

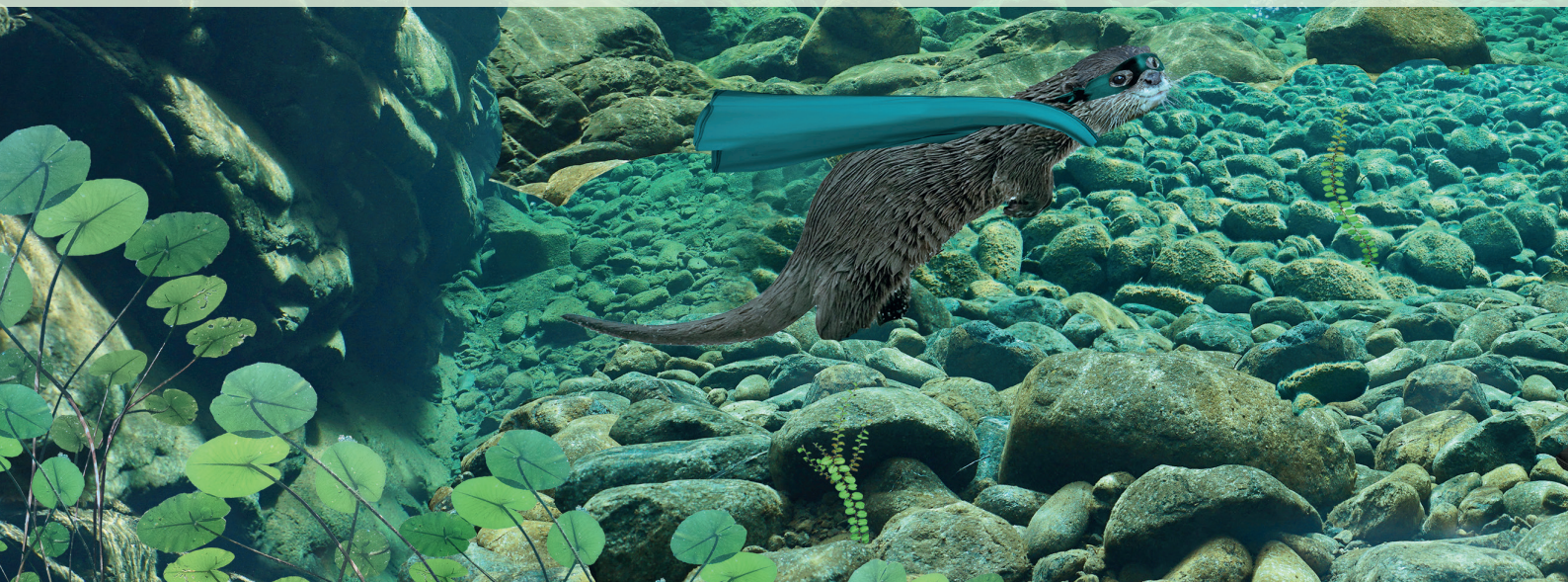
# SCHOCK

SINK GREEN!

SCHÖCKDAYS FOR FUTURE!



## SUSTAINABILITY REPORT 2020



# TABLE OF CONTENTS

|   |    |
|---|----|
| THE COMPANY   | 6  |
| THE PRODUCT   | 7  |
| CORPORATE PROFILE   | 7  |
| ACCURACY  | 8  |
| CORPORATE GOVERNANCE  | 8  |
| Structure   | 8  |
| Practices and principles                                    | 9  |
| INTEGRATED MANAGEMENT SYSTEM                                | 9  |
| COMPLIANCE  | 9  |
| Compliance training and communications activities           | 10 |
| Handling of compliance violations and concerns about ethics | 10 |
| Handling of complaints                                      | 10 |
| Data protection   | 10 |
| Marketing compliance  | 10 |
| Risk management   | 10 |
| Anti-corruption and bribery                                 | 11 |
| SUSTAINABILITY MANAGEMENT                                   | 11 |
| HEALTH & SAFETY   | 12 |
| Health  | 12 |
| Safety  | 12 |
| COVID-19  | 12 |
| STAKEHOLDERS  | 14 |
| MATERIAL TOPICS   | 16 |
| EMPLOYEES   | 19 |
| EQUALITY AND DIVERSITY                                      | 19 |
| Employee structure 2020                                     | 21 |
| Age structure 2020  | 22 |
| TRAINING AND EDUCATION                                      | 26 |
| Apprenticeships   | 27 |
| SUPPLY CHAIN  | 27 |
| Suppliers   | 28 |

|   |    |
|---|----|
| KEY IMPACTS, RISKS AND OPPORTUNITIES  | 28 |
| Socio-cultural aspects  | 28 |
| Political and legal aspects   | 29 |
| Economic aspects  | 29 |
| Environmental aspects   | 30 |
| Internal challenges   | 30 |
| Key impacts   | 30 |
| TOPIC-SPECIFIC GRI STANDARDS  | 33 |
| MATERIALS   | 33 |
| EMISSIONS   | 34 |
| Direct GHG emissions  | 35 |
| Scope 1 calculation - Combustion processes of stationary installations        | 35 |
| Scope 1 calculation - Combustion processes of mobile installations            | 35 |
| Scope 1 calculation- Direct emissions of volatile gases                       | 35 |
| Scope 2 (indirect emissions)  | 35 |
| Scope 2 calculation - Electricity   | 35 |
| Scope 3 (other indirect emissions)  | 35 |
| Scope 3 calculation - Purchased goods and services                            | 36 |
| Scope 3 calculation- Fuel and energy-related emissions (not in Scope 1 and 2) | 36 |
| Scope 3 calculation- Logistics  | 36 |
| Scope 3 calculation - Business travel   | 36 |
| Scope 3 calculation - Employee commuting                                      | 36 |
| WASTE   | 37 |
| Impact of waste   | 37 |
| Dealing with waste  | 37 |
| Waste generated   | 38 |
| Waste diverted from disposal  | 40 |
| Waste directed to disposal  | 40 |
| ENVIRONMENT   | 42 |
| Environmental policy guidelines   | 42 |
| Environmental aspects of production   | 43 |
| Direct and indirect environmental aspects                                     | 43 |
| Sustainability  | 44 |
| Management system   | 45 |
| SUSTAINABLE DEVELOPMENT GOALS   | 46 |
| GLOSSARY  | 49 |
| GRI CONTENT INDEX   | 51 |
| SDG INDEX   | 56 |
| COP INDEX   | 57 |
| IMPRINT   | 57 |

## DEAR READER,

For us, as for many others, 2020 was anything but a normal business year. The pandemic caught the world unprepared and brought devastating consequences: around 2 million people died worldwide. Millions lost their jobs, their businesses, their source of income. The virus disrupted the operations of countless companies, their workforces and their families.

During the pandemic, our main priority was our employees. Our objective was to safeguard each and every job while supporting the health of our workforce by preventing contagion. Achieving this required us to adopt new approaches. During the initial wave resulting in a disinfectant shortage, we got creative. Realizing that decades of handling chemical substances combined with the existing skills of our employees, put us in a good position to implement a variety of measures to protect the health of our personnel. We saw that we could use our expertise producing our own disinfectant. VirusSCHOCK, a disinfectant suitable for hand and surface disinfection, was thus created. Besides this, we spared no expense to implement preventative measures against COVID-19 in the company.

I am proud that despite the many challenges, we never lost sight of our sustainability targets. As a company with a globally strong market position, we are committed to making our contribution to a future with prudence and foresight with entrepreneurial courage, creativity, innovative spirit, and excellent craftsmanship Made in Germany. Not just on Fridays but every single day. When implementing sustainability issues, we are inspired and guided by the words of one of our founders, Friedrich Schock (1995):

“No one can opt out of this world – it is the blue planet assigned to us (...) whether we like it or not.”

This sentiment is embedded in everything we do. We see it as our responsibility to support our employees and partners worldwide, as well as to contribute to protecting the world as we know it and preserving it for future generations. In line with our brand claim “COLOR YOUR LIFE”, we want to bring more color and diversity into the lives of all those associated with our company.

I am particularly pleased with the progress we have already made within the framework of our sustainability strategy, SINK GREEN:

- With the certification of our company according to DIN EN ISO 50001, the Integrated Management System now comprises a total of three DIN EN ISO standards; also including DIN EN ISO 14001 and DIN EN ISO 9001; as well as the certification according to EMAS.
- In the annual audit by Int Technica Cert, the new certification, as well as the existing ones, were reviewed and confirmed anew by the Deutsche Akkreditierungs- und Zulassungsgesellschaft für Umweltgutachter mbH (DAU) as well as the Chamber of Industry and Commerce of Lower Bavaria.
- Introduction of SINK GREEN, our corporate sustainability roadmap.
- Launch of the CRISTADUR® Green Line, with our sinks being composed of ~ 99% natural, renewable and recycled raw materials.
- Publication of the annual environmental report following previous external verification.
- ESG due diligence.
- Application for official participation in the UN Global Compact having aligned all of the company's activities with the 10 principles for many years.
- Certification as a sustainable company by the certification body of the German Institute for Sustainability & Economics.

Transparency and continuity are our key principles when it comes to implementing our sustainability strategy. For us, sustainability is not a trend; it has been part of our corporate philosophy for a long time and a core component of our strategic orientation, thus we started back in 2010 to introduce the DIN EN ISO 14001 (environmental management system) as well as the EMAS (Eco-Management and Audit Scheme) standards.

By significantly investing in research and development, we are actively shaping the innovations of the future in the quartz composites sector. Innovativeness and creativity have characterized SCHOCK since its foundation and represent the key components of our success.

We have set ourselves the goal of developing a sustainably optimized quartz composite sink, manufactured in a climate-neutral manner. In 2020, we reached a first milestone of this goal by launching the CRISTADUR® Green Line sinks, which consist of ~ 99 % natural, renewable and recycled raw materials. In line with the closed cycle principle, we are working intensively on the introduction of a recycling process and the replacement of fossil raw material sources for the successful climate-neutral production of a sustainably optimized quartz composite sink.

In addition, the integrated management system will be expanded over the next two years by adding DIN EN ISO 45001 in order to continuously improve the safety of our employees. We intend to implement and establish a holistic sustainability management system by 2030.

As a company and as individuals, we are committed to making a meaningful contribution to the principles of the UN Global Compact and acting as a role model for employees, customers, partners, and our industry.

Yours sincerely

Ralf Boberg,  
Managing Director Schock GmbH



## ABOUT THIS REPORT

This report has been prepared in accordance with the GRI Standards: Core option and was compiled to provide an insight into SCHOCK's sustainability strategy as well as to create transparency about the fact that sustainability is what drives us in our thoughts and actions. Determination of report content and topic boundaries emerged through company-wide meetings, as well as diverse and open discussions among all departments.

This year marks the first publication of our company's sustainability report. The report has been published in PDF format in both German and English on the SCHOCK corporate website. The reporting period is 2020. All data and information collected relate to the period from January 1st to December 31st, 2020.

According to the annual reporting cycle the next Sustainability Report is due to be published in Dezember 2022.

## THE COMPANY

Schock GmbH is located in Germany with its headquarters in Regen, a small town in the Bavarian Forest. SCHOCK operated its international business solely from Regen, Germany and employed 486 employees in 2020. SCHOCK is a manufacturer of quartz composite sinks in CRISTADUR® and CRISTALITE®. SCHOCK produces its kitchen sinks exclusively in Germany and distributes them in over 70 countries worldwide. The customer base includes among others brick-and-mortar furniture and kitchen retailers, the kitchen furniture industry, the DIY sector, online retailers as well as private label customers. The global sales network extends across all five continents, with our company belonging to the sanitary and kitchen industry. Europe represents our major distribution market.

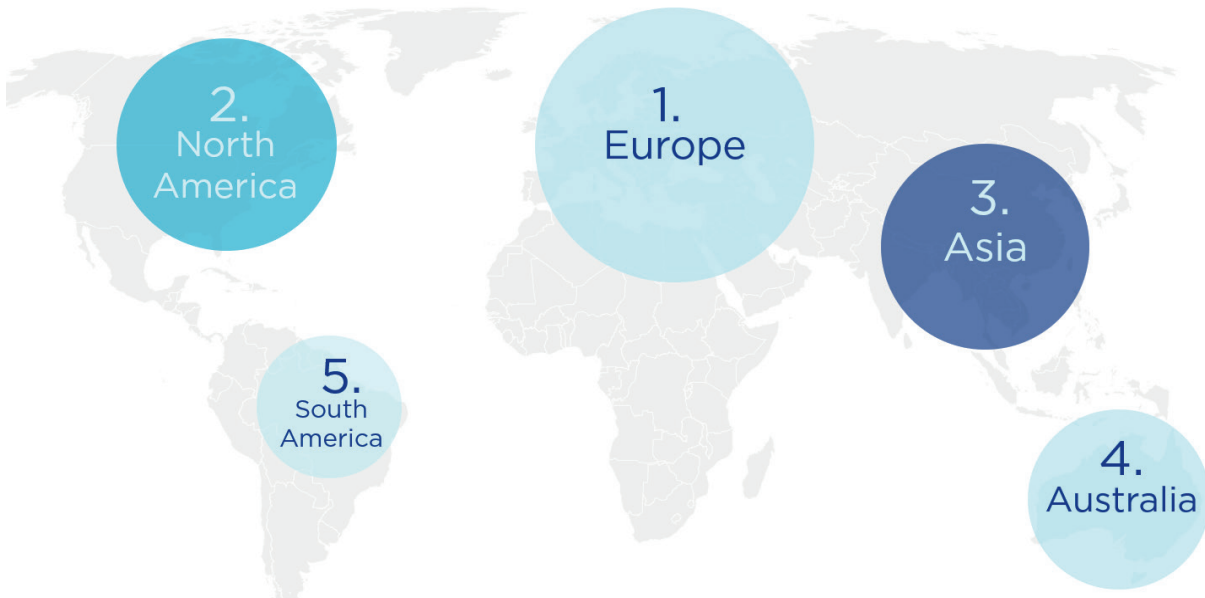


Figure 1 SCHOCK markets

As a company, we are always striving to expand our domestic as well as international business, and to offer products made according to authentic German craftsmanship globally. Annual revenue at SCHOCK amounted to € 96 m<sup>1</sup> in 2020.

SCHOCK is a limited liability company (llc.) held by a private equity company, namely IK Investment Partners. IK Investment Partners is a European private equity firm with an investment focus on the Nordic countries, the DACH region (Germany, Austria, Switzerland) and France/Benelux. We are a member of the Holzverband Bayern & Thüringen e.V. and the Chamber of Industry and Commerce of Lower Bavaria.

<sup>1</sup> Annual revenue rounded

# THE PRODUCT

Our product range consist of quartz composite sinks in CRISTADUR®, CRISTALITE® as well as CRISTADUR® Green Line. SCHOCK bases its SINK GREEN strategy on an already existing, solid foundation in terms of resource conservation and responsibility for the environment. With the CRISTADUR® Green Line, launched in 2020, we have developed the first acrylic based quartz composite material that is ~99% made from natural, renewable and recycled raw materials. Like all SCHOCK sinks, these select models consist of up to 75% quartz sand. This is combined with natural color additives and binders made from natural, recycled and renewable materials. The result: the most sustainable quartz composite sink from SCHOCK.

Each product line comprises between three and 22 series. In the SCHOCK standard range, customers have a choice of up to 81 different models and can select up to 16 different colors for their sink. In addition to our quartz composite sinks we offer a wide variety of kitchen faucets. We provide our customers a total of 45 series, 76 models and a range of 38 different colors and looks to choose from. This amounts to a total number of product variants of 2,298.

|                            | CRISTALITE® | CRISTADUR® | CRISTADUR® Green Line | Kitchen faucets |
|----------------------------|-------------|------------|-----------------------|-----------------|
| # Series                   | 22          | 18         | 3                     | 45              |
| # Models                   | 81          | 54         | 7                     | 76              |
| # Colors across all series | 16          | 9          | 2                     | 38              |
| Total variants             | 1069        | 456        | 14                    | 759             |

Table 1 SCHOCK product variants

In addition, we offer our customers services such as warranty extension after online registration for faucets and CRISTADUR® sinks, the opportunity to request sample chips, as well as recycling of their used Green Line sinks at our site. At SCHOCK, we enable our customers to return these sinks to us at the end of their life cycle for recycling. The option to recycle these sinks is currently only available to customers located in Germany.

# CORPORATE PROFILE

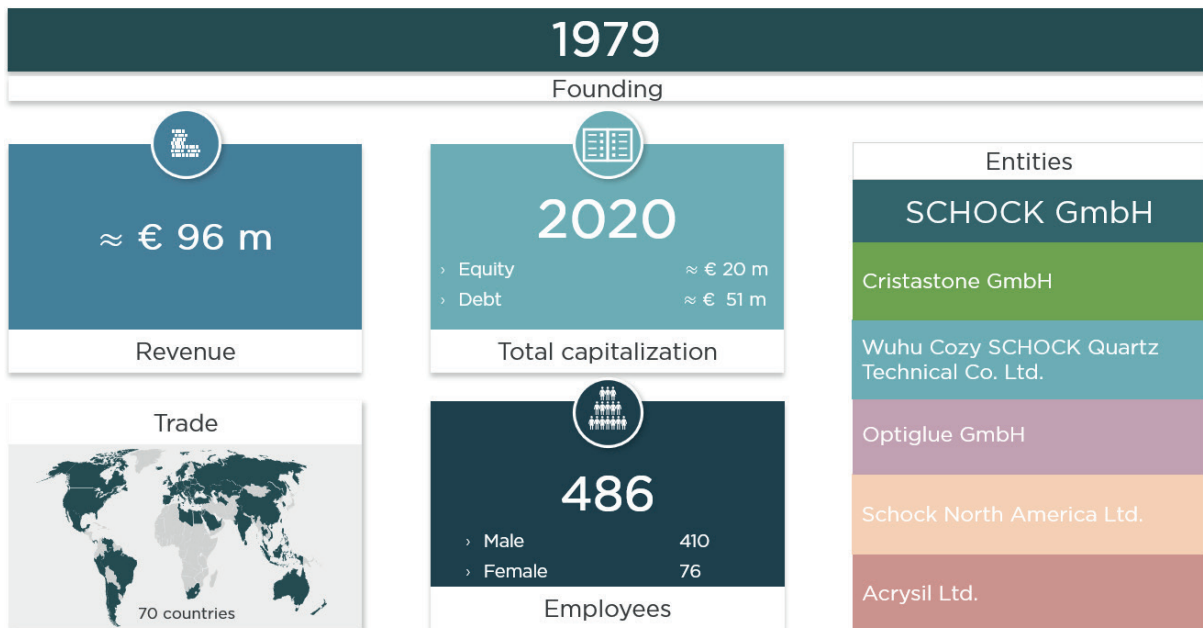


Figure 2 SCHOCK key data <sup>2</sup>

<sup>2</sup> Key figures rounded

By inventing the quartz composite sink in 1979, we became an innovator in the market. To this day, that has not changed. We act where others are still discussing. That is why, as a globally operating company, we are committed to making our contribution to a better world with prudence and foresight: by means of entrepreneurial courage, creativity, innovative spirit, and excellent craftsmanship Made in Germany. Our innovative products and the establishment of the CRISTADUR® Green Line support efforts to realize a resource-efficient and sustainable future. We strive to add color, variety and sustainability – or, in short, introduce lifestyle into the kitchenscape. In this we are aware of our responsibilities as a global player, intending to further promote responsible consumption and production at our site. For SCHOCK, the protection of the environment is not merely a trend but deeply rooted in the brand's DNA. The connection with nature and people as well as the resulting mindset can be seen in the various facets of the company's sustainable approach. It shapes the actions of the company and the nature of its products. Showing our dedication and passion for social, environmental and economic issues we endorse social charters such as the United Nations Global Compact and the amfori BSCI code of conduct "Trade with purpose". With regard to climate and environmental protection, SCHOCK is a member of the Bavarian Environmental Pact (Umweltpakt Bayern) and our environmental management is verified by various certifications such as EMAS, DIN EN ISO 14001 and DIN EN ISO 50001. Furthermore, we support regional workshops for disabled people, sponsor regional associations and carry out fundraising campaigns, that benefit, among others, the non-profit association Technik für Kinder e.V. in Regen.

## ACCURACY

The given information regarding the environmental and energy topics was evaluated by Intechnica Cert while conducting the annual, DIN EN ISO 14001, DIN EN ISO 50001 as well as EMAS audit and certified by the Deutsche Akkreditierungs- und Zulassungsgesellschaft für Umweltgutachter mbH (DAU) as well as the Chamber of Industry and Commerce of Lower Bavaria.

## CORPORATE GOVERNANCE

### STRUCTURE



Figure 3 SCHOCK governance structure

The governing body at SCHOCK consists of the supervisory board. After consultation with the supervisory board, SCHOCK's executive management introduces new topics to the steering committee, which is made up of experienced managers. There are additional specialist committees made up of representatives of the owner and the department heads of SCHOCK. Within these functional committees, specific topics are discussed and handled. All committees are involved in decision-making on economic, environmental and social issues. In accordance with DIN EN ISO 50001, an energy team consisting of the department managers of energy-influencing areas was founded for energy-relevant topics. The tasks of the energy team include the following:

- Ensuring that the energy management system (EnMS) is introduced, maintained and continuously improved.
- Ensuring that the EnMS meets the requirements of DIN EN ISO 50001.
- Implementing action plans to continuously improve energy-related performance.
- Annual reporting to senior management on the performance of the EnMS and the improvement of energy performance.
- Establishing criteria and procedures necessary to ensure effective operation and management of the EnMS.

The development of sustainable concepts, including economic, environmental and social issues, has been assigned to the Sus-



tainability, Compliance and Quality department. Working in close cooperation with the other corporate divisions as well as the executive management, this department is responsible for the implementation and fulfillment of our sustainability roadmap.

