2024 to enable employees without a company car to charge their car free of charge. This should encourage our employees to make greater use of hybrid or electric cars.

5.2 Waste, recycling and use of resources

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 Kahl, 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.



6. GOALS, MEASURES AND OUTLOOK

6.1 Goals

We are targeting the following goals:

- Become one of the top employers in the region
- Continue to forge ahead with digitalization with a focus on reducing printouts
- Starting in 2026, purchase $\geq 75\%$ renewable raw materials and $\geq 10\%$ 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
- Support social projects in Central and South America
- FSC certification of candelilla wax
- Establish corporate volunteering in social projects in the region



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:

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 Kahl bees, but also wild bees, beetles, and other insects – and will continue to do so into the fall.

New policies and revision of environmental policies

To define a framework for our actions in this area, we introduced two new sustainability policies this year: Sustainable Procurement (see 4.2.2) and Working Conditions and Human Rights (see 3.4). We also revised our environmental policies to address key topics in more detail and reiterate our commitment with specific targets and measures. Our policies are frequently revised and adapted.

Energy audit

In 2024, we asked an independent external service provider to conduct an energy audit in accordance with DIN EN 16247-1 (see 5.1).

Charging stations for employees

We installed additional charging stations in 2024 to enable employees without a company car to charge their vehicle. This should encourage them to make greater use of hybrid or electric cars (see 5.1).

Warehouse lighting concept

The old lighting system in the warehouse was replaced with a new, modern, individually programmable system (see 5.1).

Ethics training for managers

We introduced ethics training for all managers in 2024. The training courses will be revised every two years (see 2.2).

6.3 Outlook

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

- ISCC+ certification
- Installation of a photovoltaic system
- Examine potential unsealing of surfaces



In addition to the specific measures, we are also running longer-term projects that lack a defined timescale. 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.

7. KEY FIGURES

7.1 Ethics / Compliance

GRI 2016: 205, 205-2, 205-3

We are committed to the model of the prudent businessman and are firmly convinced that we can only achieve economic success if we act in accordance with this model. The good reputation of Kahl and the trust granted to us by our business partners, customers, and the authorities depend decisively on the conduct of each individual employee. Even minor violations of the law can significantly damage this trust and cause great harm to the company and all employees. Consequently, we are committed to combating all forms of corruption, bribery, and anticompetitive behavior.

This principle is included in our Code of Conduct. All employees are trained on the content of the Code of Conduct when they join our company. We also have policies dealing with avoiding conflicts of interest as well as granting and accepting benefits. All suppliers are notified of our compliance principles via our Ethical Purchase Policy and are required to comply with them.

Any employee who has reasonable and verifiable indications of criminal offenses, improper business practices, or other serious risks can and should contact our ombudsman anonymously (whistle-blowing procedure). We introduced ethics training for all managers in 2024. The training courses will be revised every two years. A risk analysis in the area of ethics and information security will be performed in 2025.

We define and collect the following key figures for the area of business ethics:

Description	Absolute/percentage-based number for 2024
Employees who have been informed of anti-corruption policies and procedures	77 / 100%
Suppliers who have been informed of anti-corruption policies	117 / 100%
Employees who have received anti-corruption training*	13 / 17%
Number of reports using whistleblower procedures	0
Number of confirmed corruption cases	0

* all employees in management positions received training in this area

7.2 Employees / social

Employees

GRI 2021: 2-7, 2-8

The 77 employees are divided into 49% male and 51% female. It is unknown whether any employees identify as non-binary. There are 18 part-time employees.

Status as of: 12/31/2024	Number of employees	thereof male (absolute/p ercentage)	thereof female (absolute/p ercentage)	<30 years (absolute/p ercentage)	30-50 years (absolute/p ercentage)	>50 years (absolute/p ercentage)
Employees	77 / 100%	38 / 49.3%	39 / 50.7%	2 / 3.9%	32 / 41.6%	42 / 54.5%
In management positions*	15	11 / 73.3%	4 / 26.7%	0 / 0	4 / 26.7%	11 / 73.3%

