

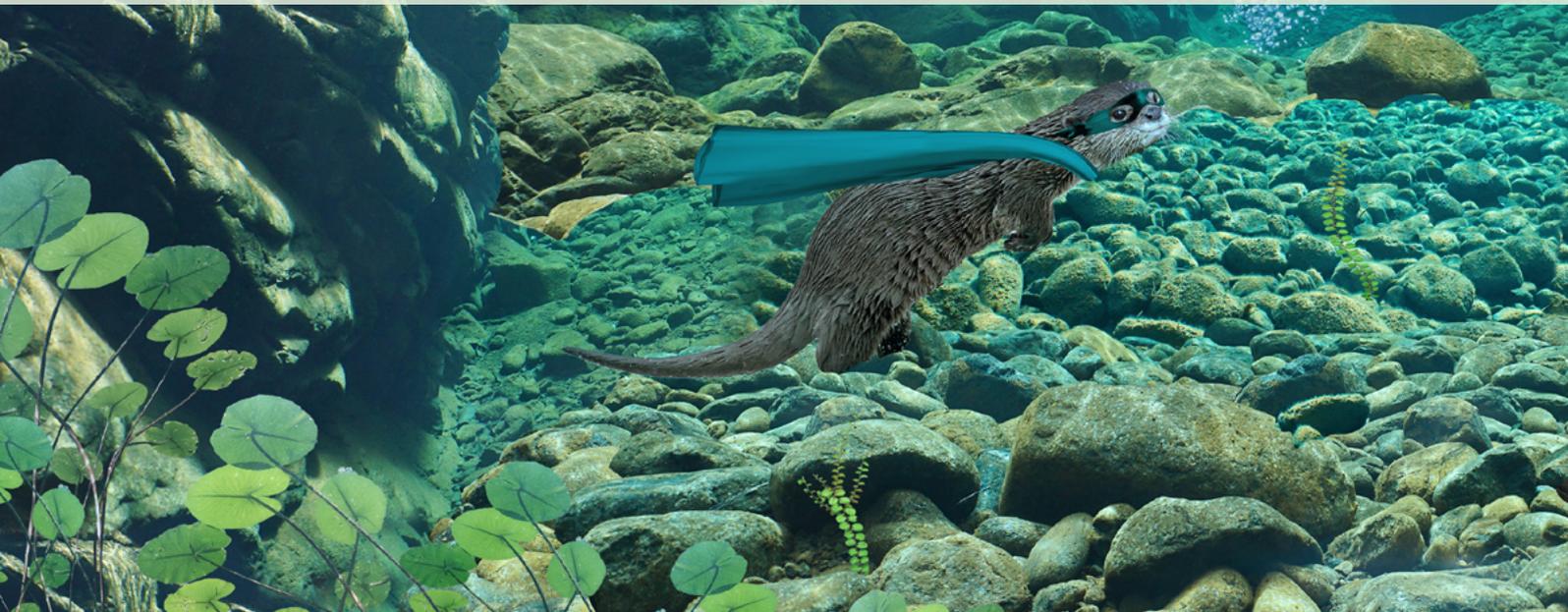
# SCHOCK

SINK  
GREEN!

SCHOCKDAYS  
FOR  
FUTURE !