## PRACTICES AND PRINCIPLES

Corporate governance practices are derived from our vision and shared values. They form the basis for respectful interaction among our employees as well as externally with our partners. Adherence to responsible practices at every stage of the value chain is crucial to our corporate governance. Alongside department-specific documents, the most important guidelines known to the entire workforce include the corporate philosophy, the Integrated Management System (IMS) guideline, the employee handbook, as well as the FehlerFibel. The first three address among other topics the company profile, corporate values, conflict of interest, environmental, quality and energy issues. Those guidelines further address

- the prevention of child and forced labor,
- the handling of complaints,
- the approach to fulfilling customer needs,
- the importance of employee development,
- the corporate structure,
- the error culture,
- the corporate identity,
- data protection,
- responsibilities,
- communication and interaction guidelines,
- types of inspections and defects,
- measuring equipment used and handling of non-conforming products,
- commitment to and participation in the United Nations Global Compact,
- the UK Modern Slavery Act 2015 as well as the
- the Universal Declaration of Human Rights.

## INTEGRATED MANAGEMENT SYSTEM

The Integrated Management System (IMS) of SCHOCK combines within a uniform structure the methods and instruments for compliance with requirements from various areas such as quality, environment and energy. The requirements include legal regulations, product standards and guidelines of DIN EN ISO 9001, DIN EN ISO 14001 and DIN EN ISO 50001. The IMS provides a framework for all management systems at SCHOCK, ensuring compliance with the law and with internal and external requirements as well as regulations while also ensuring efficient ways of working. This is achieved through internal regulations and applicable processes involving clear roles and responsibilities. As such, it facilitates effective risk management and contributes to securing the company's business operations. Moreover, the IMS serves to control and manage our value-oriented corporate management and at the same time assures our customers that the desired requirements for our products and services are met. The functionality of the Integrated Management System is monitored annually by an accredited certifier (DIN EN ISO 9001, 14001, 50001) and verified according to a defined schedule. Audits of external customers take place according to their specifications, internal audits according to the audit plan of Schock GmbH.

## COMPLIANCE

SCHOCK manages its businesses responsibly with integrity and in compliance with the statutory requirements and regulations of Germany. Compliance refers to the adherence to all legal requirements as well as internal guidelines by a company and its employees. Compliance is essential for the long-term success of our company. The company's compliance management is steered by the Sustainability, Compliance and Quality (SCQ) management within SCHOCK. This department is headed by the Director of Corporate Sustainability and Compliance, who, in this capacity, reports directly to the Chief Executive Officer (CEO).

Potential compliance risks (such as corruption) are identified together with the operational units to ensure the systematic and preventative detection and assessment of risks. Potential risks are then entered into a company-wide risk matrix that is used to develop suitable measures for specific processes or business activities. In addition, we assess our business partners according to defined risk criteria and review their adherence to compliance. Adherence to the corporate compliance principles is one of the topics reviewed in the internal audits of SCHOCK's compliance department. This unit further keeps track of applicable laws and regulations and is responsible for establishing business-specific standards.

## COMPLIANCE TRAINING AND COMMUNICATIONS ACTIVITIES

We support all employees in acting with integrity and proactively avoiding potential violations. The Sustainability, Compliance and Quality department together with the senior management determines the company's compliance communication and training activities. Both supervisors and compliance managers are available to answer employees' questions about lawful and ethical conduct

## HANDLING OF COMPLIANCE VIOLATIONS AND CONCERNS ABOUT ETHICS

All employees are required to observe the compliance principles and to immediately report any violations regarding internal and external laws as well as regulations. Suspected compliance violations can be reported anonymously if desired. The whistleblower contact address is communicated to all employees and is further provided on every information board. Besides the anonymous version, we encourage all employees to contact their supervisor in the event of known or suspected compliance violations. Employees can also turn to the works council, which deals with all concerns of the workforce. Furthermore, there are several representatives at SCHOCK who take care of specific matters, such as inclusion and equality. These representatives are also available to the employees at any time. The assignment is communicated throughout the company and is listed on the information boards. Letters to management staff written anonymously and sent via "suggestion boxes" distributed throughout the plant are also taken into account and lead to appropriate measures. Remedies for compliance violations range from criminal convictions, which can result in fines or imprisonment, and civil claims for damages, to dismissal from employment or other disciplinary action.

## HANDLING OF COMPLAINTS

SCHOCK operates an open-door policy, meaning that every employee has the right and the opportunity to have their complaints or issues heard. In addition, SCHOCK has a works council, which is responsible for ensuring employee rights are upheld and serves as a point of contact for employees.

## DATA PROTECTION

Data is generated in every business operation and its importance and financial value is continuously growing. Therefore, people have an increasing interest in their data remaining secure. SCHOCK is committed to the protection of data regarding all its stakeholders, among those employees, business partners, customers and suppliers. As we do business internationally with our headquarters located in Germany, we adhere to the General Data Protection Regulation (GDPR) (EU) 2016/679 that stipulates that EU citizens have the right of protection of their personal data. We apply this regulation to all our operations, ensuring data protection through various measures. Among those are the creation of a procedure to ensure data protection rights in accordance with GDPR Art. 14 to 22; right to information, deletion, correction, restriction and objection; a GDPR-compliant disposal policy as well as mandatory data protection training for all employees. An external consultant and expert in data protection acts as the data protection representative for SCHOCK. In 2020, SCHOCK has not become aware of any complaints related to the loss or breach of customer data privacy.

## MARKETING COMPLIANCE

SCHOCK is committed to timely, accurate and complete disclosure of information in an appropriate manner. Our standards and ongoing objectives regarding compliance within our marketing and external communications consists of the following:

- *Legal security:* Fulfilling all legal and reporting requirements.
- *Transparency:* Clarifying responsibilities and processes for daily communication, but also in the event of a crisis.
- *Consistency:* Pursuing a one voice policy for SCHOCK's communication activities.
- *Information security:* Ensuring a uniform information flow throughout the entire company.
- *Strategy:* Ensuring that communication follows strategy not vice versa.
- *Adaptability:* Providing opportunities for adjustments with respect to target group and communication topic.

## RISK MANAGEMENT

As a company that operates solely in Germany but sells its products internationally, we are exposed to various internal and external developments and events that could impact the achievement of our financial and nonfinancial objectives significantly. Therefore, our corporate management consists in large parts of opportunity and risk management. We implemented a holistic risk management system targeted to ensure early identification, assessment and handling of risks. Operational

business units are responsible for identifying, assessing, treating and reporting of risks annually. Risks are identified by the risk owners in these areas. To the extent possible, the identified risks are assessed with regard to their potential impact and probability of occurrence, taking into account established risk control measures. In internal audits the risk matrixes are assessed and the effectiveness is reviewed.

## ANTI-CORRUPTION AND BRIBERY

Our employees are trained to comply with all applicable laws and applicable existing internal company guidelines. In order for us to assess our anti-corruption compliance we implement the following measures:

- Training in and provision as well as company internal display of our Code of Conduct
- Holistic risk analysis
- Training
- Whistleblowing mechanism

## PRECAUTIONARY PRINCIPLE

We particularly focus on the precautionary principle when it comes to the health and well-being of our employees. Occupational safety is ensured by several instances, on the one hand by company agreements that address occupational safety regarding our employees, and on the other hand by a safety officer who monitors the safety of the plant through regular inspections, improvement measures and compliance with health and safety regulations. The focus in all we do lies on the prevention of risks, therefore, all employees are frequently trained and participate in several company-wide and department-specific workshops. A company medic and trained first aiders are available to all employees for health promotion, prevention and treatment when needed. The provision of coverage in emergencies for our employees and their families is likewise a matter of great concern to us, hence we insure all our employees against accidents in the workplace causing invalidity as well as death as a matter of principle. Synthetic materials are also used for the production of our quartz composite sinks. Where chemicals are used, all employees are trained in the handling of hazardous substances. In addition, we prohibit the handling of hazardous substances if the employee is under 18 years of age. To reduce the use of hazardous substances we apply the so-called substitution principle as cited in the German Chemikaliengesetz. According to EU Directive 98/24/EC on chemical agents as well as REACH EU Directive 1907/2006, we are a downstream user and review our materials on a six-month schedule, checking for suspicious substances as listed in the ECHA Candidate List, and renew our certificate of conformity accordingly. SCHOCK undertakes great efforts to replace fossil sourced materials with recycled or renewable sources. SCHOCK also takes care that no chemicals can get into the groundwater or soil. This goes without saying for us, given that our products come into contact with food and we therefore bear a great responsibility towards our customers.

Over the past five years, a steady increase in the volume of cases relating to cybercrime has been observed in Germany. The coronavirus pandemic has further fueled cybercrime. To protect our company against these dangers, cyber-crime and data protection training sessions are held annually with all relevant employees. These actively help raise awareness and identify potential threats.

## SUSTAINABILITY MANAGEMENT

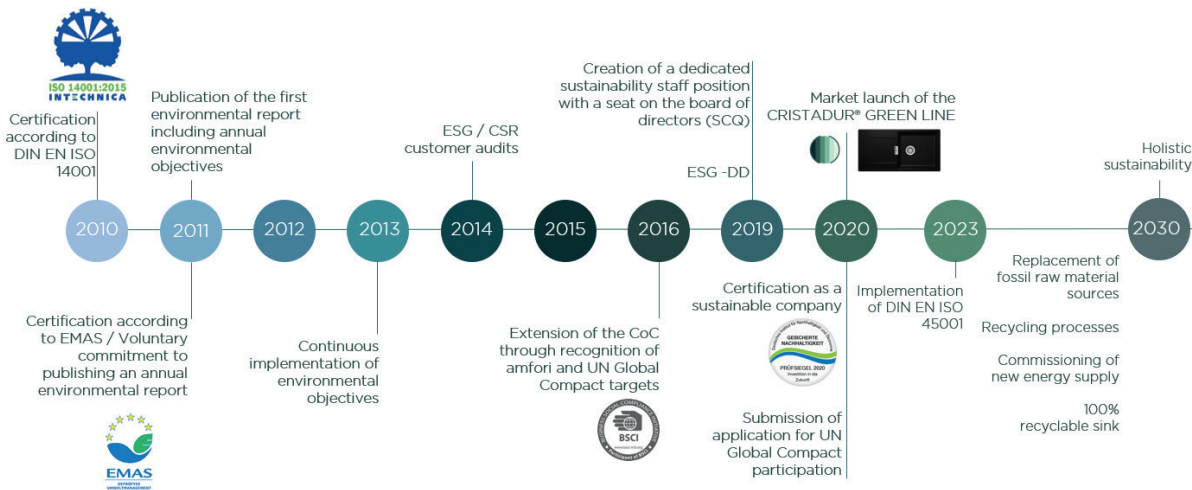


Figure 4 SCHOCK sustainability roadmap

Sustainability is deeply embedded within the corporate strategy. We have been striving to drive sustainability issues forward within the company and align our actions accordingly since 2010. We are EMAS-certified as of 2011 and have since published an annual environmental report that has been audited and verified by external auditors. In mid 2014 we started conducting Environmental, Social and Governance (ESG), as well as Corporate Social Responsibility (CSR) audits. In 2019, a dedicated sustainability department (SCQ) was created with a representative within the steering committee. In 2020, we conducted an ESG due diligence assessment. At the same time, we were awarded the “sustainable company 2020” seal of approval from Deutsches Institut für Nachhaltigkeit und Ökonomie.

## HEALTH & SAFETY

### HEALTH

We regard health as the state of complete physical, mental and social well-being. It is therefore our responsibility to create and maintain a trusting and comforting working environment for our employees.

At the Regen site, SCHOCK promotes awareness as well as the implementation of a healthy lifestyle for all its employees through a holistic company health management system, subsidies for health-promoting measures and sports courses, the provision of a gym, usage of largely regional ingredients in the canteen, ergonomic office equipment and regular lectures on nutrition and health by experts, including our company doctor.

Our interaction is based on inclusion, respect and appreciation. These values serve as the basis for our employees’ satisfaction.

Ensuring a healthy life includes the aspects of health as well as protecting the living environment, which are applied in our sustainability strategy - SINK GREEN. SCHOCK is committed to assuring this throughout its entire value chain - ranging from product development and manufacturing to minimizing our greenhouse gas emissions, waste, energy and waste water.

### SAFETY

Safety in the workplace is a priority for us. Our objective is the prevention of work-related injuries and illnesses as well as the provision of safe, productive and healthy working conditions in addition to a good working environment. We focus on prevention, among other things through training courses such as

- occupational safety,
- health,
- evacuation training and fire drills,
- fire safety assistants,
- first aid training,
- handling of defibrillators,
- ergonomic workplace.

Safety training is mandatory for all employees as well as workers and is conducted annually.

Workplace safety is further monitored through the work management team and regular safety inspections.

To further increase the occupational health and safety within our company we want to introduce DIN EN ISO 45001 at our site no later than 2023.

## COVID-19

The COVID-19 pandemic has not passed us by without leaving a trace. During this time, the focus was – as always – on the health of our employees and customers. In order to protect our employees, their families and our customers from the virus while at the same time guaranteeing our staff financial security in such an uncertain situation by maintaining the plant and operations, an enormous amount of effort was put into developing and implementing numerous concepts and measures to deal with the coronavirus.

In spring 2020, the border between Germany and the Czech Republic was closed due to the high number of COVID-19 cases. Around 12 percent of our employees who reside in the Czech Republic were no longer allowed to cross the border

at that time, resulting in staff shortages in some departments. The HR department as well as the safety officer established and maintained a frequent exchange with authorities and the embassy in Prague, regarding the regulations on crossing the German-Czech border.

In order to tackle the pandemic and its impacts we founded a COVID-19 Taskforce in April 2020 consisting of eleven members surrounding the senior management and the safety officer. The taskforce arranged three meetings a week to discuss the success of the measures taken as well as the next steps. During the first meeting on April 23rd, 22 measures were already decided and their implementation started. These included the creation of a COVID-19 questionnaire asking about symptoms, contact with infected persons and visits to high-risk areas, which every guest and contractor who wanted to enter the premises had to fill in; furthermore, the plan of measures also included the reduction of customer visits and the creation of a deeply intensified cleaning plan for heavily used surfaces such as door handles or operating equipment vehicles. Class H14 air filtration systems were installed in the offices. At the same time, the assessment of work-from-home options was initiated. In particular, the focus was on the work equipment that must be made available to employees to enable them to work efficiently from home. As part of these measures, half of the 100-strong administrative team was already working remotely from their home offices in November. In order to minimize the infection risk within our premises we additionally identified other areas of high risk where clustering was occurring in greater numbers, such as the canteen, the smoking areas as well as the break rooms. Therefore, we reduced the number of people allowed in the smoking areas while creating more smoking areas within the premises, established a Food To Go concept in the canteen and rescheduled the breaks of several units in order to prevent clustering of people. Visitors scarcely made an appearance, customer contacts were maintained digitally and meetings took place virtually.

Mask wearing became mandatory for all employees where a distance of 1.5 meters could not be maintained, and in general for all visitors and external companies. Masks of various legally required classes were provided free of charge to all employees, our customers and suppliers. In addition, all employees received training in the use of face masks. Not content with just wearing protective masks, the management decided to go one step further. Our safety officer was trained by the company doctor to carry out COVID-19 rapid tests. All employees could be tested twice a week starting in October. In the event of a positive rapid test, the person concerned was sent to the nearest testing station. Rapid tests were also provided to field employees. Antibody tests were likewise made available free of charge. Even relatives of employees were offered the tests free of charge. Additionally, starting in November all customers, suppliers and external company members were tested before entering the site.

To monitor coronavirus symptoms, besides the rapid tests, stationary fever thermometers were placed next to the time clocks, which the workforce could use as a voluntary screening tool. In addition, devices to measure temperature on the forehead were provided to all senior personnel. At a voluntarily determined body temperature of 37.5 degrees, a COVID-19 rapid test was required.

Another challenge in implementing the hygiene concept within the company was the shortage of disinfectants that occurred during the first wave of the pandemic. This required creativity and swift action. We asked ourselves what we could do to support our workforce, customers as well as our region during the pandemic. By utilizing our internal capacities and know-how, we created our newest product VirusSCHOCK, a hand and surface disinfectant, manufactured according to WHO requirements. By producing the disinfectant ourselves, it was possible for us to take responsibility within the region and to contribute to the supply of doctors' offices, the local crisis team and other health organizations with the required disinfectant. Moreover, a considerable amount of disinfectant was also provided free of charge to the crisis team of our district Regen. After the demand for disinfectant dispensers increased as well, we made them ourselves and then distributed them throughout the company.

In early October, the trade supervisory office and the employers' liability insurance association (Berufsgenossenschaft) were on site to assess the measures regarding their effectiveness.

Due to the success of our on-site measures, our safety officer was increasingly approached by other companies to share the procedure and the knowledge obtained.

# STAKEHOLDERS



Figure 5 SCHOCK stakeholders

As part of the introduction of DIN EN ISO 9001 at our site, all relevant interested parties were identified through company-wide cooperation, resulting in the internal stakeholder matrix. This is expanded in each case to include the ownership structure.

| STAKEHOLDER | CORE CONCERNS  | INCLUSION   |
|-------------|--|---|
| CUSTOMERS   | <ul style="list-style-type: none"> <li>• Authentic information</li> <li>• Supply and delivery management</li> <li>• Good corporate image and brand awareness</li> <li>• Innovative products</li> <li>• Project and marketing requests</li> <li>• Credibility of the company</li> <li>• Service attitude</li> <li>• (After-) Sales Support</li> <li>• Transparency</li> <li>• Exchange of information especially regarding sustainability</li> <li>• Partnership</li> </ul> | <ul style="list-style-type: none"> <li>• Personal interaction (once a month to daily)</li> <li>• Communication channels such as email, virtual meetings, phone calls</li> <li>• Customer portals</li> <li>• Field service visits</li> <li>• Personal invites</li> <li>• Trade shows</li> <li>• Personal designated contact person</li> <li>• Website</li> <li>• Social media</li> </ul> |
| COMPANY     | <ul style="list-style-type: none"> <li>• Employees and workers who are not employees</li> <li>• Work-life balance</li> <li>• Secure workplace and job</li> <li>• Appropriate remuneration</li> <li>• Personal development</li> <li>• Good workplaces</li> <li>• Health management</li> <li>• Good internal communication</li> <li>• Transparency</li> <li>• Authentic leadership</li> </ul>  | <ul style="list-style-type: none"> <li>• Employee appraisals, surveys, idea management</li> <li>• Meetings, works meeting</li> <li>• Corporate health management, SCHOCK Gym</li> <li>• Open door policy</li> <li>• CYC - Young leadership program</li> <li>• Mentoring programs</li> <li>• Intranet, notice boards, monitor, internal newsletter, emails</li> </ul>                    |

| STAKEHOLDER                           | CORE CONCERNS  | INCLUSION  |
|---------------------------------------|--|--|
| COMPANY                               | Shareholders <ul style="list-style-type: none"> <li>• Reliable data and information</li> <li>• Decent and sustainable operations</li> <li>• Good economic performance</li> <li>• Profit and loss expectations</li> <li>• Innovative and future-oriented company</li> </ul>   | <ul style="list-style-type: none"> <li>• Frequent reporting</li> <li>• Shareholder meetings</li> <li>• Communication of company objectives and performance</li> </ul>  |
|                                       | Executive Management <ul style="list-style-type: none"> <li>• Going concern</li> <li>• Development of staff members</li> <li>• Decent growth</li> <li>• Compliance</li> </ul>  | <ul style="list-style-type: none"> <li>• Steering committee</li> <li>• Management review</li> <li>• Frequent communication</li> <li>• Works meeting</li> </ul>   |
|                                       | Union <ul style="list-style-type: none"> <li>• Fair wages and pay</li> <li>• Safe working environment</li> <li>• Secure job</li> <li>• Health and Safety</li> <li>• Support of personnel</li> </ul>  | <ul style="list-style-type: none"> <li>• Frequent talks with union representatives</li> <li>• Union representatives present at the site</li> <li>• Communication via monitors</li> </ul>   |
| TRADE ASSOCIATIONS                    | <ul style="list-style-type: none"> <li>• Establishment of common positions and approaches</li> <li>• Mutually beneficial partnership</li> <li>• Innovative products</li> <li>• Supply and delivery management</li> </ul>   | <ul style="list-style-type: none"> <li>• Communication channels (email, virtual meetings, personal invites, phone calls)</li> <li>• Customer portals</li> </ul>  |
| LOCAL COMMUNITIES                     | <ul style="list-style-type: none"> <li>• Transparency</li> <li>• Mutual communication</li> <li>• Low emissions</li> <li>• Business tax revenue</li> <li>• Commitment to local issues</li> <li>• Provision of attractive jobs</li> <li>• Local development</li> <li>• Environmental protection</li> </ul>                       | <ul style="list-style-type: none"> <li>• Personal contact and frequent interaction</li> <li>• Neighborhood relations</li> </ul>  |
| SHAREHOLDERS AND PROVIDERS OF CAPITAL | IK Investment <ul style="list-style-type: none"> <li>• Performance enhancement</li> <li>• Expansion of the portfolio</li> <li>• Profitability of the investment</li> <li>• Profit realization</li> <li>• Fulfillment of objectives</li> </ul>  | <ul style="list-style-type: none"> <li>• Shareholder dialogue, meetings</li> <li>• Monitoring and reviewing of objectives</li> <li>• Communication channels (letters, phone calls, meetings in person and virtually)</li> </ul>  |
|                                       | Bank <ul style="list-style-type: none"> <li>• Compliance and adherence to agreements</li> <li>• Solvency assessment</li> <li>• Long-term corporate planning</li> <li>• Risk management</li> </ul>  | <ul style="list-style-type: none"> <li>• Frequent reporting</li> <li>• Publication of annual performance reports</li> <li>• Meetings</li> </ul>  |
| SUPPLIERS                             | Suppliers <ul style="list-style-type: none"> <li>• Procurement management</li> <li>• Mutually beneficial partnership</li> <li>• Guidelines, standards, requirements</li> <li>• Effective flow of information</li> <li>• On time payments</li> </ul>  | <ul style="list-style-type: none"> <li>• Supplier monitoring</li> <li>• Supplier talks (monthly, bi-annually or annually via phone, email, virtually or in person)</li> <li>• Frequent (daily) exchange of information via phone and/ or email</li> <li>• Trade shows</li> </ul> |
| GOVERNMENT                            | Government (federal, state)<br>Politics<br>Laws <ul style="list-style-type: none"> <li>• Diversity and Equality</li> <li>• Energy transition</li> <li>• Sustainability</li> <li>• Civic engagement of the company</li> <li>• Biodiversity</li> <li>• Providing jobs</li> <li>• Compliance with laws and regulations</li> </ul> | <ul style="list-style-type: none"> <li>• Dialogues with politicians at the state level</li> </ul>  |

| STAKEHOLDER         | CORE CONCERNS  | INCLUSION   |   |
|---------------------|--|---|---|
| POTENTIAL EMPLOYEES | <ul style="list-style-type: none"> <li>• Secure workplace and job</li> <li>• Appropriate remuneration</li> <li>• Personal development</li> <li>• Occupational Health and Safety management</li> <li>• Work-life balance</li> <li>• Good internal communication</li> <li>• Transparency</li> <li>• Authentic leadership</li> <li>• Attractive employer</li> </ul> | <ul style="list-style-type: none"> <li>• Website</li> <li>• Application site</li> <li>• Job fairs</li> <li>• Local high schools and universities</li> </ul>   |   |
| MEDIA               | <ul style="list-style-type: none"> <li>• Transparency</li> <li>• Credibility</li> <li>• Latest news</li> </ul>   | <ul style="list-style-type: none"> <li>• Interviews regarding events</li> <li>• Periodical press releases and written feedback on inquiries (10-15 per year)</li> <li>• Dialogue</li> <li>• Website</li> </ul>  |   |
| AUTHORITIES         | Regional Council<br>District Office<br>European Chemicals Agency (ECHA)<br>Tax office<br>Customs office<br>Federal Environment Agency<br>EMAS<br>ISO<br>TÜV<br>Auditing Institutions   | <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Credibility</li> <li>• Fulfillment of contractual objectives</li> <li>• Transparency</li> <li>• Sincere commitment</li> <li>• Reduction of emission, energy and water consumption</li> <li>• Reliable database numbers</li> </ul>                          | <ul style="list-style-type: none"> <li>• Internal and external audits</li> <li>• Annual audits regarding DIN EN ISO 9001, DIN EN ISO 50001, DIN EN ISO 14001 and EMAS</li> <li>• Consultations</li> <li>• Talks and meetings</li> <li>• Declaration of energy and water consumption, verification in annual audits</li> <li>• Calculation of emissions according to GHG Protocol</li> </ul> |
| CIVIL SOCIETY       | <ul style="list-style-type: none"> <li>• Engagement on social aspects above and beyond the legal framework</li> <li>• Ecological and economical production</li> <li>• Job safety</li> </ul>  | <ul style="list-style-type: none"> <li>• Inclusion of the population through various events</li> <li>• Website and social media</li> <li>• ISO 14001 / EMAS</li> <li>• Production solely in Germany</li> <li>• Cooperation with regional suppliers, schools and workshops for people with special capabilities</li> </ul> |   |