* this includes all managers, including executives, directors, and team leaders

Newly hired employees and employee turnover

GRI 2016 401-1a,1b

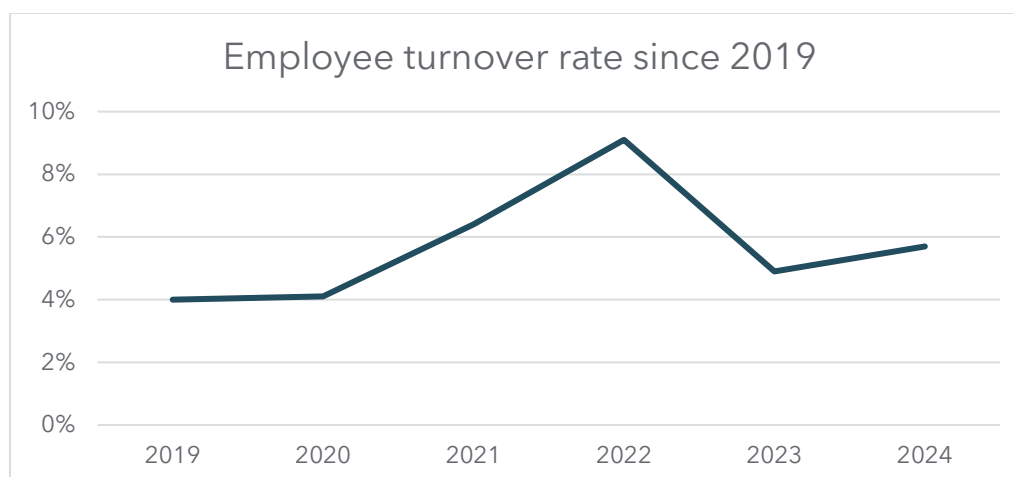
Status as of: 12/31/2024	Number of employees (absolute/pe rcentage)	Male (absolute/pe rcentage)	Female (absolute/pe rcentage)	<30 years (absolute/pe rcentage)	30-50 years (absolute/pe rcentage)	>50 years (absolute/pe rcentage)
New employees	10 / 13%	7 / 9.1%	3 / 3.9%	4 / 5.2%	3 / 3.9%	3 / 3.9%
Employees leaving	10 / 13%	8 / 10.4%	2 / 2.6%	4 / 5.2%	4 / 5.2%	2 / 2.6%

Reporting year 2024

Employee turnover rate according
to the Schlüter formula* 5.7%

Average employee tenure 8.92 years

$$*Schlüter \text{ formula} = \frac{\text{Voluntary departures}}{\text{Headcount at the beginning of the period} + \text{new employees}} * 100$$



Parental leave

GRI 2016: 401-3

As a family-owned company, we actively support our employees in maintaining a good work-life balance. Flexible work hours, part-time models, mobile work, and individual leave of absence arrangements ensure the necessary freedom for childcare, parental leave, or caring for relatives.

We want to use specific measures to promote a work environment based on trust, flexibility, and mutual appreciation. This allows us to contribute to social sustainability and strengthen the long-term loyalty and satisfaction of our employees.

Reporting year 2024	Number of employees	thereof male	thereof female
Employees entitled to parental leave	3	2	1
Employees who have taken parental leave	2	1	1
Employees who have returned to work after termination/return rate	2 / 100%	1	1

Health and occupational safety

GRI 2018:403

Year	2024
Total number of workplace accidents	5
thereof reportable	4
thereof commuting accidents	1
Occupational illness rate	0
Days lost from the first day after a workplace accident	71
Work-related fatalities	0
Illness rate	5.56%

In 2024, there were five workplace accidents, four of which were reportable. An accident is considered reportable when the employee is absent for more than three days. Health management at Kahl continually strives to improve individual work areas. 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.

Continuing education & training

The continuous qualification of our employees is a key component of our sustainable corporate strategy. In a constantly changing work environment, we consider continuing education to be an investment in individual development as well as the foundation for innovative strength, competitiveness, and long-term corporate success. We attach particular importance to equal opportunities in access to continuing education. Through transparent processes and needs-based offers, we ensure that all employees - regardless of position, age, or working time model - can benefit from our training measures.

Reporting year 2024

Average training hours per employee	5.55 h
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7.3 Supply chain

7.3.1 Sustainable supplier management

Our goal is to reduce the environmental impact of purchasing activities and protect human rights. To achieve this goal, we must ensure that sustainability is considered throughout the entire supply chain by introducing and maintaining defined procurement practices. The annual training of our purchasing employees on sustainable procurement is a fundamental element of this objective. In the future, these employees will also periodically receive ethics/compliance training.