## SUSTAINABILITY REPORT 2021



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## DEAR READER,

The world is changing, and we are changing with it. New challenges emerge that must be mastered. One of the latest challenges has been the Corona pandemic, which has been a part of our daily life throughout 2021. The COVID task force set up for this purpose kept itself constantly informed of the latest regulations and rules, enabling us to adapt measures as quickly as possible to minimize risks and provide health protection for our workforce. SCHOCK employees regularly took advantage of the free offer of rapid and antigen tests, as well as vaccinations. In 2021, sustainability continued to be the focus of all our efforts. In this respect, we are constantly striving to address economic, ecological, and social issues. Sink Green is our commitment to take responsibility towards nature and the environment while acting in all facets of sustainability, each day. With our active participation in the United Nations Global Compact and our commitment to the ten principles of the UN Global Compact as well as the Sustainable Development Goals (SDGs) of the United Nations, we want to make our contribution to a more sustainable economy and society. This contribution is described in the Sustainability Report published annually since 2021. In addition, our Sustainability Report contains information on our approach and behavior in regard to human rights, labor standards, environmental protection and anti-corruption. Due to our participation in the UN Global Compact, these topics are reported on in the annual Communication on Progress. Local and global events from the past year have once again made us aware of the impact of the climate crisis and the need for action. For SCHOCK, sustainability is not a trend, but a way of life. We take care of sustainability issues that are in our own hands as a company: With the use of non-critical materials, the purchase of renewable energy, production in the Bavarian Forest and other measures, we are sending a clear signal. At the same time, with our strong conviction, we give retailers and end consumers the chance to choose a sustainable kitchen sink on the market. Our main advances and continued measures in 2021 included:

- Switching to 100 percent green electricity.
- Conversion to CO<sub>2</sub>-neutral fuel for forklifts.
- Climate neutrality of the company and the product sink through carbon offsets.
- Awarded as a "sustainable company" by the German Institute for Sustainability and Ecology (DINO).
- Introduction of a remanufacture process of internal scrap material as part of small batch production.
- Publication of the first sustainability report in accordance with GRI - includes Communication on Progress as part of participation in the UN Global Compact.
- Promotion of biodiversity through the establishment of three bee colonies.
- Establishment of a Target Gender Equality Team.

„SINKS, BUILT IN HARMONY WITH NATURE“

The goal is a sustainably optimized sink, manufactured in a climate-neutral way. The starting point on the way to this goal was the CO<sub>2</sub> inventory done in accordance with international standards. For the inventory, SCHOCK has been proceeding in accordance with the Greenhouse Gas Protocol (GHG) since 2019 and received support in the initial preparation from one of the Big Four consulting companies. Together, a sustainability roadmap was developed, the topics being, Climate change and emissions, resource efficiency, energy and innovations, and a sustainable product strategy. On the basis of this roadmap, measures were defined aimed at avoiding or reducing emissions. SCHOCK offsets any remaining emissions after all reduction options via ClimatePartner climate protection projects. ClimatePartner's portfolio includes over one hundred certified climate protection projects in various countries with various technologies and standards. In 2021, we were thus able to achieve climate neutrality for the product Sinks and the company through offsetting.