Table 2 Stakeholder inclusion at SCHOCK

## MATERIAL TOPICS

An analysis of the main topics was carried out regarding their influence on stakeholder evaluations and decisions, as well as the significance of their economic, environmental and social impacts. In addition, the topics were assessed for applicability. Certain disclosures, though important in terms of the stakeholder assessments and economic, environmental as well as social impacts, are not applicable to SCHOCK and therefore are not contained in this report. In the first step of our materiality analysis, we identified the GRI Standards most applicable to the company. In a second step, we determined the topic specific GRI Standards which were embedded in the company's strategic objectives in 2020. Out of the 30 topic-specific standards, we identified a total of nine standards most relevant to us in 2020.



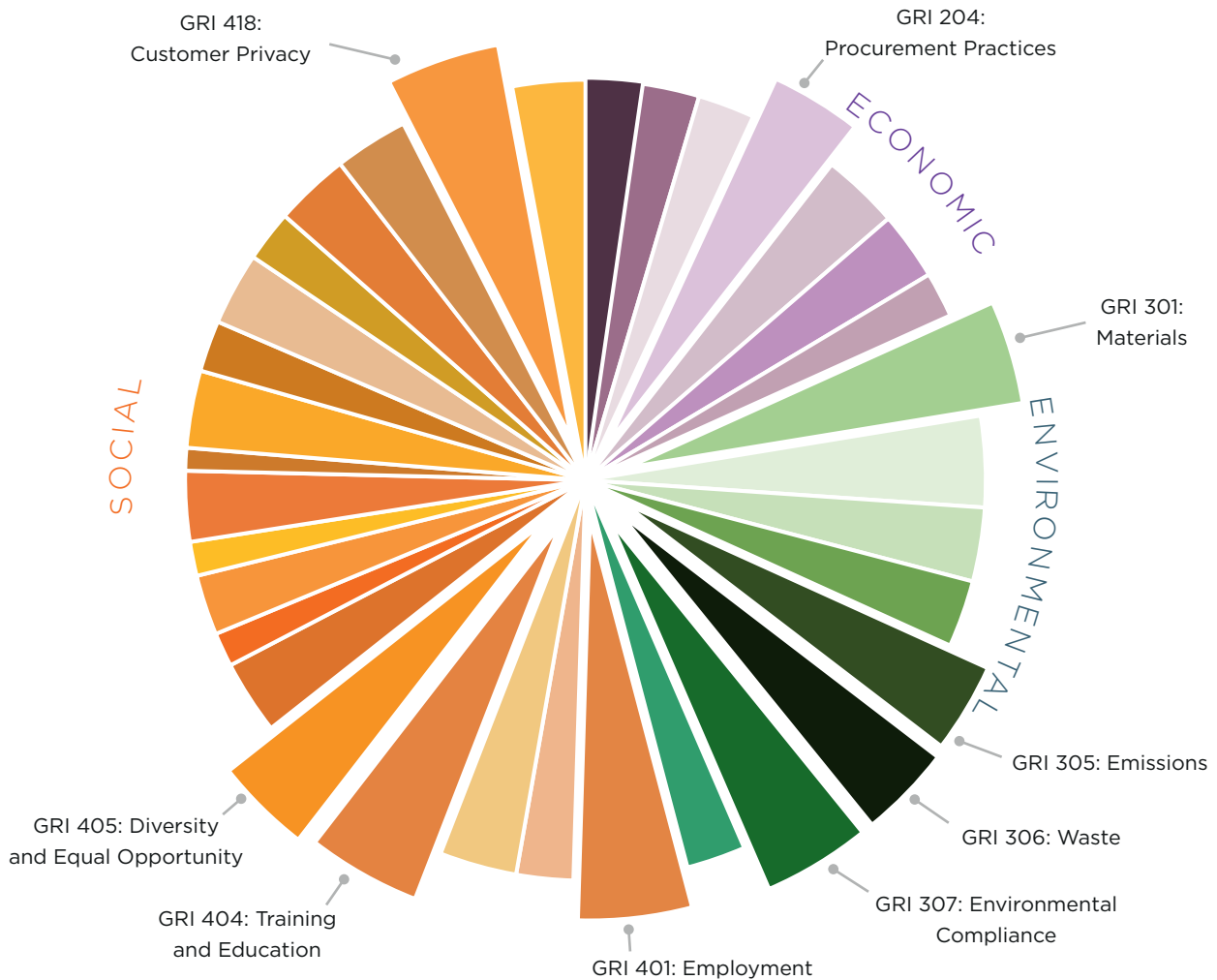


Figure 6 SCHOCK's topic-specific standards - Selection of the most important topics for SCHOCK in 2020

SCHOCK's assessment takes into account the material topics affecting both SCHOCK itself as well as our stakeholders. The SCHOCK sustainability team worked with internal stakeholders during the materiality process - including marketing, corporate development, finance, export, purchasing and human resources - to identify key issues raised by stakeholders.

**GRI 408/409 CHILD LABOR; FORCED OR COMPULSORY LABOR** - SCHOCK's only manufacturing operations are located in Regen, Germany. Under European law and especially the applicable laws within Germany, child labor is seen as violation. Therefore, it is prohibited and is neither currently nor has it ever been performed by SCHOCK. With regard to child labor, SCHOCK pursues a zero-tolerance policy. Strict compliance with all relevant laws, including adherence by suppliers and subcontractors, is verified, to the extent possible, by external audits. If the illegal employment of children is detected, the supplier is urged to stop this practice at once. If compliance is not met, the business relationship will be terminated immediately.

**UK MODERN SLAVERY ACT 2015**

SCHOCK has voluntarily committed to the transparency standards of the British Modern Slavery Act and consistently implements these in practice.

**UNIVERSAL DECLARATION OF HUMAN RIGHTS (UDHR) OF THE UNITED NATIONS (A/RES/217, UN Doc. 217/A-(III))**

SCHOCK is expressly committed to the 30 articles of the UN Universal Declaration of Human Rights and strictly aligns its business practices accordingly

**GRI 411 RIGHTS OF INDIGENOUS PEOPLE** - SCHOCK is aware of the importance of upholding the rights of indigenous people.

**GRI 202 MARKET PRESENCE** - The GRI Standard states that “this disclosure applies to those organizations in which a substantial portion of their employees, and workers (excluding employees) performing the organization’s activities, are compensated in a manner or scale that is closely linked to laws or regulations on minimum wage.” This provision does not apply at SCHOCK, as all employees and temporary workers are compensated in accordance with the company’s collectively agreed pay scale and thus above the minimum wage. For SCHOCK it is fundamental that good work is adequately rewarded.

## EMPLOYEES

Our employees are the most important asset of the company. If it wasn’t for the dedication of our employees, their efforts and their contributions, we wouldn’t be the company we are today. In 2020 SCHOCK employed 486 staff members<sup>3</sup>, including trainees and employees on paternity and maternity leave, excluding temporary workers. As we value our employees, we want to ensure the inclusion of all our staff, and therefore, we report news on a regular basis. The latest news can be read on the company’s internal monitors at any time. In addition, a newsletter with the most important developments is published every quarter and communicated to all personnel. The annual works meetings are conducted at the same frequency as a rule. In the event of concerns, employees can contact the works council directly or use the anonymous whistleblower channel. In order to constantly improve employee satisfaction at the site as well as to give employees the opportunity to voice any issues, employee surveys are conducted every two years as part of the Great Place to Work® questionnaire. These are evaluated and subsequently based on the results, measures are defined and implemented gradually.

All employees, including trainees, are covered by collective bargaining agreements in accordance with the company’s in-house tariff. 93 percent of all employees are covered by collective bargaining agreements.

As our company is located in Regen, Germany, the majority of our employees have their permanent residence in Germany or the neighboring Czech Republic.

### RESIDENCY



*Figure 7 Residency of SCHOCK employees*

In 2020, 15.6 percent of the workforce was made up of women, 20 of whom worked part-time, compared with 56 full-time employees. For us, gender equality is not a matter of opinion, but an ideal that we want to consistently improve on. We believe that diverse teams are the most efficient, effective and sustainable. Therefore, we encourage all genders to apply and join our team. We offer a variety of working hours models, individually adjusted to the needs of the employee, in the interests of facilitating work-life balance.

By comparison 97.1 percent of our male employees are full-time employees.

<sup>2</sup>Number of employees (head-count)

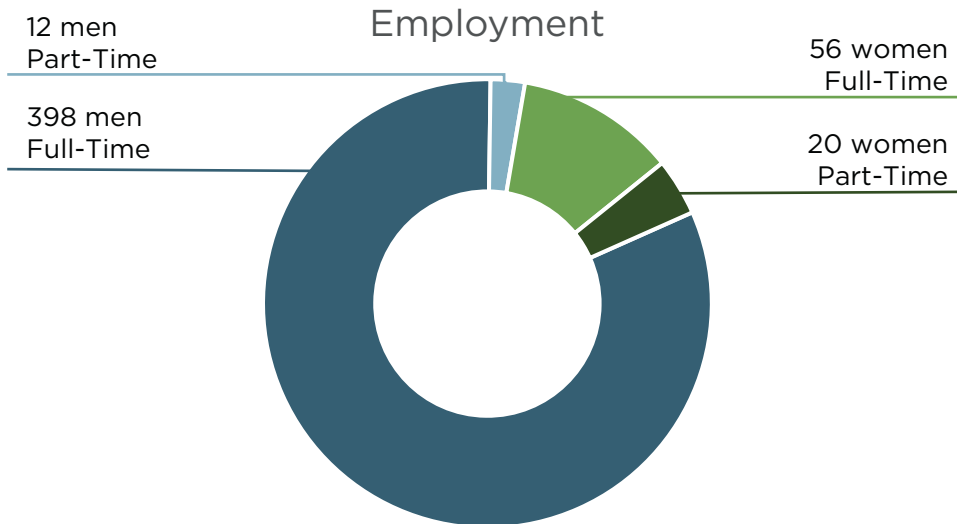


Figure 8 Employment at SCHOCK in terms of full-time and part-time job

At SCHOCK, the majority of staff are contracted employees. In 2020, the workforce comprised 22.6 percent temporary workers. One of the reasons for this is the increasingly high demand for our quartz composite sinks Made in Germany. 100 percent of temporary workers are covered by collective bargaining agreements. Our goal is to build long-term employee relationships. This applies to permanent employees as well as to temporary workers, whom we often offer a permanent position after a successful external employment relationship. The takeover rate in 2020 reached 65 percent. Furthermore, there are no seasonal fluctuations in personnel at SCHOCK.

## EQUALITY AND DIVERSITY

SCHOCK operates in accordance with the General Equal Treatment Act. Therefore, we provide an inclusive working atmosphere for all employees, regardless of gender, religion or origin. Human capital is one of our most valuable assets and we therefore foster a diverse workforce. The unique life experiences, knowledge, skills and talents that our employees possess and apply in their daily work shape our culture as well as represents an essential part of our success. To ensure equal rights as well as equal treatment for all, SCHOCK has an Equal Opportunities Officer as well as an Inclusion Officer. With regard to equal rights, we see it as our responsibility to practice equal pay, to promote measures to enable a work-life balance, and to enable women to participate in the labor market on an equal footing. As a company, it is our responsibility to create equal opportunities for all our employees, across all business processes and in terms of income paid. Since 2016, our employees' salaries defined in the in-house tariff have been based on the IG Metall Bavaria pay scale for wood and plastics. The basic salary is classified into pay scale groups, which are based on the employee's education and the tasks performed. We believe in equal pay for equal work. The same applies to the remuneration provided, including payments based on years of service, benefit payment, overtime, shift work, night work as well as vacation pay. Weekly working hours of full-time employees are set at 37.5 hours with annual vacation entitlement of 30 days, six more than legally required. Every year, our employees receive an additional bonus in the form of vacation pay and Christmas bonus. These compensation principles apply to our site in Regen. All our employees are given the option to choose capital-forming benefits as well.

The basic salary and the classification according to the pay scale is in general independent of gender. In order to determine the ratio of the basic salary and remuneration of women compared to their male colleagues and thus identify the percentage of the gender pay gap within SCHOCK, evaluations are carried out by the HR department. The findings revealed that there are no discrepancies in basic pay between female and male employees.

In addition to the salary, SCHOCK offers all employees a range of benefits and additional services such as electric bike leasing, free sports courses and events as part of company health management measures, free use of the company gym SCHOCKletics, as well as discounted employee prices for SCHOCK products. Less inequality starts with equal opportunities for all applicants. Our selection process for new employees is based exclusively on performance and suitability for the advertised position and is built on our corporate values.

As a company, we and our employees act in accordance with the General Equal Treatment Act. SCHOCK has a zero-tolerance policy in the event of violations of those terms.

At SCHOCK, we strive every single day to provide our employees with an inclusive and pleasant working atmosphere. Diversity and inclusion are in practice at SCHOCK - in 2020, 13 nationalities worked together at SCHOCK.

## NATIONALITY

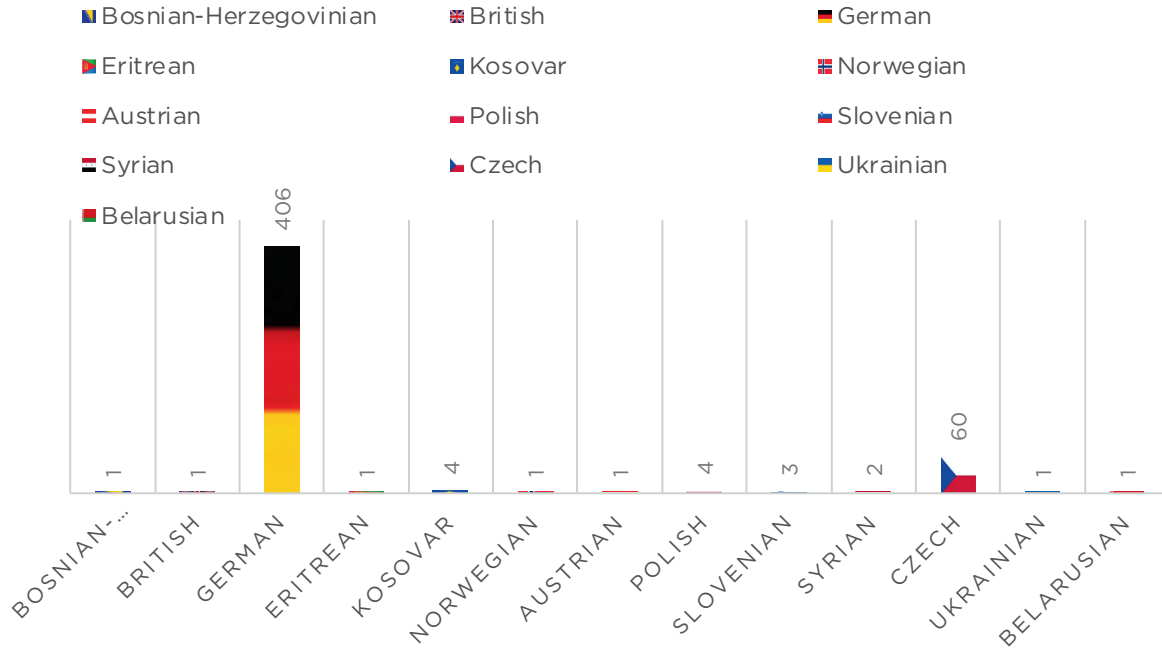


Figure 9 Representation of nationalities in the SCHOCK workforce

Gender equality as well as equal pay is a priority for us, and we act accordingly. As a company in the manufacturing sector and a producer of sinks made of a quartz composite material, the majority of our staff is male. We strive to remove the stereotypes within the manufacturing industry and to attract more women to our company. We also consider it important that women are represented at all levels of the hierarchy. In 2020, we have not yet been able to achieve this at all hierarchical levels. This is something we are aware of and we will continue to pursue this objective on an ongoing basis.