Reporting year 2024	
Number/percentage of purchasers who have received training on sustainable procurement	3 / 100%

We evaluate all of our suppliers based on sustainability aspects. We have defined the following criteria:

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

As part of a risk-based audit plan, natural wax suppliers with an annual purchasing volume of more than 5,000 kg are audited on site every three years. In addition to quality issues, the audits also include a review of CSR-relevant topics.

Number of suppliers	117
Thereof assessed for sustainability	100%
Have signed our Ethical Purchase Policy	100%
Thereof with CSR reporting	62%
Thereof with sustainability certification	53%
Thereof with statements on environmental policy	3%
Suppliers who underwent an on-site audit in the reporting year	1.7%
Reporting year	2024

Our annual evaluation process for suppliers and service providers includes a CSR risk analysis, which we use as a decision-making tool for our supplier management. The CSR risk analysis is based on the criteria of corruption, human rights, labor rights and the environment, as well as the documentation provided by suppliers on the topics of ethics, sustainability and the environment. Evaluations by NGOs on these topics are used for the assessment and categorized as low, medium or high risk.

The risk analysis resulted in the following classification of our suppliers in 2024:

Number of suppliers	117
High CSR risk	13%
Medium CSR risk	40%
Low CSR risk	47%

Local suppliers

GRI 2016: 204-1

Our natural wax suppliers often come from distant countries due to the specific product requirements. Nevertheless, in order to boost the regional economy, shorten transport routes, and improve our ecological footprint, we treat local suppliers with high priority for our selection of other raw materials. Through this conscious procurement policy, we want to contribute to sustainable supply chains and simultaneously support the local community.

Technical suppliers, craftsmen, service providers:

Year	Active suppliers	Thereof local suppliers (absolute/percentage)
2024	170	113 / 66%

Suppliers of raw materials, packaging, and auxiliary materials:

Year	Active suppliers	Thereof local suppliers (absolute/percentage)
2024	117	35 / 30%

Our local suppliers come from the northern half of Germany and are based in Schleswig-Holstein, Hamburg, Bremen, Lower Saxony, Mecklenburg-Western Pomerania, and Saxony-Anhalt.

7.3.2 Material/raw materials

GRI 2016 301-1

In 2024, we consumed a total of 6,059 metric tons of materials. This is divided into 73.9% renewable raw materials, which come from sustainable sources and can be regenerated, and 26.1% non-renewable raw materials, which come from finite resources and are not or only slowly renewed. This breakdown allows us to make our use of resources more transparent and to develop targeted measures to increase efficiency and sustainability.

Weight of materials used in 2024:		
Non-renewable raw materials	1,583.2 t	26.1%
Renewable raw materials	4,475.8 t	73.9%
Total	6,059.0 t	100%

The materials only include raw materials. Auxiliary and operating materials as well as packaging are not included. The quantities are based on measurements.



Quantity of sustainably certified raw materials

We record the proportion of purchased raw materials that are certified as sustainable in relation to the total volume of purchased raw materials. This includes products from organic farming and palm products with RSPO certification. This key figure is used to monitor our target of purchasing 10% sustainable raw materials.

Reporting year 2024

Percentage of sustainably certified raw materials in relation to the purchased volume	9.62%
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Palm oil and palm kernel oil products

Of all purchased palm oil and palm kernel oil-based raw materials, 98.6% were RSPO certified.

Reporting year 2024

Percentage of certified palm oil or palm kernel oil products	98.6%
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7.4 Environment

7.4.1 Greenhouse gas emissions

GRI 2016:305-1, 305-2, 305-4

Total	1,249.1 t CO₂-eq
Direct greenhouse emissions / Scope 1	1,040.9 t CO ₂ -eq
Indirect greenhouse emissions / Scope 2 (location-based)	208.2 t CO ₂ -eq
Direct greenhouse emissions / Scope 2 (market-based)	0
Year	2024
Intensity (t CO ₂ -eq per EUR million)	26.5

Our greenhouse gas balance is prepared in accordance with the Greenhouse Gas (GHG) Protocol. This is the global standard for greenhouse gas accounting and reporting. We obtain the emission factors from publicly accessible and recognized databases, including DEFRA (Department for Environment, Food and Rural Affairs, United Kingdom) and ADEME. These sources ensure that the emissions data is reliable and up to date. Kahl GmbH & Co. KG is not subject to emissions trading.