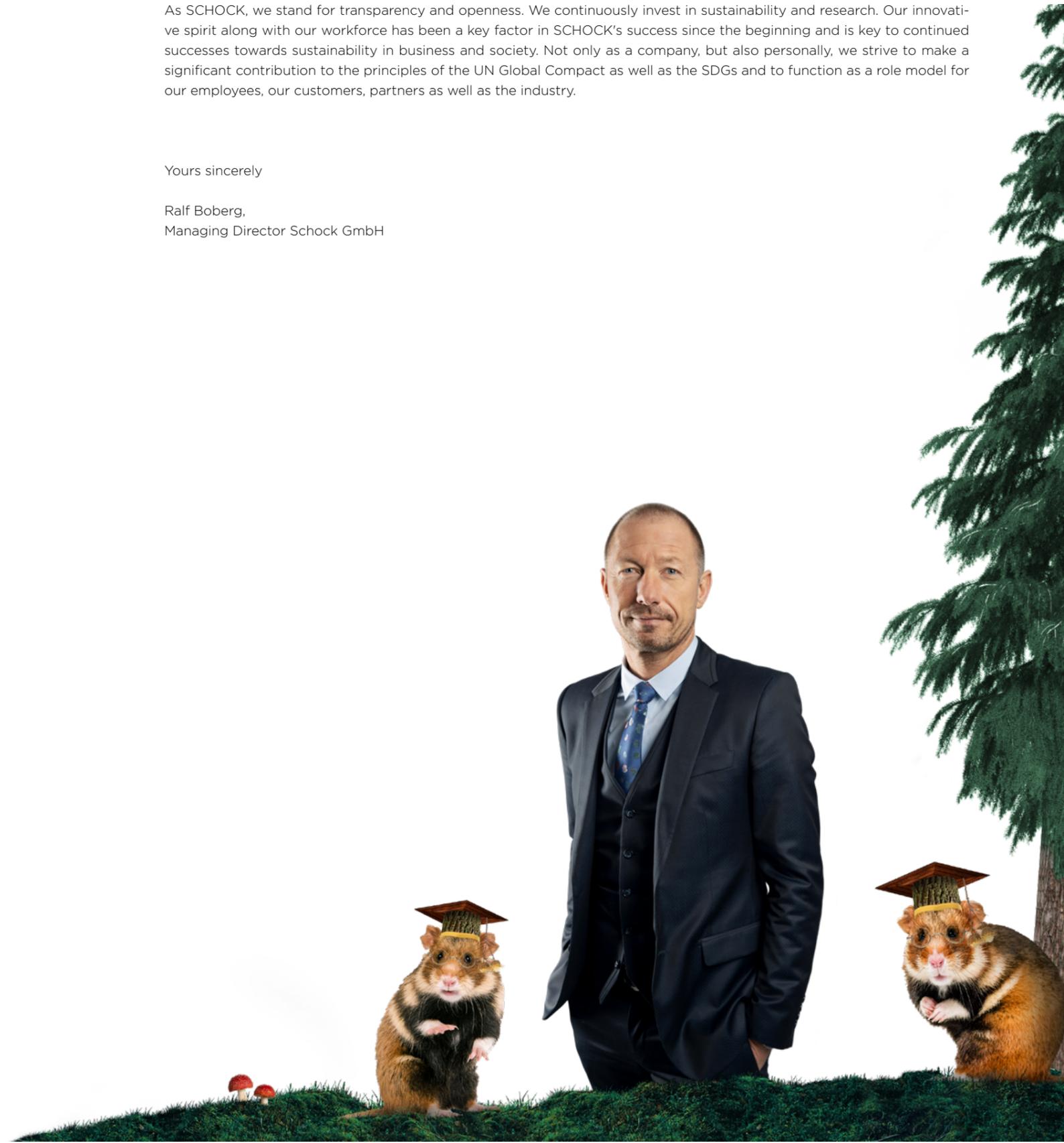
For the implementation of social sustainability issues in the context of diversity, equity and inclusion, the Target Gender Equality Team was founded in August 2021, following SCHOCK's active participation in the Target Gender Equality initiative of the UN Global Compact Network Germany. As part of its activities, the ten-member team is concerned not only with gender equality, but also with the many types of diversity in the context of generations, ethnicities, genders, origins as well as inclusion. The individual life experiences, knowledge, skills, and talents that our employees hold and apply in their daily work shape our corporate culture. The team strives to do its part to ensure that SCHOCK remains an attractive and modern employer for future generations. To achieve this goal, measures are defined and implemented giving visibility to the topics of diversity, equality, equal opportunities, and inclusion. The aim is to ensure that the right person holds the right job at the right time, in the right place - regardless of their gender, cultural and ethnic background, or sexual orientation.

Our environmental efforts and the measures taken to protect the environment are based on ISO 14001 and the Eco Management and Audit Scheme - EMAS for short. EMAS is a globally recognized system for environmental management. The environmental performance of EMAS-certified companies is regularly audited and validated by independent environmental auditors. EMAS ensures that all environmental aspects from energy consumption to waste and emissions are implemented in a legally compliant and transparent manner. Our environmental efforts and successes can be seen in the annual environmental statement on the homepage in the section Engagement.

As SCHOCK, we stand for transparency and openness. We continuously invest in sustainability and research. Our innovative spirit along with our workforce has been a key factor in SCHOCK's success since the beginning and is key to continued successes towards sustainability in business and society. Not only as a company, but also personally, we strive to make a significant contribution to the principles of the UN Global Compact as well as the SDGs and to function as a role model for our employees, our customers, partners as well as the industry.