EMPLOYEE STRUCTURE 2020

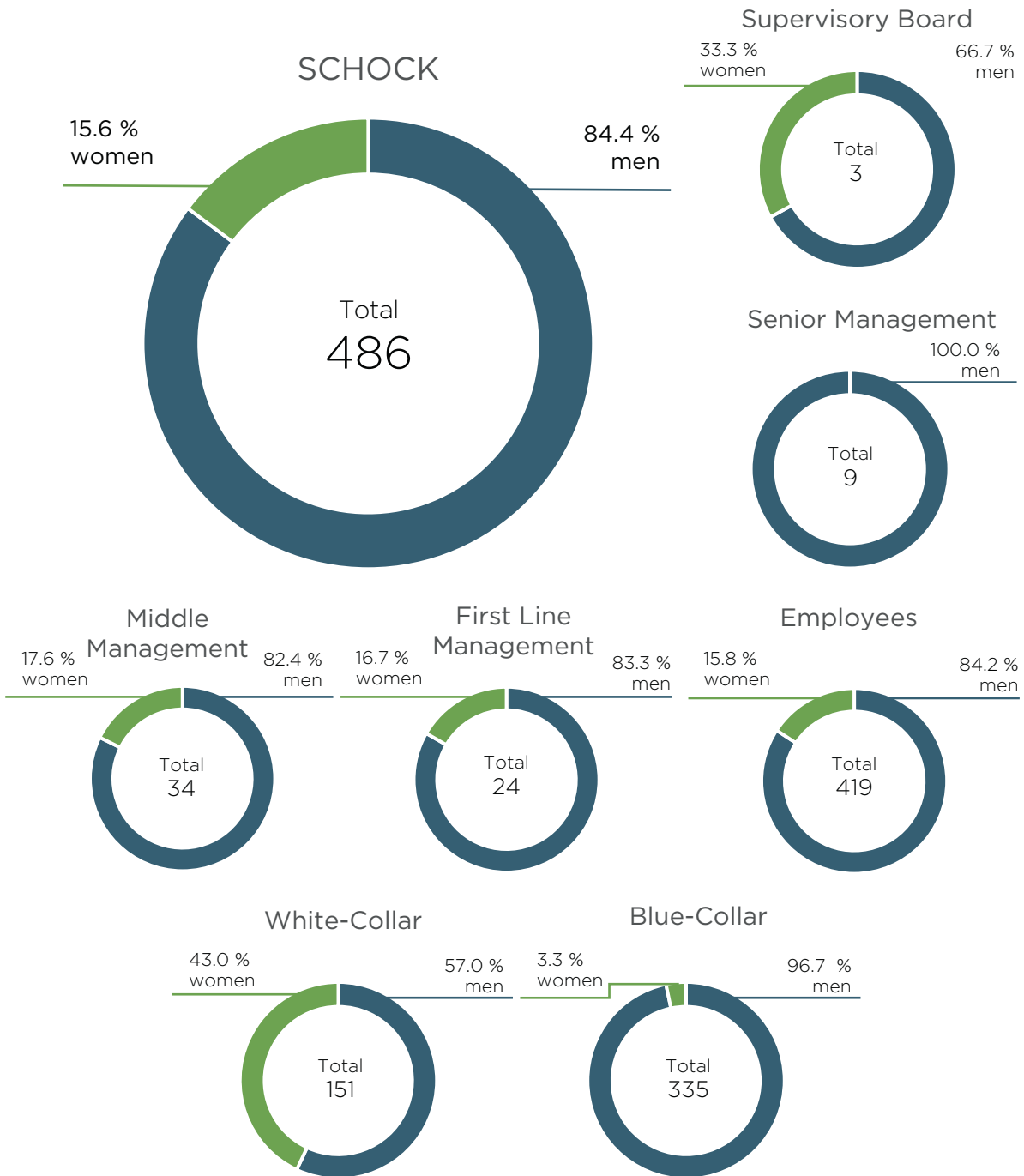
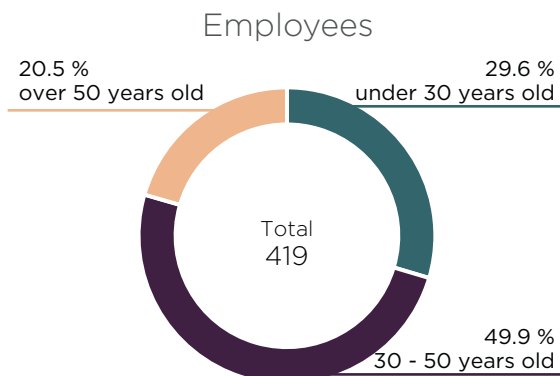
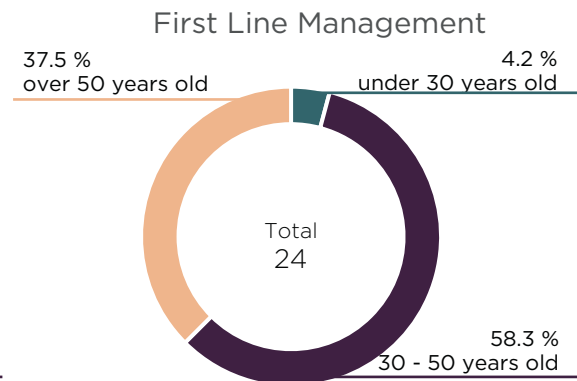
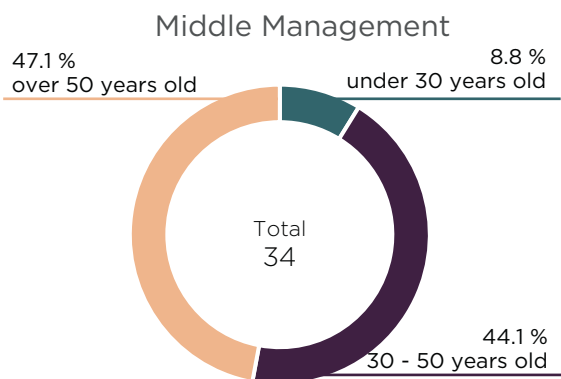
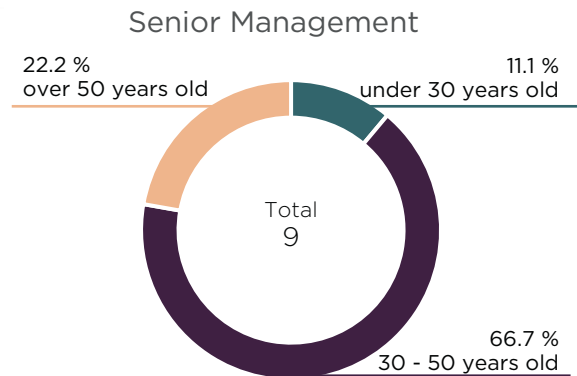
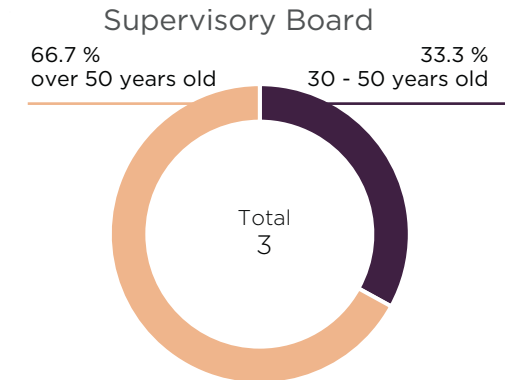
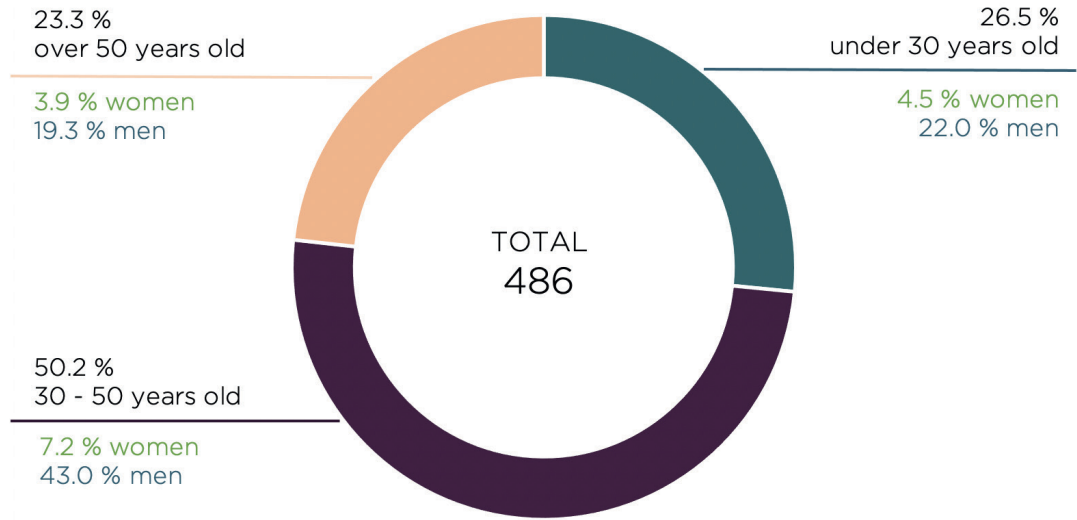


Figure 10 Composition of the SCHOCK workforce

At SCHOCK, we benefit significantly from the diversity that arises from the overarching cooperation in terms of age groups or even nationalities of our employees. On a daily basis, four different generations (Baby Boomers, Generation X, Generation Y and Generation Z) work and collaborate at SCHOCK. The different groups contribute new perspectives and approaches to the company. This variety of ideas ensures SCHOCK's innovative strength.

AGE STRUCTURE 2020

Age groups at SCHOCK



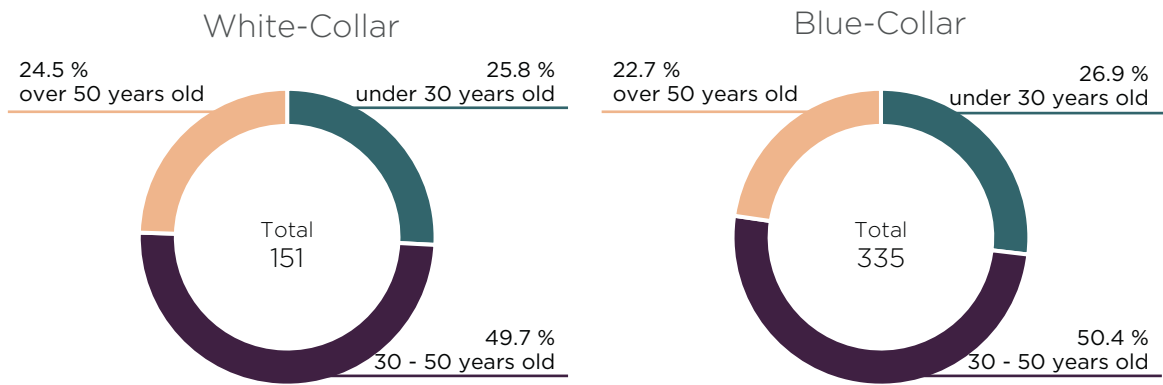


Figure 11 Age structure of the SCHOCK workforce

Supporting all age groups is an essential principle to SCHOCK, with increased support for young people ensuring equal opportunities for the next generations. To this end, SCHOCK has specifically developed a program to promote young talent. Our young employees are nominated for the two-year COLOR YOUR CAREER program based on their performance. Those selected are guided by experienced managers as mentors for the duration of the program. This young team, consisting of 10 people, all under the age of 35, takes part in various workshops as part of the program in order to acquire the necessary skills to take on a leadership role later on. In 2020, the team included three women and seven men. The CYC team is regularly assigned projects, which they work on independently and implement together with senior management. Furthermore, the team takes over the mentoring of apprentices at SCHOCK to guide and support them on their journey.

In addition, there is a youth representative committee in SCHOCK’s works council, which is committed to the interests of young employees as well as trainees. We are continuously working on new ways and methods to attract and retain people in the future who fit our corporate culture and want to contribute to making the lives of our customers worldwide more colorful.

During COVID, we were committed to supporting our employees as best we could. Our employees were given access to emergency care for their children and the opportunity to do their work at their home if necessary. As a means of improving the financial situation of our employees, who had to accept a shortfall in wages and salaries as a result of the pandemic-related short-time working periods, the temporary payment of a performance-related bonus over a period of several months was introduced to compensate for these deficits. This was a tax- and social security-free Corona bonus.

## INCLUSION

Inclusion and openness form the foundation of our corporate culture. In addition to the thirteen nationalities represented within our workforce, the inclusion of people with a migration background is therefore of importance to us, as is the inclusion of people with disabilities. As a company, we comply with the legal requirements of Section 154 of the German Social Code (§ 154 SGB IX), which requires public and private employers to have at least five percent of their jobs filled by people with disabilities. In 2020, SCHOCK employed 33 people with disabilities. With a proportion of close to 6.8%, we are thus acting beyond the legal requirements. We pursue the active integration of severely disabled people and the corresponding equality by adapting the work environment as individually as possible, providing work equipment as well as regular communication. Meetings of the works council as well as the disabled persons’ representative with the disabled staff members take place frequently in addition to the communication of new applicable laws and regulations. In addition, the representatives regularly hold awareness-raising talks on the individual needs and situation of people with disabilities with the department heads as well as the team leaders. The equal opportunities officer, the works council representative as well as the disabled persons’ representative are always available for the employees and handle their concerns with care and empathy. All representatives are tasked with ensuring work facilitation as well as individual and customized tasks.

The effectiveness of the inclusion measures becomes apparent in the fact that the employees with disabilities are able to organize their work mostly autonomously. SCHOCK works in close cooperation with the local integration office.

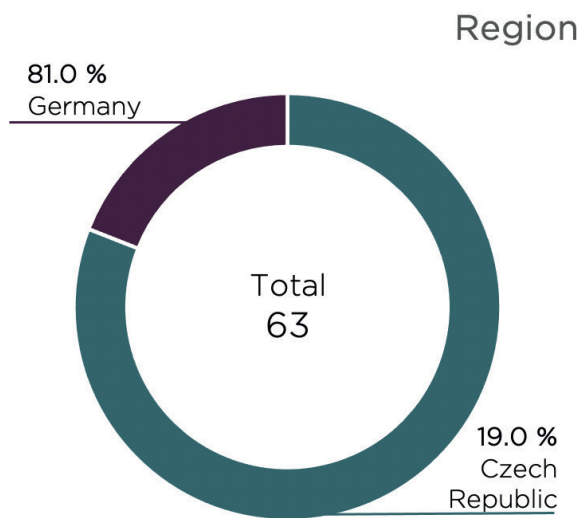
Inclusion and openness are seen as core values by SCHOCK, as we want to provide a diverse and inclusive working atmosphere for all our employees. At SCHOCK it is important to us to walk the talk and participation in supporting initiatives.

Which is why we joined the trade union IG Metall campaign *No place for racism*. SCHOCK's management has a strict zero tolerance policy when it comes to discrimination, racism, bullying, stalking, harassment, corruption and other acts that are disruptive and damaging to our business and especially our workforce.

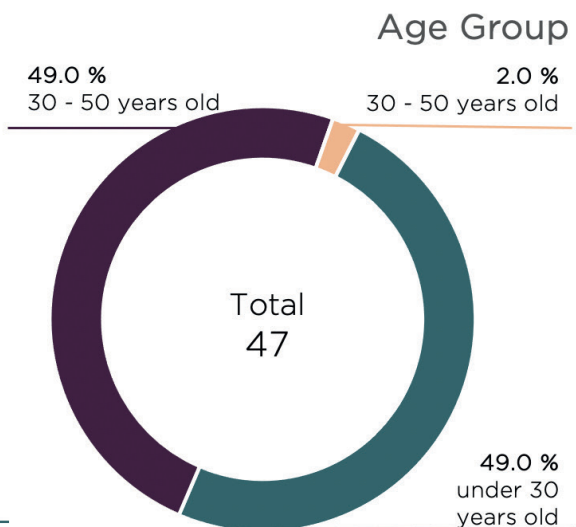
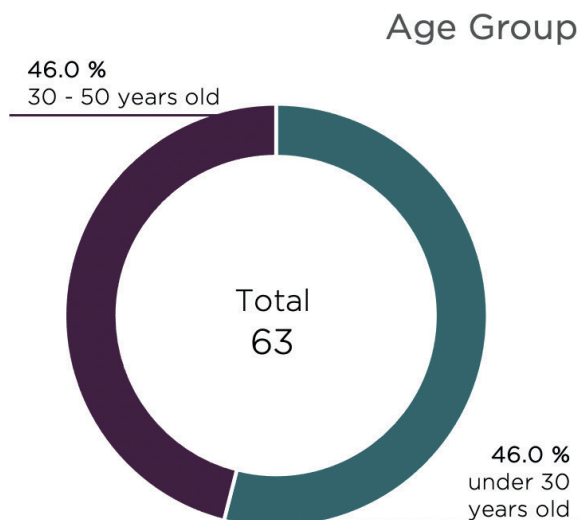
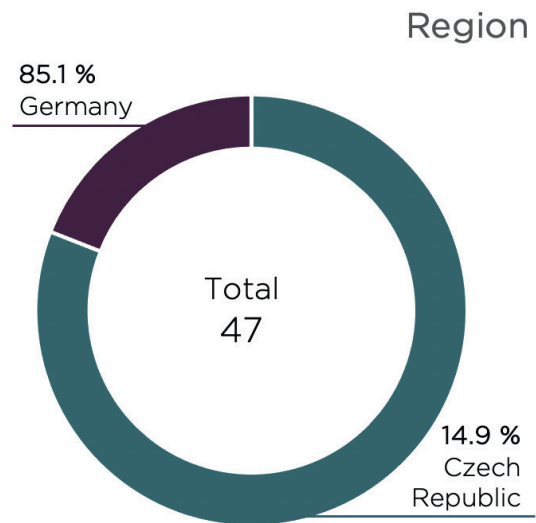
## EMPLOYMENT

The effectiveness of our equality, diversity, and inclusiveness measures are part of the turnover key performance index. This index therefore reflects the employee satisfaction. Faced with the coronavirus pandemic, which has left many people insecure about their employment and worrying about job security, we are very grateful that we have been able to provide stable employment for our employees and even hire additional staff. In 2020, we hired a total of 63 new employees, including ten women and 53 men with 81 percent of the new hires residing in Germany and the remaining 19 percent residing in the Czech Republic.

**New hires 2020**



**Employee turnover**





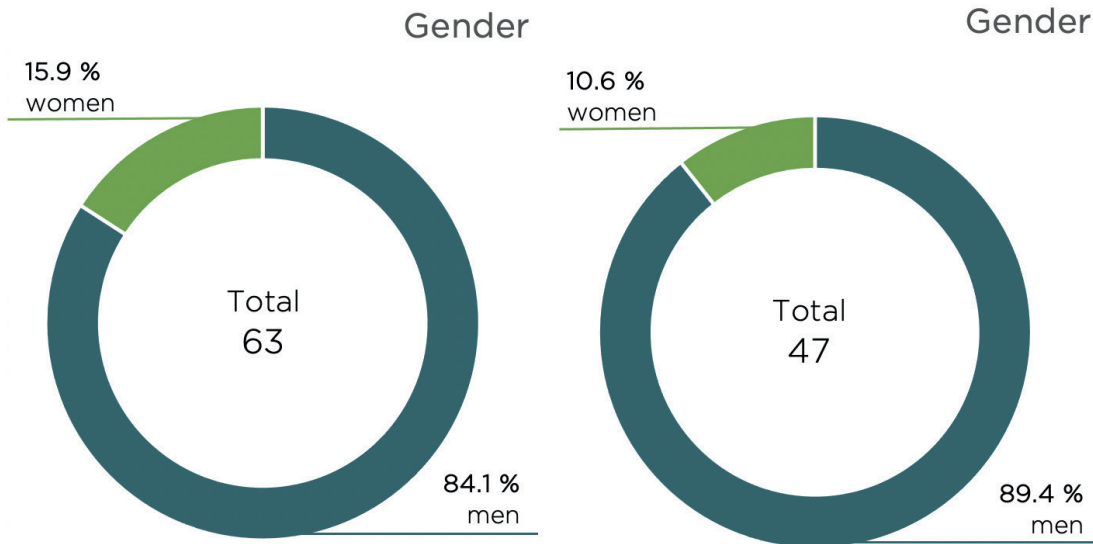


Figure 12 New hires and employee turnover at SCHOCK 2020

Employee turnover, which is calculated using the Schlüter formula is of particular interest to us as it is considered an important indicator of employee satisfaction. In the reporting period, the turnover rate constitutes 8.9 percent. In 2020, 47 employees left the company, with 42 being male and five female.

$$\text{Turnover} = \frac{\text{employee - initiated departures}}{\text{headcount at beginning of reporting periode} + \text{new hires}} \times 100$$

All employees are provided the same benefits as we do not differentiate between full-time and part-time employees.

At the Regen site, all employees are covered by insurance against accidents in the workplace that lead to disability and death. Within the framework of the statutory provisions, all employees are covered by health insurance; as an employer, SCHOCK pays a contribution to the public health insurance as well as to the private health insurance of its employees. Furthermore, SCHOCK employs a company physician who carries out initial examinations, vaccination campaigns as well as other screening and prevention courses within the company. In addition, all our employees can use parental leave on a statutory basis as well as retirement provision on a voluntary basis. Other benefits that we provide our employees are:

- Payments based on years of service
- Employer's contribution to capital-forming benefits
- Work clothing for blue-collar employees
- Subsidization of meals in the company cafeteria,
- Company vehicle for field staff as well as
- Vacation and Christmas bonus payment

As previously mentioned, the entitlement to parental leave in Germany is regulated by law. Therefore, all 486 employees, consisting of 410 men and 76 women, were entitled to parental leave. In 2020, 50% of the 20 employees that took parental leave starting in 2018 returned to work after it ended with the rest remaining in parental leave. All 15 employees that took parental leave in 2019 were employed more than twelve months after their return from work when their parental leave ended. We are delighted that the return rate as well as the retention rate both constitute 100%.

$$\text{Return to work rate} = \frac{\text{Total number of employees that did return to work after parental leave}}{\text{Total number of employees due to return to work after taking parental leave}} \times 100$$

$$\text{Retention rate} = \frac{\text{Total number of employees retained 12 months after returning to work following a period of parental leave}}{\text{Total number of employees returning from parental leave in the prior reporting period(s)}^4} \times 100$$

4 This is the first sustainability report published by SCHOCK. Therefore, we considered the year 2019 as a basis and use as a proxy for the previous reporting period.

## PARENTAL LEAVE



Figure 13 Parental leave at SCHOCK 2020

## TRAINING AND EDUCATION

Education is of great importance to SCHOCK. We apply life-long learning as a guideline, hence the importance we attach to the continuous development of our employees' skills through internal and external training. With education and training, it is our aim to help our employees develop capacities for the future in order to lay the foundations for innovations and new approaches. We offer our employees a wide variety of internal and external training opportunities. For the training and further education of our workforce, we founded the SCHOCK Academy in 2016, which provides job oriented as well as personal development training courses. The training courses are selected by the SCHOCK Academy, with consideration of requirements and suggestions from the workforce regarding the training topics. The annual training booklet consists of training courses on the following topics:

- Leadership, behavior and communication
- SCHOCK (the company)
- Software and IT skills
- Health and fitness
- Cooking
- Social events

To support the development of new skills among our employees, SCHOCK has allocated an annual budget for all trainings conducted. All full-time, part-time, as well as temporary workers receive the required compliance and job-specific training in the form of classroom training and via online training. Employees are further trained in accordance with the qualification matrix and the internal training plan. Besides this, we offer individual, demand-oriented training for groups and individuals, as well as the possibility for all employees to undergo further training externally. The latter, among other things, through individual support and granting of additional leave for attendance, learning and examination days.

Managers receive modular training programs that continuously improve their skills in personnel management. SCHOCK moreover has a young leadership program called COLOR YOUR CAREER, which is appointed in a one-year cycle. The aim of this program is to prepare the selected young employees for their future leadership positions and to provide them with the necessary expertise. To this end, each program member is assigned an experienced manager as a mentor.

In 2020, each employee accounted for an average of 4.5 hours of education and training.

| EMPLOYEE CATEGORY | WOMEN | MEN  | TOTAL |
|-------------------|-------|------|-------|
| White-collar      | 480   | 1166 | 1646  |
| Blue-collar       | 15    | 503  | 518   |
| Total             | 495   | 1669 | 2164  |

Table 3 Total hours of training and development at SCHOCK 2020

On average, female employees spent 6.5 hours on training and development, while the number of hours for male employees was 4.1 hours. In terms of employee categories, white-collar workers completed an average of 10.9 hours, compared to 1.5 hours for blue-collar workers.