We used the location-based and the market-based approach to calculate our Scope 2 emissions. Market-based figures refer to the emission factors of the electricity supplier or an individual electricity product. Since we only purchase electricity from renewable sources, our market-based emissions are zero. Location-based figures, on the other hand, refer to the average emission factors of the area in which electricity consumption takes place.

The intensity of GHG emissions is calculated from the sum of direct and indirect GHG emissions (Scope 1 and 2) and relates to the sales volume.

7.4.2 Energy

GRI 2016: 302-1

Energy consumption is monitored and documented. In order to use energy more efficiently, measures to improve the reduction in consumption were derived from comparisons with previous years.

Description	Consumption 2024
Power consumption	451,002 kWh
Heating oil consumption	320,432 L
Fuel consumption from non-renewable sources	11,711,815 MJ
Fuel consumption from renewable sources	0
Total energy consumption	13,335,422 MJ
Total consumption from renewable energy	1,623,607 MJ (451,002 kWh)

Fuel consumption includes heating oil, natural gas, and company car fuel. No fuel from renewable sources was consumed. In addition to fuel consumption, we recorded 451,002 kilowatt hours (kWh) of electricity consumption from renewable energy sources. No other forms of energy are being used. Nor were energy types such as electricity, heating, cooling, or steam sold by Kahl to third parties.

Therefore, Kahl's total energy consumption is made up of non-renewable fuel consumption and green electricity consumption.

7.4.3 Water

GRI 2018: 303-1, 303-3, 303-4

We strive to minimize the use and consumption of resources during our production process and endeavor to reduce or, ideally, avoid the consumption of raw materials as well as auxiliary and operating materials, water, and energy. Our quality management system provides us with enormous support here by taking preventative measures to minimize faulty process results.

We need water to cool the facilities during the manufacture of our products, to clean laboratory equipment and used dishes, as well as for the sanitary facilities. We obtain water from the local municipal supplier and from our own well. It is pumped to the facilities via a reservoir. The return flow occurs via a tank.

Since no additives are required or used for the water used to cool our facilities, it can be returned unchanged after use. Frequent inspections by an independent laboratory confirm the safety of the water. We use a grease separator in the laboratory to prevent wax residues from entering the water or clogging pipes after cleaning the laboratory vessels.

Water consumption is documented monthly (well water) or annually (waste water) and critically assessed by the plant management. We plan to introduce a water management policy in 2025 and train our employees.

Key water management figures for 2024:

Water withdrawal by source:

Well water (groundwater)	30,845 L
Tap water (water from third parties)	4,985 L
Total	35,830 L

Water return by source:

Discharge into local water bodies (surface water)	30,845 L
Sewerage system (water from third parties)	4,985 L
Total	35,830 L

7.4.4 Waste

GRI 2020: 306-1, 306-3, 306-4, 306-5

We follow a systematic approach by primarily taking measures to avoid waste, which always precedes recycling or possible material recovery. Unfortunately, waste cannot be completely avoided. However, by consistently separating waste streams, we ensure that waste is disposed of in an environmentally friendly manner. We fulfill our obligations to keep records and periodically prepare an overall balance sheet of all waste, which describes its disposal in accordance with the law. We use very few chemicals in the manufacturing processes of our products. This means that only small quantities of solvents or washing liquids are produced, which are disposed of by appropriately certified service providers. During disposal, we ensure that they are not released and therefore do not pose any risk to the environment. We provide the necessary evidence to show that the waste disposal is legally compliant and document it in an annual report. We also ensure that these materials are handled, transported, stored, recycled, and reused safely.

Total weight of generated waste and breakdown by composition:

Reporting year	2024
Total weight of waste	343.17 t
Hazardous waste	0.35 t
Non-hazardous waste	342.82 t
Mixed municipal waste	206.54
Wood	48.04
Solvents	0.35
Washing liquid	55.90
Iron and steel	4.93

Recycled waste/waste diverted from disposal:

Description		thereof hazardous	thereof non-hazardous
Total recycled waste	132.07 t	0	132.17 t
By disposal method:			
Recycling	76.17 t	0	76.17 t
Other recovery operations	55.90 t	0	55.90 t

Waste diverted for disposal:

Description	Quantity	thereof hazardous	thereof non-hazardous
Total waste disposal	211.11 t	0.35 t	210.76 t
By disposal method:			
Incineration (with energy recovery)	210.76 t	0	210.76 t
Incineration (without energy recovery)	0.35	0.35	0