Yours sincerely

Ralf Boberg,  
Managing Director Schock GmbH



## 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 595 employees in 2021. 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 60 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 continents, with our company being part of 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 high-quality products globally that have been manufactured applying German craftsmanship. Annual revenue at SCHOCK amounted to € 92 m in 2021. As part of SCHOCK's expansion strategy, in December 2021 the company Marmorin, a Polish manufacturer of kitchen and sanitary moldings made of composite material - including free-standing bathtubs and washbasins and shower trays, as well as kitchen sinks made of polyester - was acquired. Due to the acquisition of Marmorin at the end of the reporting period, it is not included in this report. SCHOCK is a limited liability company (GmbH) held by Skiron BidCo S.a.r.l. (Triton Fund V). Triton is an investment firm that invests primarily in German-speaking countries, the Nordic countries, the Benelux region, France, Italy, Spain and the United Kingdom. Their focus is on companies with the potential to create sustainable, long-term value through changing economic cycles. Triton is currently invested in 49 companies in Europe, with combined sales of around €18.1 bn and around 106,000 employees.

SCHOCK is a member of the Holzverband Bayern & Thüringen e.V. and the Chamber of Industry and Commerce of Lower Bavaria.

## THE PRODUCT

Our product range consists 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. As the only manufacturer of quartz composite sinks, we produce our sinks exclusively in Germany. Resource-saving production, quartz from Bavaria or a raw material efficiency of 90% - all our sinks are already manufactured in harmony with nature and the environment. With the CRISTADUR® Green Line, launched in 2020, we have developed an acrylic-based quartz composite material that is composed of quartz and pigments as well as a binder based on renewable or recycled raw materials. In common with all SCHOCK sinks, the selected models consist of up to 75% quartz supplemented by color additives and binders from recycled or renewable sources. The result: the most sustainable quartz composite sink from SCHOCK. Each product line comprises between three to 22 series. In the SCHOCK standard range, customers have a choice of up to 140 different models and can select up to 27 different colors for their sink. In addition to our quartz composite sinks we offer a wide variety of kitchen faucets. We offer our customers a total of 44 series, 72 models and a range of 41 different colors and looks to choose from. This amounts to a total number of product variants of 2,387.

|                            | CRISTALITE® | CRISTADUR® | CRISTADUR®<br>Green Line | Kitchen faucets |
|----------------------------|-------------|------------|--------------------------|-----------------|
| # Series                   | 22          | 18         | 3                        | 44              |
| # Models                   | 79          | 60         | 7                        | 72              |
| # Colors across all series | 16          | 9          | 2                        | 41              |
| Total variants             | 1073        | 496        | 14                       | 804             |

Table 1 SCHOCK product variants

In addition, we offer our customers services such as warranty extension after online registration for faucets and CRISTADUR® sinks, a sample stone shipment as well as the return of their end-of-life Green Line sinks at our site. At SCHOCK, we enable our customers to return used Green Line sinks at the end of their life cycle, which will be recycled in the future. This take-back option is already available to customers in Germany and Austria. Going forward, we strive to sustainably optimize our new products, reduce the ecological footprint of the entire sink range even further, and bring even more color into the kitchen with green concepts.

## CORPORATE PROFILE

By inventing the quartz composite sink in 1979, we became an innovator in the market. To this day, that hasn't 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 establish 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". As of 01.01.2021, we are an active participant in the UN Global Compact and are committed to upholding and preserving the 10 principles of the United Nations. In addition, we strive to contribute to the fulfillment of the United Nations 2030 Agenda for Sustainable Development. As part of the Sustainability Report, we report annually on human rights, labor standards, environmental protection and corruption issues as required by the Communication of Progress. 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. EMAS is the world's most demanding system for environmental management. We report annually on our environmental performance as part of the Environmental Statement. Our environmental performance is audited and validated at regular intervals by sta-

te-certified, independent environmental auditors. In a further step, the environmental statement is reviewed and confirmed a second time by the Deutsche Akkreditierungs- und Zulassungsgesellschaft für Umweltgutachter mbH (DAU) and the Chamber of Industry and Commerce of Lower Bavaria. The EMAS implementation reflects the establishment of an environmental management system and the validation of the results by authorized environmental verifiers. Furthermore, our company is screened for legal issues in the course of the inspection by the responsible chamber of commerce and industry. In addition, we support regional workshops for people with disabilities, cooperate with regional associations and carry out fundraising campaigns, which benefit, among others, the non-profit association Technik für Kinder e.V. in Regen.