SCHOCK offers its employees individual agreements to prepare them for retirement. The measures are adapted to the personal needs of the person concerned. The agreements include, among other things, a reduction in working hours, time off and assistance in the case of early retirement. For employees intending to continue working with us we further provide retraining to the extent possible. This measure is used especially when employees have sustained injuries that prevent them from performing their current duties. In these cases, it is important to us to find a suitable new position for our employees and thus retain them. SCHOCK further provides company integration management measures, which persons with sickness-related absences of more than six weeks can voluntarily take advantage of. Severance payments at SCHOCK can take place within the framework of employment termination agreements.

## APPRENTICESHIPS

The development of young people is also shaped by the variety of apprenticeships offered. In order to meet the demand for skilled workers, SCHOCK offers eight apprenticeships at the Regen site. Dedicated instructors are available for each specialty area. SCHOCK employed 16 apprentices in 2020 (thereof 38 percent women), who were assigned to eight apprenticeship professions. We are particularly proud of our > 90 % retention rate. The apprenticeship pay at SCHOCK follows the high IG Metall pay scales. Moreover, SCHOCK offers internships for high school and college students, as well as working student positions.

## SUPPLY CHAIN

The procurement department is responsible for ensuring that our company has a sufficient supply of raw materials, goods and services. This department operates in accordance with defined purchasing and supplier management processes. These processes follow social, legal and environmental principles, all of which are incorporated in our purchasing guideline. Therefore, the procurement guideline includes not only economic aspects but also social and environmental aspects. Compliance with these principles is binding for both our employees and our suppliers. Together with our employees and our suppliers, we thus contribute to the continuous improvement of sustainability throughout our supply chain.



Figure 14 SCHOCK supply chain

## SUPPLIERS

Suppliers who foster a business relationship with SCHOCK are divided into the following groups: raw materials, packaging, as well as commercial goods. The total number of suppliers engaged by the organization amounts to 50, with the estimated number of suppliers throughout the supply chain roughly being 500.

In the following graphic you can see the percentage of SCHOCK's procurement budget at the Regen site spent on the suppliers belonging to the defined supplier groups. The spending on local suppliers is illustrated in green in the graphic below. Local sourcing refers to the procurement of goods, commodities and services from the country in which SCHOCK has its headquarters, i.e. Germany. We source 25.5% of our raw materials from Germany. With regard to the most important raw material, quartz sand, we obtain approximately 84% from the Bavarian Forest. For packaging, we rely exclusively on local suppliers (100%). About 73% of our local packaging suppliers are located within the immediate vicinity of our headquarters in Bavaria.

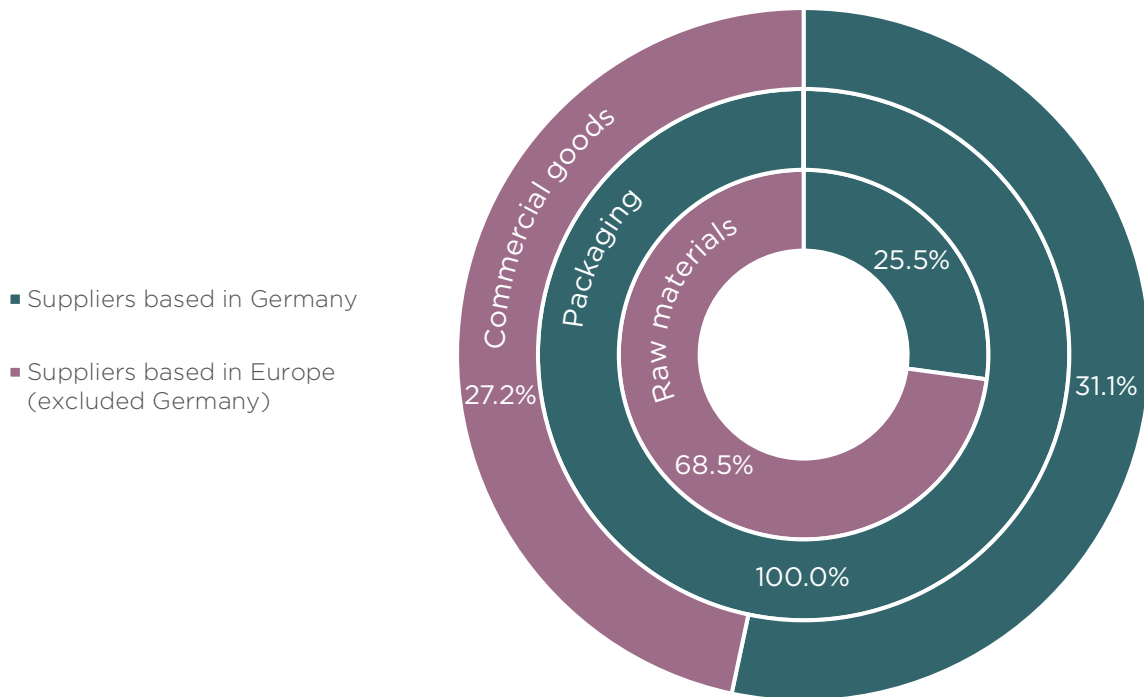


Figure 15 Percentage of spending on local suppliers

## KEY IMPACTS, RISKS AND OPPORTUNITIES

### SOCIO-CULTURAL ASPECTS

#### Employment and integration of foreign workers

An inclusive working atmosphere prevails at SCHOCK no regards to gender, religion or origin. We are continuously striving for improvement.

#### Environmentally friendly and health-promoting mobility

We offer our staff the opportunity to rent an electronic bike on preferential terms.

#### Shortage of skilled workers

Like many other companies, we are experiencing a shortage of skilled workers. As a hidden champion, certain groups of people are not yet aware of us. Our efforts to attract new employees include a distinctive website and appealing job descriptions, as well as a high-profile employer branding presence and exchanges with relevant regional stakeholders.

## TECHNOLOGICAL ASPECTS

### **Technical infrastructure & implementation and update of software**

As a result of the expansion of the company within a short period of time, it is necessary to further expand the system structure as well as the IT department in order to be able to respond to future requirements in a timely and appropriate manner.

## POLITICAL AND LEGAL ASPECTS

### **New directives (whistleblower protection)**

Ensuring that the current status of applicable laws, legislations as well as regulations is maintained involves a great deal of internal effort and time. The European directive to be implemented by December 2021 is known and will be timely applied.

### **Strict environmental regulations**

The complexity of compliance with and keeping up to date with legal, internal and external environmental regulations is steadily increasing. So as to be able to continue to meet these requirements, all departments of the company are tasked with and committed to achieving our environmental goals. As part of our SINK GREEN corporate philosophy, we set ourselves environmental goals that go beyond the legal framework. SCHOCK voluntarily commits to compliance with the EMAS requirements that are audited annually by external certifiers.

### **Pollutant and hazardous materials management**

To reduce the use of hazardous substances we apply the so-called substitution principle. On a six-month schedule we review our materials, checking for suspicious substances as listed in the ECHA Candidate List, and renew our certificate of conformity accordingly.

## ECONOMIC ASPECTS

### **Competition**

The competitive situation proves to be dynamic in the field of quartz composite sinks as well as faucets. As an innovator in the market, it is our goal and endeavor to offer functional and visually appealing products for our customers through innovation and creativity in order to help shape kitchen design individually. We are striving to further establish the colored kitchen sink as a lifestyle object for the kitchen. Through the diverse color selection of our products, we offer our customers individuality and creative freedom in kitchen design.

### **Lack of 100% transparency on suppliers and sub-suppliers**

Lack of transparency leads to a residual risk for environmental and social issues along the supply chain. For this reason, cultivating and exchanging information along the supply chain is of great important to us.

### **Accounting according to IFRS**

Additionally, to the local accounting regulations, we further adhere to the latest International Financial Reporting Standards (IFRS). By doing so we intend to create transparency while making our annual financial statement internationally comparable.

### **Prevention of money laundering**

Our focus in this area is on the prevention and avoidance of corruption and money laundering. The implementation and optimization of the know-your-customer principle is being continuously driven forward. A CMS system for the aggregation of all compliance topics is already under construction.

### **Resource scarcity**

With the awareness that raw materials are limited, we are committed to the sustainable procurement of supplies and strive to use recycled or renewable materials wherever possible. The idea of 6R sustainability (rethink, reuse, recycle, reduce, repair and refuse to waste) is always pursued.

### **Fluctuating dollar rate**

Changes in exchange rates may cause products to be subject to inflation in certain countries in our distribution network.

## ENVIRONMENTAL ASPECTS

### Regional sourcing

To the extent possible we source all necessary materials from within the close vicinity to minimize transport routes.

### Improvement of biodiversity

Our plant is situated in a mixed-use area. Altogether 17,500m<sup>2</sup> of the 65,473m<sup>2</sup> site is built over and 10,300m<sup>2</sup> is paved in the form of roads and paths. This leaves 38,973m<sup>2</sup>, or 59% of the total area, as green space, providing adequate scope for biodiversity to thrive. Surrounded by this green belt, the factory grounds integrate well into the mixed-use area. The unused fields owned by SCHOCK are mowed only twice a year to allow the grass and diverse floral life to grow and thrive, and to provide a natural habitat including for bees. The ecologically grown cut is also used by an eco-certified farmer to feed his animals.

### Increasing awareness of plastic in the environment

We avoid and eliminate the use of plastic in our packaging to the extent possible.

### Emissions

Our goal is to decrease air and noise emissions continuously.

Emissions from heating installations: Monitored by the chimney sweep

Emissions from factory exhaust air in production: Monitored in accordance with the Technical Instructions on Air Quality Control.

### Emissions from electricity and gas consumption

Gas - CO<sub>2</sub> emissions from gas usage amount to approx. 170g CO<sub>2</sub>/kWh, which is the result of combustion.

Electricity - CO<sub>2</sub> emissions from electricity amount to 300g/kWh according to the electricity supplier (as at 11/2020), which is below the average emissions for electricity generation in Germany of 435g/kWh.

Other gases - Emissions from our factory hall exhaust air are below the limits contained in the Technical Instructions on Air Quality Control and are measured more often than legally required. We do not have any other regulated emissions.

### Noise emissions

Across the whole plant we take care to carry out noisy activities inside the factory halls. Particularly during the night, we have an obligation to avoid disturbing local residents as much as possible. That is also why delivery traffic does not start coming on to factory premises before 7 a.m. We observe the relevant noise pollution limits.

## INTERNAL CHALLENGES

### Substantial expenditures for sustainable management

Being an innovator distinguishes us as a company as well as our actions. Sustainability is deeply anchored in our corporate identity and we pursue the implementation of sustainable measures with great inventiveness. Environmental protection is costly, but we spare no effort to preserve the blue planet and its beauty. For this reason, we implement, to the extent possible, numerous measures such as the replacement of raw materials with organic or recycled materials as well as, the elimination of plastic.

### Retirement of key personnel

The retirement of experienced employees of many years' standing poses a challenge to knowledge transfer. Through a mentoring program and by by the employee recording specific knowledge themselves, the company endeavors to preserve and pass on knowledge to the younger generation as well as to maintain the acquired knowledge in our knowledge management system. We therefore communicate the importance and necessity of documenting information and knowledge right from the start of employment.

### Fluctuation of employees

Our employees are our most valuable asset. We strive to attract and retain the people who fit in with us through our corporate culture, incentives and personal development opportunities. However, voluntary turnover cannot always be prevented, despite all the measures we take to create and maintain good working conditions for our employees.

## KEY IMPACTS

### Support of the municipality

On the one hand, we are involved in the local community, through the payment of business tax, while on the other hand,

bilateral cooperation with community leaders and support for local organizations, such as sports clubs, means a great deal to us.

**Support of local associations**

SCHOCK supports local associations among those the Wirtschaftsimpuls Regen as well as the FC Bürgerholz.



**Economic strength**

The district of Regen benefits from the employees who settle in the area, as these generate purchasing power, as well as from the visitors, suppliers and customers who visit our site.

**Circularity/ sustainability**

The concept of a circular economy as well as sustainability is deeply anchored in our corporate values. These are reflected both in our supply chain management and in our responsible procurement practices. The idea of sustainability is also applied in the innovation of new products. This has given rise to the CRISTADUR® Green Line. A recycling cycle for our products will further be established as well.

**Climate change**

Climate change affects us all. As a company, we are committed to supporting the goals of the Paris Climate Agreement and making our contribution in the form of our SINK GREEN sustainability roadmap.

**Energy**

We aim to purchase solely renewable or green energy. We strive to achieve energy efficiency in Production and Administration in the interests of Germany’s energy transition.

The share of renewable energies in our total consumption of gas and electricity rose slightly in 2020, from 21.5% to 22.4%.

**Electricity**

Since the introduction of environmental management systems in 2010, specific electricity consumption per sink has been continuously reduced and is now about 45% lower than in 2010. According to the electricity utility company’s figures, the share of renewable energies amounts to 58.2% (as at 11/2020).

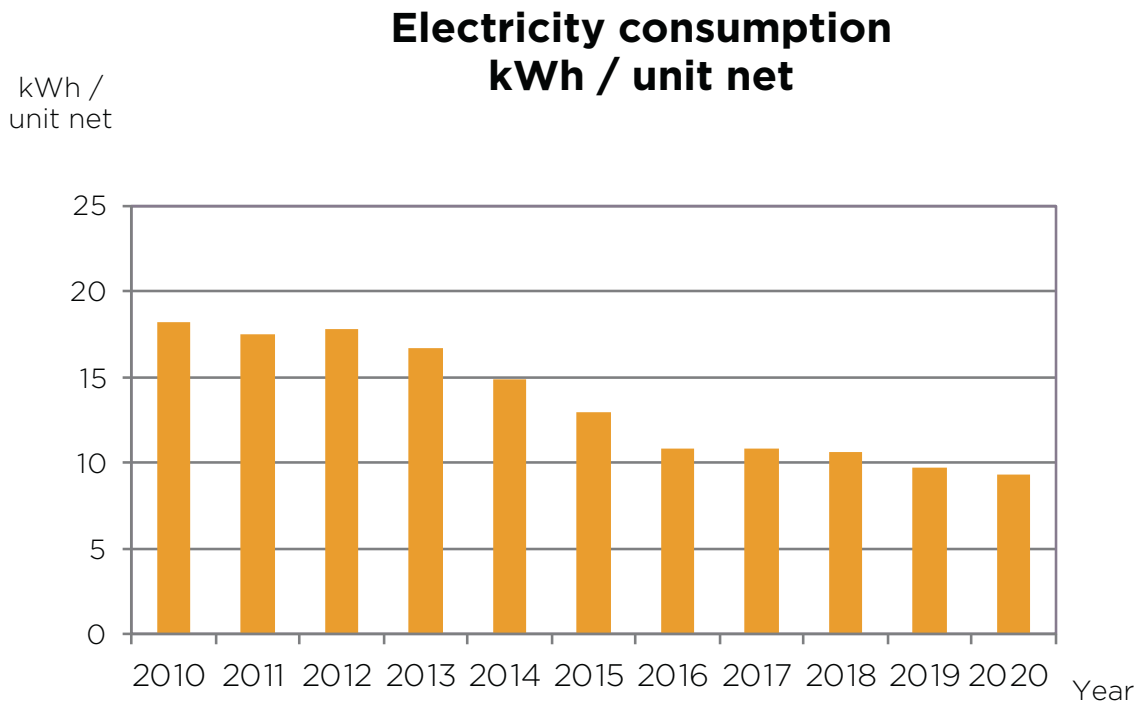


Figure 16 Electricity consumption per good part produced, SCHOCK, Regen plant

Our low specific electricity consumption was again slightly reduced in 2020 and now stands at 9.29 kWh/unit, compared to 9.68 kWh/unit in 2019. This is due to good production capacity utilization as well as consistent efforts to use technically more efficient operating resources and machinery.

Gas consumption is illustrated below. In order to account for fluctuations in consumption as a result of the weather, the consumption values in the figure below were standardized in line with the German Meteorological Service's degree days according to German standard VDI 2067. Figures from 2007 were taken as the 100% baseline for the diagram. This is represented by the red horizontal line.

The following data is depicted in the figure below:

- The bars show the consumption of gas per good part produced, which can be read off the vertical axis on the left. The vertical axis on the right depicts the following 2 values:
- The red horizontal line represents 100% (the 2007 baseline).
- The green line shows the percentage gas consumption per sink, in relation to the 2007 baseline and adjusted for the number of degree days.

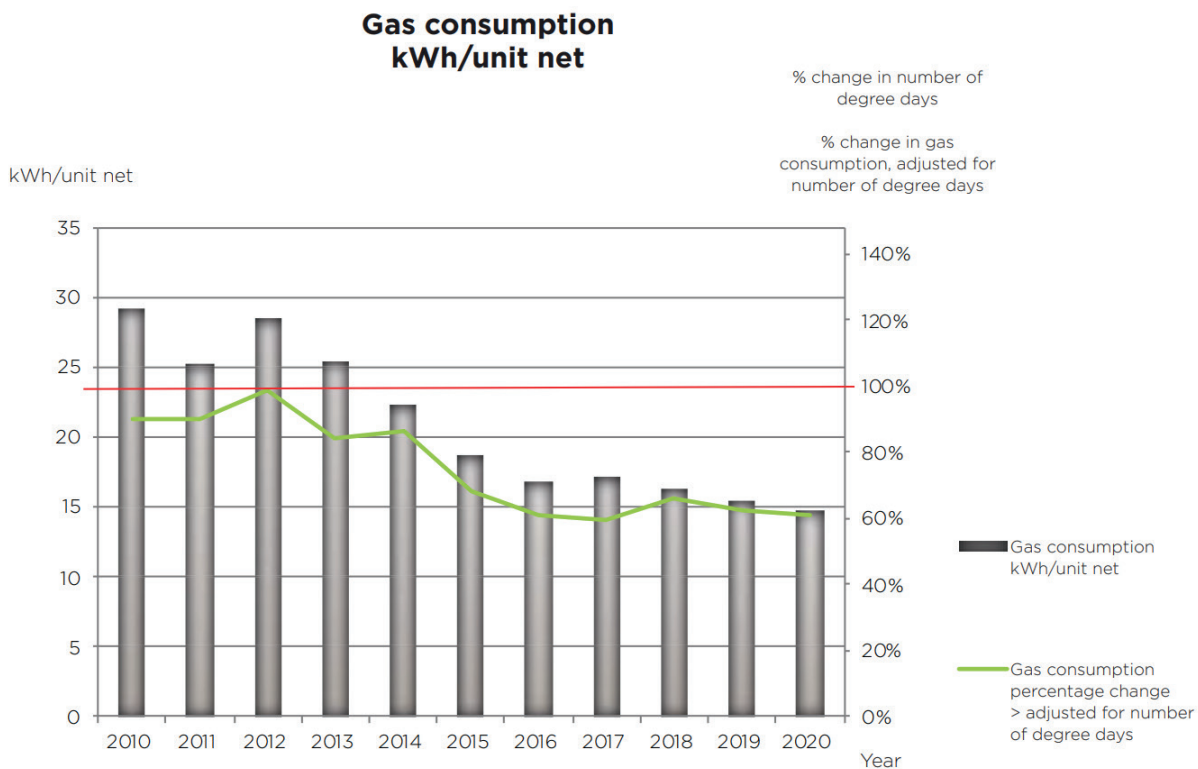


Figure 17 Gas consumption per good part produced, SCHOCK, Regen plant

### Innovations & sustainable products strategy

As the inventor of the quartz composite sink, we define ourselves as innovative as we promote creativity and hold around 130 patents, two of which were granted in 2020.

### Products

We develop products along customer needs as well as life situations. With the sink area being the hub of the kitchen, it is receiving more and more attention. Aspects such as ease of cleaning, durability and also design are key criteria for end customers during the purchasing process.

We are committed to the absence of questionable ingredients. It is important to us to comply with all standards and requirements of food legislation and beyond. Our main focus is on sustainability, for example through the longevity of our products, and customer protection.



# TOPIC-SPECIFIC GRI STANDARDS

## MATERIALS

Our customers are the focus when it comes to developing new products. At SCHOCK, our mission is to continually improve the sink sector by making it more sustainable, more diverse, in style, and more colorful. In order to achieve this, our products and their materiality are continuously optimized by our in-house research & development team. With the CRISTADUR® Green Line, we offer the market as well as our end customers a product line that corresponds to more conscious consumption along with future-oriented actions. The innovative material is a consistent continuation of our sustainability efforts - our quartz composite sinks have always been manufactured alongside high standards of environmental awareness and sustainability: SCHOCK is the only quartz composite sink manufacturer that produces solely in Germany and uses natural quartz sand, which we source almost exclusively from within the Bavaria region.

We attach great importance to resource-friendly manufacturing of our products and have set ourselves the target to improve the proportion of natural, renewable and recycled raw materials in our products as well as in the packaging in addition to purchasing the resources regionally to the extent possible. Furthermore, we pursue the goal of designing our sinks sustainably, as well as establishing the sink as a lifestyle object of the highest quality for our customers. We understand this to mean, among other things, the durability of our sinks, the fulfillment of customer needs, as well as the provision of functional, custom-fit and, as far as possible, sustainable sink accessories, through which the SCHOCK quartz composite sink becomes a versatile all-rounder in the kitchen.

|   | IN T             | SOURCING   |
|---|------------------|------------|
| <b>Non-renewable materials</b>  | <b>14,287.48</b> |            |
| Raw materials   | 13,428.75        | externally |
| Associated process material   | 271.54           | externally |
| All forms of materials and components other than raw materials that are part of the final product | 474.51           | externally |
| Materials for packing purposes  | 112.68           | externally |
| <b>Renewable materials</b>  | <b>9,158.90</b>  |            |
| Raw materials   | 2.82             | externally |
| Associated process material   | 5,583.00         | externally |
| All forms of materials and components other than raw materials that are part of the final product | 37.70            | externally |
| Materials for packing purposes  | 3,535.39         | externally |

*Table 3 Materials used by weight or volume - SCHOCK 2020 - The stated values were determined by inquiries with the manufacturer or supplier, as well as by data in the ERP system and by consultation with the purchasing department.*

The largely regionally sourced, natural quartz sand is proportionately present in all our sinks in the amount of ~75 %. The quartz is sustainably supplemented by natural color additives and binders made from recycled or renewable components in the CRISTADUR® Green Line product lines. This patent-pending technology marks a first milestone on the way to making the portfolio ever more sustainable. At our site, there is a distinct trend towards sustainable packaging. When it comes to packaging, we pay attention to recyclable materials that can be separated by type at a rate of over 95%. We are connected to appropriate take-back systems. 75 % of our cardboard packaging is sourced from a manufacturer whose cycle, according to its own statements, begins with 100 % renewable and sustainable primary raw materials and whose packaging used in our operations has a recycled content of 61.8 %. Only the plastics that are still used in individual cases for the packaging of our products belong to the category of non-renewable but recyclable packaging materials. SCHOCK strives to reduce the amount of plastics used as much as possible and to replace them with renewable materials.

Associated process materials include the oil used to operate the machines as well as the process water used in manufacturing. The oil used is added back to the cycle after an external recycling process. Up to 95% of the process water is recycled and then returned to the process.

SINK GREEN is a holistic mindset extending across the entire product life cycle. Because even though our highly sustainable SCHOCK sinks are made to last, they will still need to be replaced at some point. This is where our recycling technology comes in: CRISTADUR® Green Line models can be returned into our closed cycle and recycled by us into new sinks. We introduced this system in Germany in 2020 together with the launch of the CRISTADUR® Green Line.

The recycling rate of Green Line sinks for reuse can be closely tracked. Due to the launch of the CRISTADUR® Green Line in the reporting year and the durability of our products, no corresponding sinks have yet been returned to us.

## MATERIAL EFFICIENCY

Material efficiency has again increased compared to the previous year and now stands at 92.1%, resulting from quality improvements and an associated reduction in rejects.

### Material efficiency in %

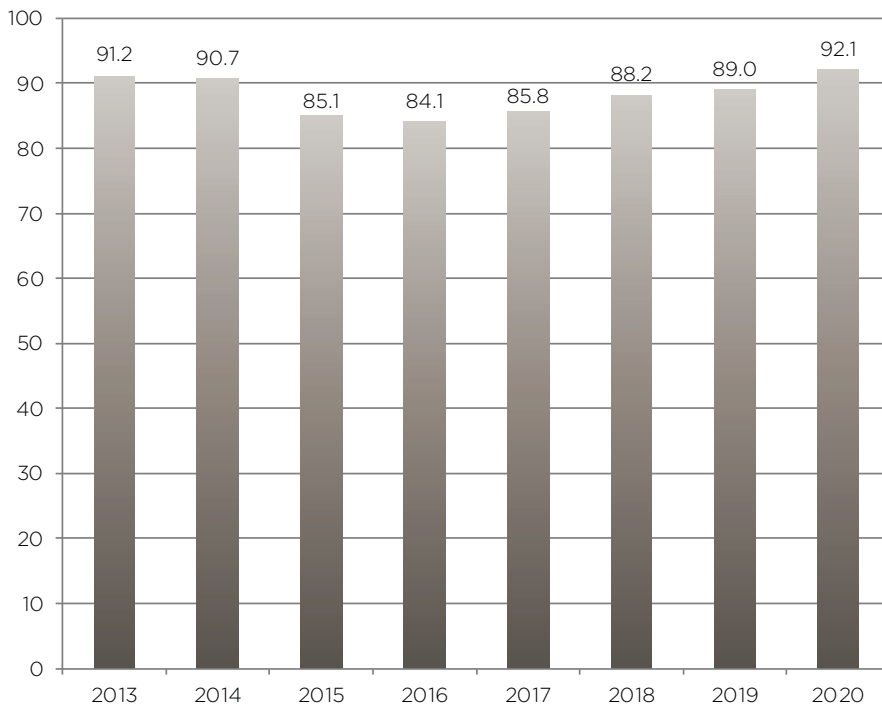


Figure 18 Material efficiency in % of gross production volume, SCHOCK, Regen plant

## EMISSIONS

In 2019, the Sustainability, Compliance and Quality Management department was created. The aim of this restructuring was to focus more strongly on sustainability within the company and to align management objectives with this. As a result, 2019 serves as the base year for emissions calculations at SCHOCK.

In order to properly prepare the emissions calculations, we collaborated with one of the Big Four consulting companies in 2019, which performed and verified the calculations. The biggest change in 2020 was the 9.6% increase in production

| Schock GmbH  |                     | 2019          | 2020          |
|--|---------------------|---------------|---------------|
| <b>Total CO<sub>2</sub></b>                        |                     | <b>24,852</b> | <b>25,688</b> |
| Scope 1 (direct CO <sub>2</sub> emissions)         | t CO <sub>2</sub> e | 2,924         | 2,961         |
| Scope 2 (indirect CO <sub>2</sub> emissions)       | t CO <sub>2</sub> e | 3,504         | 3,686         |
| Scope 3 (other indirect CO <sub>2</sub> emissions) | t CO <sub>2</sub> e | 18,424        | 19,042        |

Table 5 SCHOCK carbon footprint

## DIRECT GHG EMISSIONS

Scope 1 emissions significant to SCHOCK refer to emissions resulting from combustion processes of stationary installations, combustion processes of mobile installations, and direct emissions of volatile gases.

### SCOPE 1 CALCULATION - COMBUSTION PROCESSES OF STATIONARY INSTALLATIONS

We generate emissions from combustion processes of stationary plants within the scope of heat generation by using natural gas. For the calculation of CO<sub>2</sub> emissions (incl. equivalents) we were using the Department of Environment Food and Rural Affairs (DEFRA) emission factors for 2020. The total natural gas consumed was determined by the purchasing department based on the ERP system. The total was multiplied by the DEFRA emission factor for natural gas to give the tons of CO<sub>2</sub>e.

### SCOPE 1 CALCULATION - COMBUSTION PROCESSES OF MOBILE INSTALLATIONS

The combustion processes of mobile installations include, on the one hand, the SCHOCK internal vehicle fleet and the forklifts used by SCHOCK, which are operated with liquid gas. Fuel receipts from 2020 were used to calculate Scope 1 emissions from fuel volumes (diesel and unleaded/plus gasoline). Based on these, the total liters of fuel purchased for each fuel type (diesel or gasoline (electric equals zero)) were added up. After the liters of each fuel type were converted from liters to MWh, they were multiplied by the respective DEFRA emission factor to obtain the total t CO<sub>2</sub> equivalents. When calculating the liquid gas used by the forklift trucks, the total amount of liquid gas was also taken from the invoice, multiplied by the DEFRA emission factor for LPG to obtain the t CO<sub>2</sub> equivalents.

### SCOPE 1 CALCULATION- DIRECT EMISSIONS OF VOLATILE GASES

Volatile gases are emitted as part of the production process. The numbers of annual emissions are calculated by extrapolating the reading logs to 220 days of operation.

## SCOPE 2 (INDIRECT EMISSIONS)

Our Scope 2 emissions are composed of the overall electricity consumption.

### SCOPE 2 CALCULATION - ELECTRICITY

The emission factor used for the calculation derived from the monthly billing of the energy supplier. The respective electricity mix of each bill was averaged over all months, resulting in the average emission factor. In addition to the emission factor, the total amount of electricity consumed was also multiplied by another factor to convert the tons of CO<sub>2</sub> into tons of CO<sub>2</sub> equivalents.

## SCOPE 3 (OTHER INDIRECT EMISSIONS)

## SCOPE 3 CALCULATION - PURCHASED GOODS AND SERVICES

This calculation refers to the emissions that occur 'cradle-to-gate', i.e. they denote the CO<sub>2</sub> footprint of the purchased input materials from their extraction, in the case of raw materials, to their delivery to our plant.

All strategic goods have been included in the calculation.

We requested the information on the emission factors of these goods, represented as Greenhouse Warming Power (GWP), from our suppliers or respectively from the manufacturer.

## SCOPE 3 CALCULATION- FUEL AND ENERGY-RELATED EMISSIONS (NOT IN SCOPE 1 AND 2)

The emissions in this category relate to the provision of the energy sources listed in scopes 1 and 2. They are therefore emissions that occur upstream. This includes, for example, line losses. For Schock GmbH, the energies described in Scope 1 and 2 are essential: diesel, gasoline, natural gas, liquid gas and electricity. The quantities mentioned there were multiplied by the DEFRA well-to-tank values to calculate the emissions.

## SCOPE 3 CALCULATION- LOGISTICS

The emissions of this category refer to the emissions caused by the delivery of the mentioned goods from the supplier to the delivery at SCHOCK.

The following information was determined by the ERP system: tons, individual kilometers, means of transport and acceptance of delivery trips. The German Federal Environment Agency (Deutsches Umweltbundesamt) provided a truck emission factor that applies to large trucks (3.5 tons or more), semi-trailers and road trains. This factor includes not only CO<sub>2</sub> emissions but also CH<sub>4</sub> and N<sub>2</sub>O.

To calculate CO<sub>2</sub> emissions per trip, the load capacity per commodity was multiplied by the one-way distance in km as well as the emission factor and divided by 1000 to determine the number of tons. By multiplying the result by the total number of trips, the total distance CO<sub>2</sub> equivalents per product were calculated. Delivery emissions per product purchased were then formed.

## SCOPE 3 CALCULATION - BUSINESS TRAVEL

In order to determine the tons of CO<sub>2</sub> equivalents from business travel at SCHOCK the mileage information provided to us by the contracted travel agency was used. A total of 102,093 miles were recorded and multiplied by the emission factor of DEFRA. It was therefore necessary to convert the miles into kilometers. It should be noted that air miles differ from land miles (one air mile equals 1.852 km).

The results were then converted from grams to tons of CO<sub>2</sub> equivalents.

## SCOPE 3 CALCULATION - EMPLOYEE COMMUTING

SCHOCK's estimated car commuting volume amounts to 8,553,600 kilometers. This breaks down as follows: 486 people drove an average of 40 kilometers (one way) on 220 days per year. This resulted in a total mileage of 4,276,800 kilometers. Assuming a two-way trip to account for the outward and return journeys results in 8,553,600 kilometers. These kilometers were allocated to gasoline and diesel vehicles on a percentage basis using data provided by the Kraftfahrt-Bundesamt (German Federal Motor Transport Authority). According to the Federal Motor Transport Authority, 31.7% of vehicles in Germany are diesel vehicles and 65.9% are gasoline vehicles. The remaining 2.4% are electric vehicles, hybrid vehicles and others. For completeness, the 2.4 % of this group were added to the 65.9 % of gasoline vehicles, resulting in a total of 68.3% gasoline vehicles. This decision was made in order to assume the worst-case scenario when calculating CO<sub>2</sub> emissions. The average consumption in liters per 100 km was used to calculate the liter consumption per kilometer. According to Statista, the average consumption of a gasoline vehicle in 2020 on average was 7.8 liters per 100 kilometers and for a diesel vehicle 7.0 liters per 100 kilometers. The liter consumption data was converted into kWh and then multiplied by the DEFRA emission factor in t CO<sub>2</sub> equivalents.

As Scope 3 accounts for the largest share of our carbon footprint, all GHG emissions were included in the calculation of the intensity ratio. Accordingly, the ton of CO<sub>2</sub> emissions per unit produced in 2020 was 0,02 t CO<sub>2</sub> e/ unit. Based on the monetary unit, the combined intensity quotient amounts to approx. 0.00027 t CO<sub>2</sub> e/€.

# WASTE

## IMPACT OF WASTE

The appropriate handling and disposal of waste is of utmost importance as unattended landfills could cause land and air pollution as well as uncontrolled buildup of all sorts of solid waste materials. The appropriate separation and collection of waste at SCHOCK is communicated to all relevant personnel in the form of work instructions, among other things. We use hazardous substances in production, in a safe and proper manner, thus complying with all applicable laws and regulations, and preventing harm to employees and the environment. The handling of waste, including transport and disposal, is taken care of by experienced and approved partners. In addition, the transport and handling of these materials is managed by procedural instructions, and a hazardous materials officer trains the responsible employees in the handling of hazardous materials and their prescribed transport.

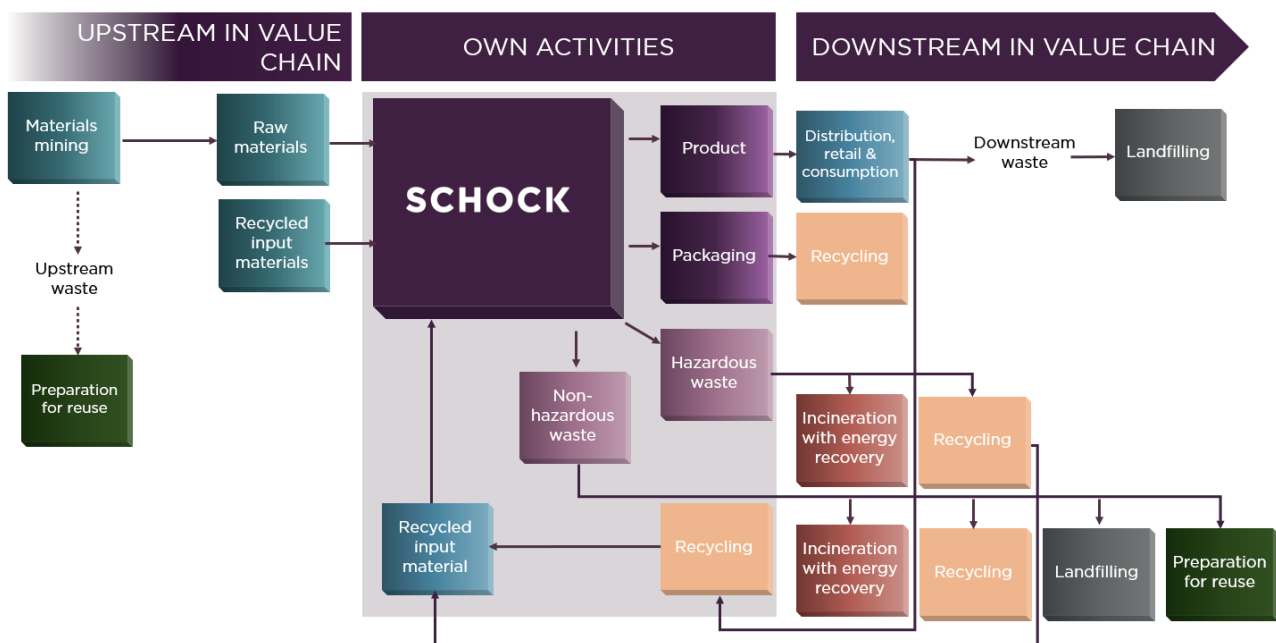


Figure 19 Process flow

## DEALING WITH WASTE

Dealing with waste is another area in which SCHOCK has long focused on environmental protection. Here, SCHOCK primarily focuses on the consistent avoidance of waste and on waste separation, which applies as much to procurement as to all internal processes. Where waste is impossible to avoid, we make use of the available recycling options. When a material can no longer be kept in the economic cycle by means of recycling or other types of reuse, SCHOCK takes care to have it professionally disposed of by a certified disposal contractor. A waste management procedure defines the scope of application, responsibilities, relevant environmental aspects, as well as the legal basis. The responsibility for the correct handling of waste lies with the waste representatives. Environmental aspects include the separation and collection of waste, in addition to the prevention of

- discharges into the environment,
- release of emissions,
- dust,
- leakage,
- noise,
- fire and explosion.

SCHOCK adheres to all applicable legal regulations regarding waste. In addition to those, we comply with the EMAS and DIN EN ISO 14001.

In accordance with applicable laws, the hazardous waste is incinerated with the recovery of energy and disposal certificates are requested from the commissioned disposal companies every five years.

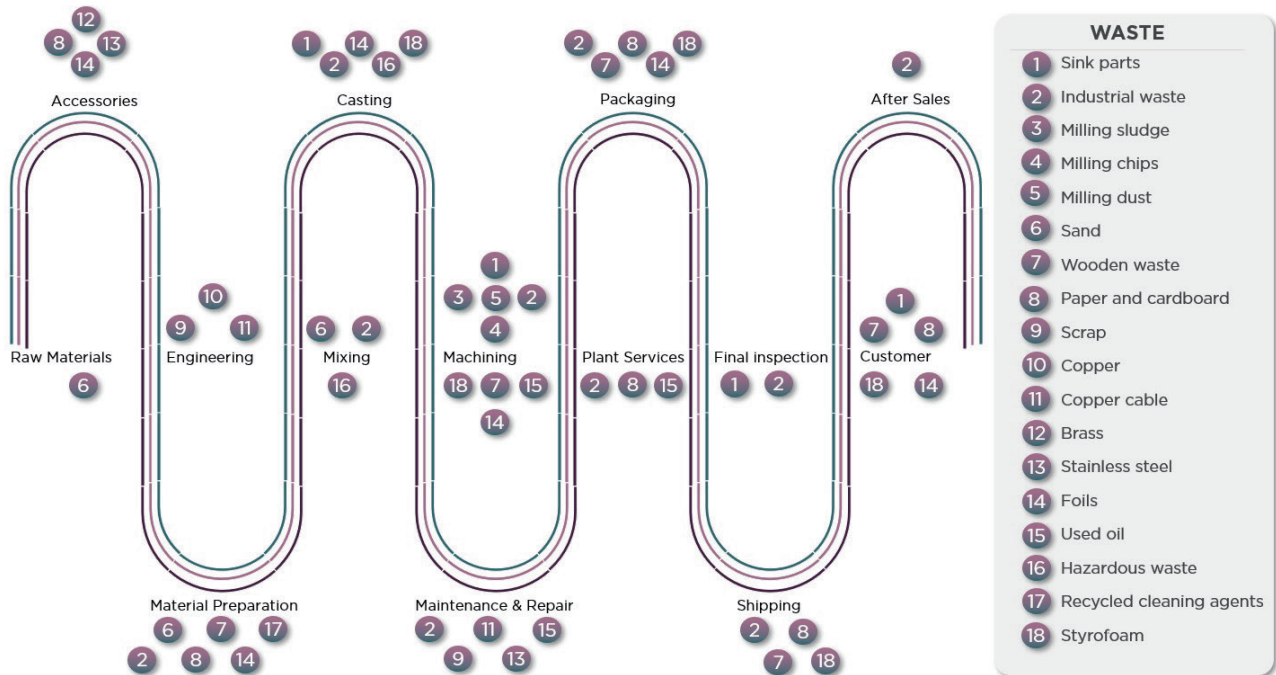


Figure 20 Process flow - Generation of waste

In order to prevent waste generation, we adjusted processes within our supply chain to work more effectively and efficiently, reducing our internal scrap rate by 0.6% in 2020, compared to 2019, with a 9.6 % increase in production and on the other hand we improved our material selection to include more renewable and recyclable materials. We had already established a closed process water cycle within our facility. The used water is treated inhouse and almost completely reused. With the CRISTADUR® Green Line, we have now developed the first material that is ~99% made from natural, renewable and recycled raw materials. Like all SCHOCK sinks, these select models consist of up to 75% quartz sand. This is combined with natural color additives and binders made from recycled or renewable materials. Here we also use recycled materials within our drain fittings.

With the launch of our Green Line sinks we established a process whereby the purchased sinks can be returned to us at the end of their service life. The materials that make up the returned sinks are subsequently intended to be reused in the production of new sinks.

We engage third parties to dispose of the waste in accordance with contractual or legal obligations or forward it for reuse as well as recycling. Hazardous waste is disposed of by certified disposal companies, from which we request disposal certificates for each disposal action on an five year basis. By requesting and obtaining disposal certificates from our disposal companies, we ensure that they manage waste in accordance with contractual and legal obligations. These certifications are obtained by our disposal companies through audits conducted by recognized certification bodies.

We obtain data on the volume of waste through the regular disposal certificates that we obtain from the contracted disposal companies. This information is collected and used for internal evaluation. As part of the annual audit, statements on waste were assessed by the auditing company and subsequently by the German Accreditation and Licensing Society for Environmental Auditors (DAU) as certification body as well as by the Chamber of Industry and Commerce of Lower Bavaria.

## WASTE GENERATED

Currently, both recycling as well as disposal of waste takes place entirely off-site, as SCHOCK has neither the facilities nor the capacity to do so.

| WASTE COMPOSITION        | WASTE GENERATED | WASTE DIVERTED FROM DISPOSAL | WASTE DIRECTED TO DISPOSAL |
|--------------------------|-----------------|------------------------------|----------------------------|
| Sink parts               | 813.0 t         | 813.0 t                      |                            |
| Industrial waste         | 626.0 t         |                              | 626.0 t                    |
| Milling sludge           | 534.0 t         |                              | 534.0 t                    |
| Milling chips            | 637.0 t         |                              | 637.0 t                    |
| Milling dust             | 44.0 t          |                              | 44.0 t                     |
| Sand                     | 114.0 t         |                              | 114.0 t                    |
| Wooden waste             | 122.0 t         | 122.0 t                      |                            |
| Paper and cardboard      | 197.0 t         | 197.0 t                      |                            |
| Scrap metal              | 63.0 t          | 63.0 t                       |                            |
| Copper                   | 0.3 t           | 0.3 t                        |                            |
| Copper cable             | 2.0 t           | 2.0 t                        |                            |
| Brass                    | 6.0 t           | 6.0 t                        |                            |
| Stainless steel          | 2.0 t           | 2.0 t                        |                            |
| Foils                    | 13.0 t          | 13.0 t                       |                            |
| Used oil                 | 7.5 t           | 7.5 t                        |                            |
| Hazardous waste          | 3.0 t           |                              | 3.0 t                      |
| Recycled cleaning agents | 242.2 t         | 242.2 t                      |                            |
| Styrofoam                | 39.6 t          | 39.6 t                       |                            |
| <b>Total waste</b>       | <b>3465.6 t</b> | <b>1507.6 t</b>              | <b>1958.0 t</b>            |

Table 4 Waste by composition, in metric tons (t)

## WASTE DIVERTED FROM DISPOSAL

|                            | OFFSITE | TOTAL          |
|----------------------------|---------|----------------|
| <b>Hazardous waste</b>     |         |                |
| Preparation for reuse      |         | 0 t            |
| Recycling                  | 242.2 t | 242.2 t        |
| Other recovery operations  |         | 0 t            |
| <b>Non-hazardous waste</b> |         |                |
| Preparation for reuse      | 813.0 t | 813.0 t        |
| Recycling                  | 412.8 t | 412.8 t        |
| Other recovery operations  | 39.6t   | 39.6t          |
| <b>Waste prevented</b>     |         | <b>373.2 t</b> |

Table 5 Waste diverted from disposal by recovery operation, in metric tons (t)

The used cleaning agents are reprocessed in an external recycling process and returned to our production. The transportation is carried out by a certified company, as special regulations apply to the transportation of hazardous materials, compliance with these is regularly monitored by us. The waste in the form of sink parts produced during the casting as well as machining is forwarded to an external recycling process, so that it can be used for subsoil stabilization. As for the Styrofoam, the entire quantity we purchase is returned to the manufacturer and processed for reuse. According to the manufacturer, the Styrofoam is shredded and supplied to the brick industry. There it is mixed with the clay and burned in the incineration process. This provides the brick with better thermal insulation. Furthermore, the shredded Styrofoam is also used for the production of pour-in insulation for screed floors. Recycling of materials such as untreated wood, paper and cardboard, scrap metal, copper, copper cable, brass, stainless steel, foils as well as used oil are recycled in external facilities. Onsite waste reduction was achieved through improvements in material efficiency in addition to reduced internal scrap rates.