## ACCURACY

The information on environmental and energy performance has been evaluated by Intechnica Cert during the annual DIN EN ISO 9001, 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. The annual environmental statement can be found at: [www.schock.de/int\\_en/company/sinkgreen/engagement](http://www.schock.de/int_en/company/sinkgreen/engagement)



## SUSTAINABILITY MANAGEMENT

Sustainability is deeply anchored in our corporate strategy. Since as early as 2010, we have endeavored to drive sustainability issues forward in the company and align our actions accordingly. In all our sustainability efforts, we pay attention to the three pillars of sustainability. These are based on the economic, ecological and social aspects. We have been EMAS-certified since 2011 and have since published an annual environmental statement, which is reviewed and verified by an external auditing company. Since mid-2014, we have been conducting audits in the areas of Environment, Social and Governance (ESG) and Corporate Social Responsibility (CSR). In 2019, we created a designated Sustainability Compliance Quality (SCQ) department with representation on the Steering Committee. In 2020, we conducted an ESG due diligence review in collaboration with one of the Big Four consulting firms. In 2020 and 2021, we were awarded the "Assured Sustainability" seal of approval by the German Institute for Sustainability and Economics. Below you will find the milestones achieved and planned in our sustainability efforts:

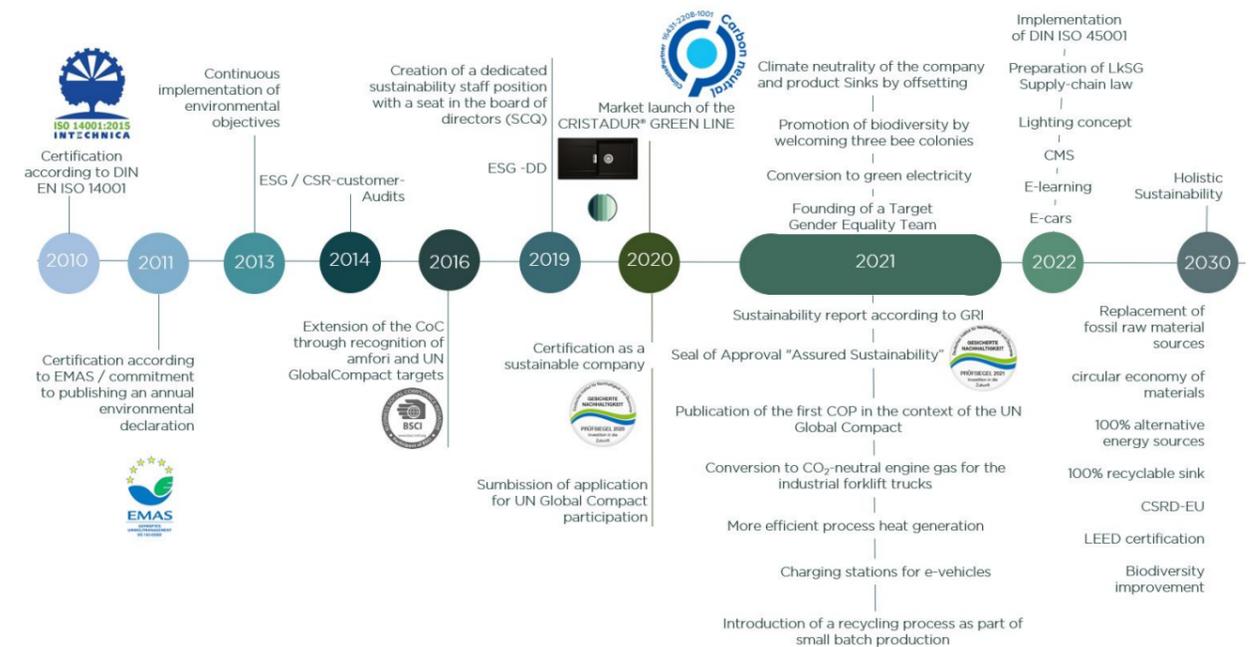


Figure 2 Sustainability Roadmap SCHOCK

In 2021, we recorded many accomplishments in the area of sustainability. By switching our energy supply to green electricity, we were able to reduce Scope 2 emissions to 0 kg/CO<sub>2</sub>. Further measures such as the switch to CO<sub>2</sub>-neutral gas for the forklift trucks, the installation of electronic charging stations and more efficient process heat production are expected to contribute to a further reduction of our company-wide carbon footprint. Since 2021, our emissions figures have been published in our annual Sustainability Report in accordance with the GRI Standard and Greenhouse Gas Protocol. We opted for the GRI Standard because it enables us to report transparently while ensuring international comparability.

### SINK GREEN

SINK GREEN is our answer to the challenges of our time. As a company, we have some of this in our own hands: With the use of non-critical materials, the purchase of renewable energy, production in the Bavarian Forest and other measures, we are sending a clear signal. At the same time, with our strong conviction, we provide retailers and end consumers with the opportunity to choose SCHOCK's most sustainable quartz composite sink. Rethinking together with SINK GREEN.