## WASTE DIRECTED TO DISPOSAL

All disposal operations take place off-site, with a distinction being made between incineration with energy recovery and disposal by landfill.

|                                     | OFFSITE        | TOTAL          |
|-------------------------------------|----------------|----------------|
| <b>Hazardous waste</b>              |                |                |
| Incineration (with energy recovery) | 3 t            | 3 t            |
| <b>Total</b>                        | <b>3 t</b>     | <b>3 t</b>     |
| <b>Non-hazardous waste</b>          |                |                |
| Incineration (with energy recovery) | 626 t          | 626 t          |
| Landfilling                         | 1,329 t        | 1,329 t        |
| <b>Total</b>                        | <b>1,955 t</b> | <b>1,955 t</b> |

Table 6 Waste directed to disposal by disposal operation, in metric tons (t)

Note 1 Hazardous waste - Incineration with energy recovery: hazardous waste; Non-hazardous waste - Incineration with energy recovery: industrial waste; Landfilling: milling sludge, milling chips, milling dust sand



The volume of waste depicted here shows the volume of waste from Production (incl. rejects) and Administration per good part produced.

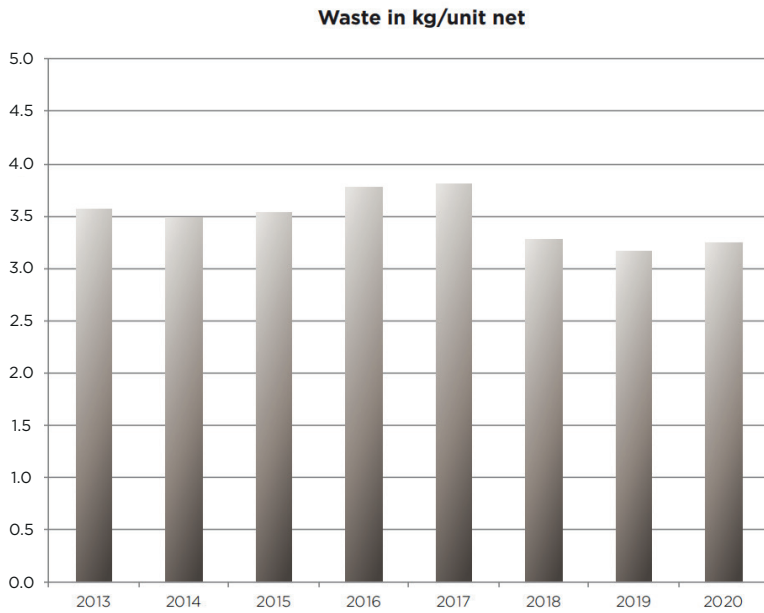


Figure 21 Volume of waste, incl. rejects in kg per good part produced, SCHOCK, Regen plant

The specific waste per sink was almost unchanged in 2020 and now stands at 3.25kg/unit net.

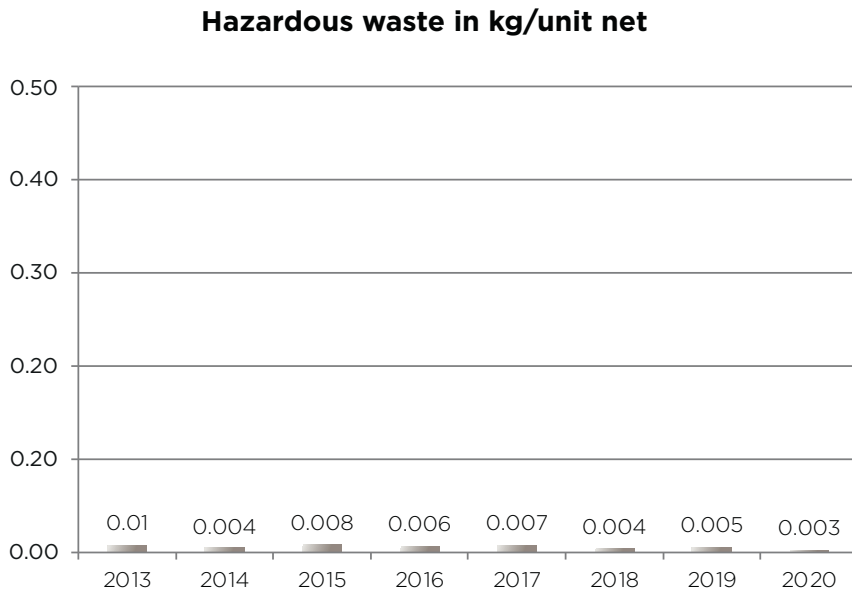


Figure 22 Volume of hazardous waste per good part produced, SCHOCK, Regen plant

This diagram shows the amount of hazardous waste in kilograms per good part produced. For many years now, the specific share of hazardous waste has been stabilizing at a low level and stands at approx. 3g/ unit net in 2020. Due to the low frequency of hazardous waste disposal, a relatively large variation is possible in the annual quantities recorded.

# ENVIRONMENT

## ENVIRONMENTAL POLICY GUIDELINES

### COMMITMENT AND RESPONSIBILITY

Every part of the SCHOCK organization is committed to protecting the environment. The management team bears particular responsibility for putting the environmental principles into practice and setting an example of how to live them. Our executives motivate our staff to act in environmentally accountable ways. As a result, responsibility for the environment is actively manifested in our energy-aware and resource-conscious approach to business operations at all levels.

### ENVIRONMENTAL POLICY

SCHOCK regularly reviews the observance and success of environmental actions. For us, continuous improvement is just as important in protecting the environment as it is to observe the associated laws, regulations and standards. Because SCHOCK products come into contact with food, we are already subject to very strict requirements. Product safety and environmental protection therefore begin in the R&D phase with the meticulous selection of raw materials and the technical realization in the production process. All our manufacturing and administration departments are integrated into this process. Only then can we implement our environmental goals in a meaningful, efficient and targeted manner. An important part of the environmental policy lies in the sustainability roadmap that SCHOCK is pursuing. SINK GREEN includes the resource-saving production of all quartz composite sinks at the location in the Bavarian Forest as well as the development of the most sustainable material composition of any SCHOCK products, the CRISTADUR® Green Line. Company-wide measures, such as increasing the amount of green space and the biodiversity at the site alongside the permanent and close cooperation and coordination with authorities and residents are also part of this path.

### PRECAUTIONS AGAINST ENVIRONMENTAL IMPACT

Staff in the various departments receive regular training on how to avoid environmental impact. Moreover, environmentally relevant plant and equipment is fitted with safety systems that provide an early warning. Should there nevertheless be an emergency, action can be taken quickly thanks to appropriate contingency plans and operating instructions. The contingency plans have been approved by the respective emergency services such as the fire brigade.

### SUPPLIER INTEGRATION

We prefer to buy from local suppliers to avoid unnecessary transportation and thus environmental pollution. Wherever possible, we purchase raw materials or vendor parts in reusable packaging or in bulk. We also insist and check that our suppliers have environmental management certification or meet the same standard. Besides considering supplier conduct and performance, we include these criteria in our decision to choose a given supplier.

### EMAS AND DIN EN ISO 14001 FOR EFFICIENT ENVIRONMENTAL PROTECTION

To efficiently implement environmental protections, SCHOCK not only follows the objectives laid down in DIN EN ISO 14001, but also meets the considerably more extensive requirements and objectives of EMAS Regulation (EC) No 1221/2009. The requirements are specified in the following documents:

- Environmental management directives (EMS documents: EMA, EMP, EMV) These documents describe individual environmental aspects and environmentally friendly procedures in the workplace.
- Environmental management manual (integrated in the IMS manual) The manual contains basic information on and the objectives of the two environmental management systems we have adopted. In addition to outlining our environmental policy and environmental objectives, it also describes the associated organizational processes and document control.

In 2020 we established and certified an energy management system in accordance with DIN EN ISO 50001 to support us with the achievement of our ambitious environmental objectives.

Our compliance with EMAS as well as DIN EN ISO 14001 is assessed and verified annually by Intechnica Cert with the German Accreditation and Licensing Society for Environmental Auditors (DAU) as certification body and in the case of the EMAS standard additionally recognized by the Chamber of Industry and Commerce of Lower Bavaria. SCHOCK is pleased to refer to its compliance with the applicable environmental laws, regulations and standards. According to the enforcement of the soil protection laws and the Bavarian Environmental Information Act Information from the register of contaminated

sites of the district of Regen, there are no existing contaminated sites connected with SCHOCK.

## SCHOCK STANDS FOR TRANSPARENCY AND SUSTAINABILITY

For our customers as well as for the public, our current environmental statement as well as our certifications are available on the internet at [sinkgreen.de](http://sinkgreen.de) and the SCHOCK homepage

## ENVIRONMENTAL ASPECTS OF PRODUCTION

### ASSESSMENT OF ENVIRONMENTAL ASPECTS

Environmental aspects are assessed in the environmental review of all production departments and relevant production processes. Furthermore, environmental actions can be suggested by any member of staff through the company suggestion system. A committee made up of staff and management assesses the relevance and practicality of suggestions made. The products manufactured by SCHOCK consist of a high proportion of natural raw materials, and our CRISTADUR® Green Line sinks also contain materials from recycled and renewable sources. Having introduced a compliance management system within the company, we can ensure that all applicable regulations and laws, as well as any new and amended ones, are complied with from the start and appropriate measures taken. Although not a legal requirement, we monitor emissions from factory exhaust air in accordance with the Technical Instructions on Air Quality Control. We remain within the specified limits. Other emissions result from heating installations. The bulk of our energy demand goes towards heating and cooling the molds as well as the building. The only energies we use are gas and electricity. Waste water comes almost exclusively from the sanitary installations. The water we need for production operations circulates in a closed cycle and only requires topping up to replace the small amount of evaporation losses.

### ENVIRONMENTAL FOOTPRINT

We calculate environmental footprints on the basis of input-output comparisons in order to ascertain the effectiveness of our improvement processes. The environmental performance indicators are calculated on the basis of consumption and the number of products produced. This enables us to assess our production-dependent consumption of environmentally relevant resources.

## DIRECT AND INDIRECT ENVIRONMENTAL ASPECTS

### DIRECT ENVIRONMENTAL ASPECTS

Direct environmental aspects at SCHOCK include

- Energy consumption Primary energies:
  - Gas for heating the molds
  - Gas for heating the building
  - Electricity for operating the production plant
- Secondary energies Compressed air for blowing out the molds, etc.
- Emissions from heating installations: Monitored by the chimney sweep
- Emissions from factory exhaust air in production: Monitored in accordance with the Technical Instructions on Air Quality Control
  
- Raw materials input
  - Raw materials in Production:
    - Predominantly natural products and harmless synthetic substances are used.
  
- Chemicals
  - The substitution principle is foremost when it comes to our chemicals input. This means that natural substances should replace chemicals wherever possible. SCHOCK also ensures that no chemicals can get into the ground water or soil. This goes without saying for us, given that our products come into contact with food and we therefore bear a great responsibility towards our customers.

- **Waste**  
Hazardous waste is collected in closed and licensed containers. It is taken for disposal by properly certified disposal contractors only. Other waste is separated by type and collected and recycled or disposed of by specialist disposal firms.
- **Water/waste water**  
Waste water is mostly of a domestic nature here. Water consumption in production is very low because all water used for cleaning, processing, heating and cooling circulates in a closed cycle.
- **Emergency and accident prevention**  
It is important to us to train our employees to be prepared. Therefore, fire drills are conducted twice a year. We have updated contingency plans in place which have been approved by the responsible authorities and the fire brigade. There are sufficient first aiders and fire safety assistants available. A thorough examination of the plant and equipment confirmed that we have no installations subject to a Hazardous Incident Ordinance. All of the necessary building and operational permits are in place.

## INDIRECT ENVIRONMENTAL ASPECTS

Indirect environmental aspects are the areas of environmental management that cannot be directly controlled by SCHOCK.

- **Resources & energy**  
We strive to achieve energy efficiency in Production and Administration in the interests of Germany's energy transition. Furthermore, in 2018 we launched the "Electric Bikes for Employees" program as part of our workplace health management measures with the aim of promoting health but also reducing emissions.
- **Traffic**  
By organizing our shift deployment appropriately, we promote car sharing among our employees. Our field sales force's travel arrangements are optimized to avoid unnecessary driving. We buy from within regional markets wherever possible. This enables us to optimize transportation routes, thus conserving resources and protecting the environment.
- **Miscellaneous**  
SCHOCK keeps in close contact with local authorities and residents in the interests of further optimization. For instance, both of these parties will be involved in the planning stages prior to any future building projects. The value of this close cooperation is evident in the positive responses received from local residents.

## SUSTAINABILITY

### SUSTAINABILITY IN ACTION – SINK GREEN

The importance of sustainability and the responsibility for implementing environmental management are supported across all hierarchical levels. Environmental thinking is a fundamental mindset in our company, as reflected in our newly established sustainability management organization.

### STAFF PARTICIPATION

Without the participation of every member of the company it would be impossible to realize our environmental objectives and policy. Our employees in Production and Administration are therefore involved in meeting our targets as active environmentalists through our company suggestion system. Only when everyone adopts a conscious and efficient approach to resource consumption can the community achieve its aims. For this reason, all departments receive regular instruction on environmental aspects and environmental actions.

### SUSTAINABLE BUSINESS ALONG THE VALUE CHAIN

SCHOCK pays great attention to optimum resource utilization and environmental sustainability in all processes. This can only succeed if all employees are actively involved in and mindful of day-to-day environmental protection and the continuous improvement process. Supplier selection and evaluation systems are a key pillar here.

## MANAGEMENT SYSTEM

SCHOCK established a management system with corresponding officers in order to ensure the everyday safety of employees, the environment and local residents. The officers and other responsible persons are given regular training to ensure that they are always up to date on safety matters.

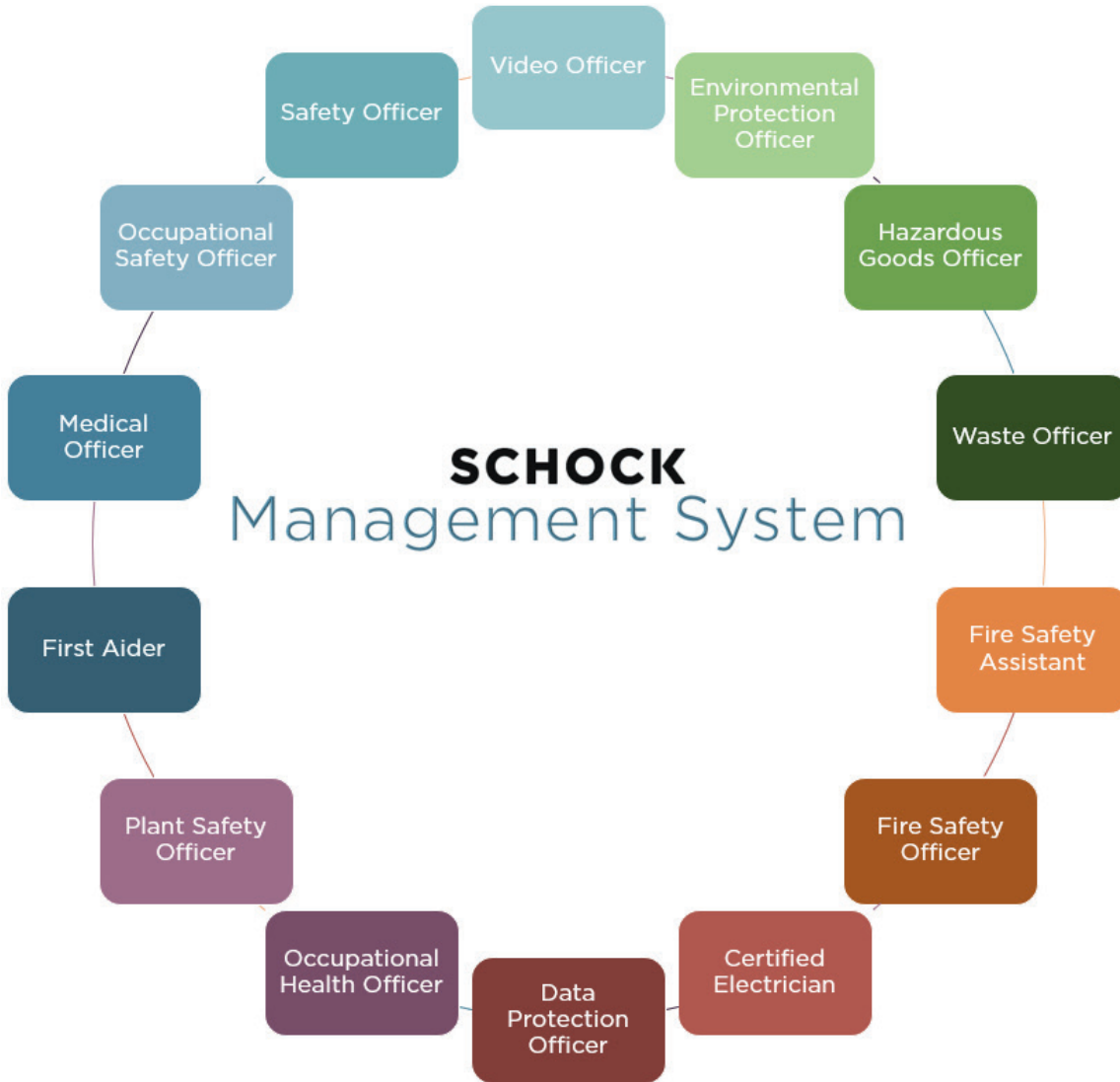


Figure 23 SCHOCK Management system and respective posts

Through the use and constant updating of a legal register as well as the implementation of internal audits and management reviews and relevant instructions, we ensure that the current environmental regulations are known and adhered to. This is also to ensure that the environmental management system is implemented and practiced within the company.

## SCOPE AND FREQUENCY OF ENVIRONMENTAL AUDITS

All departments at SCHOCK participate in the environmental program. An internal environmental audit is carried out on an annual basis and has the aim of enabling us to continuously monitor the system and its effectiveness and to ensure that the planned actions are being adhered to. In addition, an internal audit is carried out annually within the IMS, in which we also examine the environmentally relevant issues and the evolution of the system in the EMAS and DIN EN ISO 14001 context. This is recorded and used as the basis for the internal environmental audit

## ENVIRONMENTAL AWARENESS

SCHOCK wants to contribute to the preservation of the local diversity of plants, animal species and habitats. The communication of our sustainability strategy is therefore taken over by the “Green Team”, which - symbolically - represents the endangered animal species of the Bavarian Forest. Sustainability and environmental awareness is already deeply anchored in the company’s values and goals. In addition, the SCHOCK Academy offers several training courses each year on environmentally relevant topics, such as Sustainable Thinking or A Better Life Without Plastic. We demonstrate our environmental awareness through environmentally friendly production and processing methods as well as careful transportation. At SCHOCK, we therefore optimize the packaging material we use. A high proportion of our packaging can be separated by type and recycled. We are continuously reducing the use of plastics in our packaging and are increasingly replacing them with fiber castings. Reusable packaging is used wherever possible. The products manufactured by SCHOCK are largely made from natural materials, and our CRISTADUR® Green Line sinks are even additionally produced from recycled and renewable sources.

## ENVIRONMENTAL MEASURES

SCHOCK has its headquarters in the town of Regen in the Bavarian Forest. As a production company located in the immediate vicinity of a nature reserve, we are committed to taking a responsible and sustainable approach to the environment and safety aspects, not only for our 486 employees but also, naturally, for the location itself. Our plant is situated in a mixed-use area. Altogether 17,500m<sup>2</sup> of the 65,473m<sup>2</sup> site is built over and 10,300m<sup>2</sup> is paved in the form of roads and paths. This leaves 38,973m<sup>2</sup>, or 59% of the total area, as green space, providing adequate scope for biodiversity to thrive. Surrounded by this green belt, the factory grounds integrate well into the mixed-use area.

The unused fields owned by SCHOCK are mowed only twice a year to allow the grass and diverse floral life to grow and thrive, and to provide a natural habitat for bees. The ecologically grown cut grass is also used by an eco-certified farmer to feed the animals.