### SUSTAINABLE MANAGEMENT ALONG THE VALUE CHAIN

In all processes, SCHOCK pays attention to the optimal use of resources and a careful treatment of the environment. This can only be achieved through the active participation and attention of all employees, who thereby contribute towards day-to-day environmental protection and the continuous improvement process. Supplier selection systems and evaluation systems provide a solid foundation for this.

### SUSTAINABLE DEVELOPMENT GOALS (SDG'S)

SCHOCK is committed to the ten principles of the United Nations Global Compact on human rights, labor standards, environmental protection and anti-corruption. We are dedicated to making the UN Global Compact and its principles part of our strategy, culture and the day-to-day operations of our company, while engaging in collaborative projects that promote the United Nations' development goals, particularly the Sustainable Development Goals (SDGs). As a company and as individuals, we aim to make a sustainable contribution to the principles of the UN Global Compact and to be a role model for employees, customers, partners and the industry. We strive to incorporate the ten principles in all our internal and external activities, planning and strategies. The Sustainable Development Goals identify the targets to be achieved according to the 2030 Agenda. After careful consideration, we have selected the following SDGs as essential to SCHOCK. These goals were identified given that SCHOCK as a company and its employees as individuals can make a fundamental contribution to their implementation.



Figure 3 Relevant SDG's

## GOVERNANCE

### UNTERNEHMENSFÜHRUNG



Figure 4 Governance structure SCHOCK

The governing body at SCHOCK consists of the Executive Management and 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. Responsibility for and implementation of sustainability management lies with the Sustainability, Compliance and Quality Management department. Due to the increasing importance of sustainability for the company, a new department, Sustainability, Compliance and Quality Management, was established in 2019. The Director Corporate Sustainability and Compliance reports directly to the Executive Board and is a member of the Steering Committee. In his function, the Director Corporate Sustainability and Compliance reports quarterly to the Executive Management on sustainability issues. In line with the three pillars of sustainability (environment, social and governance), this includes topics from the areas of ecology, social affairs and corporate governance. 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.

### 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,
- anti-corruption and bribery,
- anti-harassment, discrimination and bullying,
- 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 MANAGEMENTSYSTEM