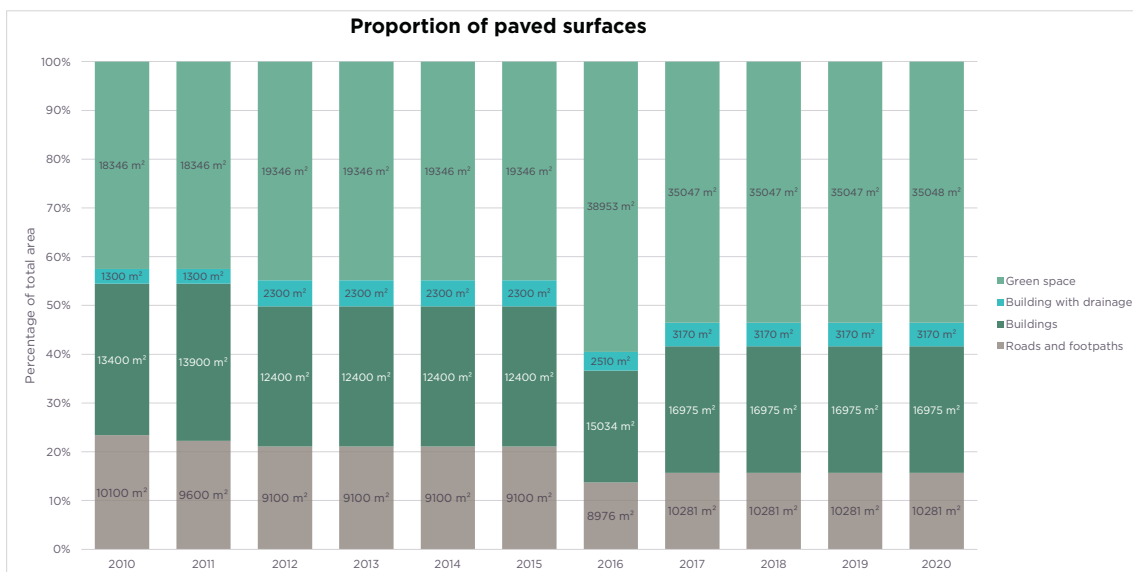


Figure 24 Paved and unpaved surfaces, SCHOCK, Regen plant

Several biodiversity enhancement measures are planned for the coming years.

## SUSTAINABLE DEVELOPMENT GOALS

SCHOCK supports the ten principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of our strategy, culture and the day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals (SDGs).

As a company and as individuals, we want to make a meaningful contribution to the principles of the UN Global Compact and act as a role model for employees, customers, partners and industry peers. The ten principles are applied in all our

internal and external activities, planning and strategies. The Sustainable Development Goals highlight the objectives to be achieved by 2030.

After careful consideration, we have selected the following SDGs as the most important for SCHOCK. We selected those goals as SCHOCK as a company and its personnel as individuals feel that these are the goals to which we can contribute the most, to which we align the direction of our company.



Figure 25 Essential SDGs at SCHOCK



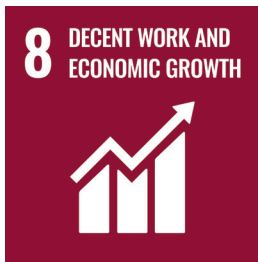
**SDG 3**  
See chapter Health & Safety



**SDG 4**  
See chapter Training and Education



**SDG 5**  
See chapter Diversity & Equality

**SDG 8**

SCHOCK ensures healthy growth by using sustainable performance indicators such as the EMAS, DIN EN ISO 14001, DIN EN ISO 50001 and DIN EN ISO 9001. Through decent work, poverty can be eliminated, and a productive employment can be created. We at SCHOCK consider it important that all employees receive decent work and remuneration. Only through teamwork and satisfied employees is it possible to exist and thrive in the market. Despite the coronavirus pandemic, we were able to expand our production capacity. Therefore, we have been able to create more job opportunities and vacancies.

**SDG 10**

General: SDG as posed by the United Nations calls for reducing inequality in every aspect including income, gender and ethnicity. One measure of inequality is the so-called Gini coefficient, a statistical distribution measure intended to represent the distribution of income or wealth. The Gini coefficient ranges from 0 to 100, with a higher Gini coefficient indicating greater inequality. In 2020, the Gini index for Germany was 32.38. As a company, we consider it our duty to ensure equal opportunities for all persons employed by us, as well as for applicants. This applies to all company processes as well as to the basic remuneration paid.

See chapter Equality and Diversity

**SDG 12**

SCHOCK has been committed to the topics of sustainability and resource conservation and optimization for many years. In line with the 6Rs of sustainable consumption, we have rethought our processes, strive to reduce our emissions and consumption of natural resources, and at the same time research new ways and methods to reuse, repair and recycle our products. Permanent process improvements in administration, logistics and production contribute to the implementation of these fundamental goals. SCHOCK attaches particular importance to the quality and sustainability of its products over the entire product life cycle - from raw materials

to industrial production, durability and disposal. The quartz composite sinks manufactured by SCHOCK consist to a large extent of natural raw materials and meet the strict requirements for food contact materials. Therefore, at the end of their service life, they can either be disposed of in an environmental manner or, as in the case of the CRISTADUR® Green Line sinks, returned to our production cycle. All our sinks are manufactured exclusively in Germany and must meet the highest quality standards. Production is carried out in accordance with German environmental standards, the strictest in the world. Permanent investments and the latest resource-saving technologies promote energy-efficient production and thus help to protect our environment in the long term. We take care to use recyclable packaging and more than 95% of the packaging materials can be separated by type. We are connected to a corresponding take-back system. In addition to the activities in the production process, SCHOCK has also been pursuing a strategy to improve energy management for several years by renovating its buildings. Our principles of environmental protection are also directly implemented in planned plant expansions through low-emission and energy-efficient construction. (Environmental Report 2020) Transparent and fact-based reporting on our corporate activities is a matter of concern to us at SCHOCK. Therefore, we use the GRI Standard, EMAS and the DIN EN ISO standards 140001, 50001, 9001. The environmental report, which has been audited by an external expert, can be viewed on our website.

**SDG 13**

Climate protection affects us all and represents one of the greatest current and future challenges for mankind. For this reason, climate action and the associated reduction of green house gas emissions represent a priority for SCHOCK. We support the Paris Agreement and the associated goal of limiting global warming to 1.5°C compared to pre-industrial levels. Taking this into account, we defined the objective of achieving climate neutrality for our company within the next ten years as part of our 2019 corporate strategy. To achieve this goal, we implemented comprehensive environmental and energy concepts within our Regen site. We are convinced

that the implementation of and compliance with the DIN EN ISO 14001 and 50001 standards will provide us with additional support in achieving this goal. A sustainability roadmap has been drawn up and adopted in this regard, which specifies the individual milestones for achieving the goals.





**SDG 16**

SCHOCK is committed to compliance and legally compliant corporate governance. Beyond the applicable law, we see a social and ecological responsibility that we embrace. SCHOCK is committed to compliance with all applicable laws. In addition we insist on compliance with internal regulations (Code of Conduct, as well as guidelines on various topics, including procurement as well as forced and child labor) and voluntary standards. According to Directive (EU) 2019/1937, SCHOCK has the responsibility to protect whistleblowers. For this purpose, appropriate measures in line with the regulation have been initiated and a whistleblower mechanism has been integrated and implemented.

anism has been integrated and implemented.

## GLOSSARY

|   |  |
|---|--|
| Amfori BSCI Code of Conduct                   | The amfori BSCI Code of Conduct aims at setting out the values and principles that members who participate in amfori BSCI strive to implement with their business partners along their supply chains.  |
| Carbon dioxide equivalent CO <sub>2</sub> -eq | A measure used to compare the emissions from various greenhouse gases based upon their climate change potential (CCP). The CO <sub>2</sub> -eq carbon dioxide equivalent for other emissions is derived by multiplying the amount of the emission by the associated CCP factor.                          |
| Carbon footprint                              | Carbon released to the atmosphere during the life cycle of a product from cradle to grave.   |
| Collective bargaining                         | All negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers. |
| CSR   | Corporate Social Responsibility.   |
| CYC   | COLOUR YOUR CAREER young leader development program.   |
| DIN EN ISO 14001                              | Scheme certified by independent third party that ensures that the operation certified applies internationally recognized standards and procedures of environmental management.   |
| DIN EN ISO 45001                              | Scheme certified by independent third party that ensures that the operation certified applies internationally recognized standards and procedures of occupational health and safety management.  |
| DIN EN ISO 50001 Energy Management Systems    | Scheme certified by independent third party that ensures that the operation certified applies internationally recognized standards and procedures of energy usage: improvement of efficiency, reduction of consumption and energy security.  |
| DIN EN ISO 9001                               | Scheme certified by independent third party that ensures that the operation certified applies internationally recognized standards and procedures of quality management.   |
| ECHA  | European Chemicals Agency  |
| EMAS  | EMAS (short for Eco-Management and Audit Scheme) is the most demanding of all environmental management systems in the world.   |
| ESG   | <b>ESG</b> stands for <b>E</b> nvironmental <b>S</b> ocial and <b>G</b> overnance and refers to the three key factors when measuring the sustainability and ethical impact of an investment in a business or company.  |
| ESG due diligence                             | In the context of the GRI Standards, 'due diligence' refers to a process to identify, prevent, mitigate and account for how an organization addresses its actual and potential negative impacts.   |

|                                |  |
|--------------------------------|--|
| GHG emissions                  | A greenhouse gas (GHG) is any gaseous compound in the atmosphere that is capable of absorbing infrared radiation, that is trapping and holding heat in the atmosphere. By increasing the heat in the atmosphere, greenhouse gases are responsible for the greenhouse effect, which leads to global warming.  |
| Global warming potential (GWP) | Value describing the radiative forcing impact of one unit of a given GHG relative to one unit of CO <sub>2</sub> over a given period of time.  |
| Great Place To Work            | Great Place to Work® is an internationally active research and consulting institute.   |
| GRI                            | The Global Reporting Initiative (GRI) is an independent, international organization dedicated to helping businesses and governments report effectively and publicly disclose the impact of their activities on key environmental, social and governance (ESG) sustainability issues.   |
| Hazardous waste                | Waste that possesses any of the characteristics contained in Annex III of the Basel Convention, or that is considered to be hazardous by national legislation.   |
| IFRS                           | The International Financial Reporting Standards (IFRS) are international accounting standards for companies issued by the International Accounting Standards Board (IASB).   |
| IMS                            | The Integrated Management System (IMS) of Schock GmbH combines methods and instruments for compliance with requirements from different areas such as quality, environment and energy in a uniform structure. Thus, the IMS serves the control and steering of our value-oriented corporate management and, at the same time, ensures compliance with the desired requirements for products and services vis-à-vis our customers.   |
| Indigenous people              | <p>Indigenous peoples are generally identified as:</p> <ul style="list-style-type: none"> <li>• Tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations;</li> <li>• Peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.</li> </ul> |
| Paris Agreement                | Agreement within the framework of the United Nations Framework Convention on Climate Change dealing with greenhouse gases, emissions mitigation, adaptation and finance. An agreement on the language of the treaty was negotiated by representatives of 195 countries during COP21 in December 2015.  |
| Process water                  | By process water, we are referring to the water that is used to process our products in the machining process.   |
| Recycled input material        | Material that replaces virgin materials, which are purchased or obtained from internal or external sources, and that are not by-products and non-product outputs (NPO) produced by the organization.   |
| Retention rate                 | $\frac{\text{Total number of employees retained 12 months after returning to work following a period of parental leave}}{\text{Total number of employees returning from parental leave in the prior reporting period(s)}} \times 100$  |
| Return to work rate            | $\frac{\text{Total number of employees that did return to work after parental leave}}{\text{Total number of employees due to return to work after taking parental leave}} \times 100$  |
| Scope 1                        | GHG emissions from sources that are owned or controlled by an organization.  |

|                   |   |
|-------------------|---|
| Scope 2           | GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by an organization  |
| Scope 3           | Indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions   |
| SCQ               | Sustainability, Compliance and Quality management at SCHOCK.  |
| SDGs              | The Sustainable Development Goals (SDGs) define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets. The SDGs call for worldwide actions among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet |
| Stakeholder       | Entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.   |
| Turnover rate     | $\frac{\text{employee-initiated departures}}{\text{headcount at beginning of reporting periode} + \text{new hires}} \times 100$   |
| UN Global Compact | The UN Global Compact is the world's largest initiative for sustainable and responsible corporate governance.   |
| VirusSCHOCK       | VirusSCHOCK hand- and surface disinfectant.   |
| WHO               | WHO stands for the World Health Organization.   |

## GRI CONTENT INDEX

| SDG   | DISCLOSURE                                       | PAGE NUMBER(S) AND / OR URL(S) | OMISSION |
|-------|--|--------------------------------|----------|
|       | <b>Organizational Profile</b>                    |                                |          |
|       | 102-1 Name of the Organization                   | p. 6                           |          |
|       | 102-2 Activities, brands, products, and services | p. 6, 7                        |          |
|       | 102-3 Location of headquarters                   | p. 6                           |          |
|       | 102-4 Location of operations                     | p. 6                           |          |
|       | 102-5 Ownership and legal Form                   | p. 6                           |          |
|       | 102-6 Markets served                             | p. 6                           |          |
|       | 102-7 Scale of the organization                  | p. 6, 7, 18                    |          |
| 8, 10 | 102-8 Information on employees and other workers | p. 18, 19                      |          |

| SDG | DISCLOSURE  | PAGE NUMBER(S) AND / OR URL(S) | OMISSION   |
|-----|---|--------------------------------|--|
|     | 102-9 Supply chain  | p. 28                          |  |
|     | 102-10 Significant changes to the organization and its supply chain |                                | Due to the fact that this is the first sustainability report we are publishing; we will not be able to make any statements regarding this information until the next report. |
|     | 102-11 Precautionary Principle or approach                          | p. 11                          |  |
|     | 102-12 External initiatives   | p. 8                           |  |
|     | 102-13 Membership of associations                                   | p. 6                           |  |
|     | <b>Strategy</b>   |                                |  |
|     | 102-14 Statement from senior decision-maker                         | p. 4, 5                        |  |
|     | 102-15 Key impacts, risks and opportunities                         | p. 10, 28 - 31                 |  |
| 16  | 102-16 Values, principles, standards and norms of behavior          | p. 9                           |  |
| 16  | 102-17 Mechanisms for advice and concerns about ethics              | p. 10                          |  |
|     | 102-18 Governance structure   | p. 8                           |  |
|     | <b>Stakeholder engagement</b>                                       |                                |  |
|     | 102-40 List of stakeholder groups                                   | p. 14 - 16                     |  |
| 8   | 102-41 Collective bargaining agreements                             | p. 18                          |  |
|     | 102-42 Identifying and selecting stakeholders                       | p. 14                          |  |
|     | 102-43 Approach to stakeholder engagement                           | p. 14 - 16                     |  |
|     | 102-44 Key topics and concerns raised                               | p. 14 - 16                     |  |
|     | <b>Reporting practices</b>  |                                |  |
|     | 102-45 Entities included in the consolidated financial statements   | p. 7                           |  |

| SDG | DISCLOSURE  | PAGE NUMBER(S) AND / OR URL(S)   | OMISSION   |
|-----|---|--|--|
|     | <p>102-46 Defining report content and topic Boundaries</p> <p>102-47 List of material topics</p> <p>102-48 Restatements of information</p> <p>102-49 Changes in reporting</p> <p>102-50 Reporting period</p> <p>102-51 Date of most recent report</p> <p>102-52 Reporting cycle</p> <p>102-53 Contact point for questions regarding the report</p> <p>102-54 Claims of reporting in accordance with the GRI Standards</p> <p>102-55 GRI content index</p> <p>102-56 External assurance</p> <p><b>Economic</b></p> | <p>p. 6</p> <p>p. 16, 17</p> <p>p. 6</p> <p>p. 6</p> <p>p. 57</p> <p>p. 6</p> <p>p. 51 -55</p> | <p>This report is the first sustainability report published by SCHOCK. Due to this, no new presentation of information took place.</p> <p>This report is the first sustainability report published by SCHOCK. Due to this, no new presentation of information took place</p> <p>This report marks the first sustainability report from SCHOCK.</p> <p>Information that is consistent with that contained in the published environmental report has been verified by Intechnica Cert and certified by Deutsche Akkreditierungs- und Zulassungsgesellschaft für Umweltgutachter mbH and by the Chamber of Commerce of Lower Bavaria.</p> |
| 8   | <p>204-1 Procurement practices</p> <p><i>Environmental</i></p> <p>301-1 Materials used by weight or volume</p>  | <p>p. 27, 28</p> <p>p. 33</p>  |  |

| SDG   | DISCLOSURE                                       | PAGE NUMBER(S) AND / OR URL(S) | OMISSION   |
|-------|--|--------------------------------|--|
| 301-2 | Recycled input materials used                    | p. 33, 34                      |  |
| 301-3 | Reclaimed products and their packaging materials | p. 33, 34                      |  |
| 305-1 | Direct (Scope 1) GHG emissions                   | p. 34 - 36                     |  |
| 305-2 | Energy indirect (Scope 2) GHG emissions          | p. 34 - 36                     |  |
| 305-3 | Other indirect (Scope 3) GHG emissions           | p. 34 - 36                     | <p>The following categories of emissions were not included in the Scope 3 calculation:</p> <ul style="list-style-type: none"> <li>- upstream leased assets: the used forklifts are leased. Therefore, this category was considered in more detail in the emissions calculation. However, the purchase of the energy source (liquid gas) is the responsibility of Schock GmbH and is not part of the lease agreement. The associated emissions were therefore assigned to Scope 1 (combustion processes of mobile plants). The emissions were therefore not neglected.</li> <li>- end-of-life treatment and waste generated operation and end-of-life treatment of sold products together: For the consideration of possible emissions from waste handling, both of the company's own waste and the recycling of SCHOCK products after their use by the end consumer, evaluations of the waste quantities generated and the type of recycling were carried out. The closer examination has shown that the major part of the waste is stored in landfills and that no emissions are caused by decay processes.</li> </ul> <p>Accessory products, such as sink drains, were not included because they are not material to the calculation in terms of quantity.</p> |
| 305-4 | GHG emissions intensity                          | p. 36                          |  |

| SDG              | DISCLOSURE   | PAGE NUMBER(S) AND / OR URL(S) | OMISSION   |
|------------------|--|--------------------------------|--|
|                  | 305-5 Reduction of GHG emissions   | p. 34 - 36                     | <p>At SCHOCK, neither the production nor the use of ozone-depleting substances takes place in processes, products and services.</p> <p>Significant air emissions occur at SCHOCK only in the form of SOx (305-7 a. ii.). All other air emissions mentioned in the statement are not relevant for SCHOCK, as they do not occur during business activities. Currently, SOx air emissions are not yet measured. Currently, alternative energy sources and forms are in the conception phase. Should SOx continue to be generated in the future, we will determine these and disclose them in the next report.</p> |
|                  | 305-6 Emissions of ozone-depleting substances (ODS)  |                                |  |
|                  | 305-7 Nitrogen (NOx), sulfur oxides (SOx), and other significant air emissions                           |                                |  |
| 3, 6, 12, 14     | 306-1 Waste generation and significant waste-related impacts   | p. 7, 37                       |  |
| 3, 6, 12         | 306-2 Management of significant waste-related impacts  | p. 7, 30, 38                   |  |
| 3, 6, 12, 14, 15 | 306-3 Waste generated  | p. 38, 39                      |  |
| 3, 12            | 306-4 Waste diverted from disposal   | p. 40                          |  |
| 6, 14, 15        | 306-5 Waste directed to disposal   | p. 39, 40                      |  |
| 16               | 307-1 Environmental compliance   | p. 42 - 44                     |  |
|                  | <i>Social</i>  |                                | <p>SCHOCK does not provide stock ownership to its staff. As SCHOCK is a limited liability company (GmbH) there are no shareholders</p>   |
| 4, 5, 8, 10      | 401-1 New employee hires and employee turnover   | p. 24, 25                      |  |
| 3, 5, 8          | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | p. 25                          |  |
| 5, 8             | 401-3 Parental leave   | p. 25                          |  |
|                  | 404-1 Average hours of training per year per employee  | p. 26                          |  |

| SDG      | DISCLOSURE   | PAGE NUMBER(S) AND / OR URL(S) | OMISSION   |
|----------|--|--------------------------------|--|
|          | 404-2 Programs for upgrading employee skills and transition assistance programs            | p. 27                          |  |
| 5, 8, 10 | 404-3 Percentage of employees receiving regular performance and career development reviews |                                | Currently, this information cannot be accessed in the system. Employee appraisals take place regularly and are stored in the personnel files, but these are not fed into the system as of 2020. SCHOCK will have this information evaluated as a KPI in the future so that we are in a position to make a well-founded statement on this information in the 2022 report. |
| 5, 8     | 405-1 Diversity of governance bodies and employees   | p. 21 -23                      |  |
| 5, 8, 10 | 405-2 Ratio of basic salary and remuneration of women to men                               | p. 21 -25                      |  |
| 16       | 418-1 Customer Privacy   | p. 10                          |  |


## SDG INDEX

| SDG |  | PAGE NUMBER(S) AND/ OR URL(S)  |
|-----|--|--------------------------------|
| 3   | Good Health and Well-being             | p. 7, 12 - 13, 25, 30, 37 - 39 |
| 4   | Quality Education                      | p. 24 - 27                     |
| 5   | Gender Equality                        | p. 18 - 25                     |
| 8   | Decent Work and Economic Growth        | p. 18, 19, 21 - 25, 28, 48     |
| 10  | Reduced Inequalities                   | p. 18, 19, 21 - 25, 48         |
| 12  | Responsible Consumption and Production | p. 7, 8, 30, 37 - 39, 48       |
| 13  | Climate Action                         | p. 48                          |
| 16  | Peace, Justice and Strong Institutions | p. 9, 10, 42, 43, 49           |







# COP INDEX

COMMUNICATION  
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

|   |                            | PAGE NUMBER(S) AND/ OR URL(S)    |
|---|----------------------------|----------------------------------|
|    | Human Rights Principles    | p. 17, 19, 20, 23, 24            |
|   | Labor Principles           | p. 12, 17 - 20, 23 - 26          |
|  | Environmental Principles   | p. 30 - 32, 34 - 36, 42 - 44, 46 |
|  | Anti-corruption principles | p. 9 - 11                        |

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# SCHOCK