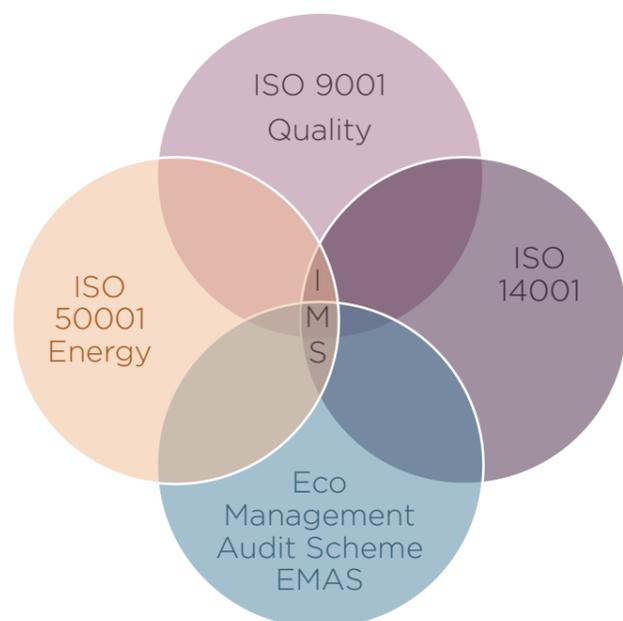


Figure 5 Integriertes Managementsystem SCHOCK

SCHOCK's Integrated Management System (IMS) combines methods and instruments for compliance with requirements from different areas such as quality, environment and energy in a uniform structure. The requirements include legal regulations, product standards and guidelines from EMAS, DIN EN ISO 9001, DIN EN ISO 14001 and DIN EN ISO 50001. The IMS forms the framework for all management systems at SCHOCK to ensure compliance with laws, internal and external requirements and regulations while ensuring efficient operations. This is achieved through internal regulations and applicable processes with clear roles and responsibilities. In this way, the IMS enables effective risk management and helps to safeguard the company's ability to do business. In addition, the IMS serves to monitor and control our value-based management while ensuring that our customers receive the desired requirements for our products and services. The effectiveness and efficiency of the Integrated Management System is monitored annually by an accredited certifier (ISO 9001, 14001, 50001) and verified according to a defined schedule. The validated EMAS environmental statement can be found on the homepage under Engagement. Audits of external clients 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. Heeding corporate compliance principles is among the subjects covered in audits conducted in internal audits by the compliance department within SCHOCK. 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. As part of the upcoming Supply Chain Due Diligence Act (LkSG) and the EU's Corporate Sustainability Reporting Directive, monitoring and control throughout the value chain must take place, leading to a corresponding expansion of the whistleblower system. 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

As data is generated in every business operation, its importance and financial value are constantly growing. Therefore, stakeholders have an increasing interest in ensuring that their data remains protected. SCHOCK is committed to protecting the data of all stakeholders, be it employees, applicants, as well as people from the B2C and B2B sectors. Being an internationally operating company with its headquarters in Germany, we comply with the General Data Protection Regulation (GDPR) (EU) 2016/679, which serves to protect personal data. The legal requirements of the GDPR provide the basis for our procedural directory as well as for ensuring the rights of the data subjects. To ensure IT compliance, annual revisions of the information requirements pursuant to Art. 13 GDPR take place. A review of the on-site technical administrative measures as well as external service providers is also part of IT's responsibilities. An external consultant and expert for data protection acts as data protection officer for SCHOCK. In 2021, SCHOCK has not become aware of any complaints in connection with the loss or violation of customer data protection. Due to the steady increase in the number of cases regarding cybercrime in Germany over the last five years, companies are increasingly focusing on cyber security. In order to protect our company against these dangers, annual cyber security awareness training courses, which are mandatory for all employees, are held. The trainings actively help raise awareness and identify potential threats. The professionals in our IT department work tirelessly to continuously mitigate potential cyber risks by increasing cyber security and regularly review the effectiveness and appropriateness of implemented measures.

## 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:** Safeguarding one and the same level of information across the company.
- **Strategy:** Ensuring that communication follows strategy not vice versa.
- **Adaptability:** Providing opportunities for adjustments with respect to target group and communication topic.

## MATERIAL COMPLIANCE

Within the Research & Development department, a central function for Material Compliance was created in 2021. The position is responsible for compliance with the international, safety-relevant requirements for the SCHOCK product groups as well as for the raw materials and materials used. National and international laws, regulations, standards and common best practice are taken into account. The expertise of the material compliance function is applied in the process of implementing new raw materials as well as products.

## 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.

## PREVENTION OF CORRUPTION AND BRIBERY

Our employees are trained to comply with all applicable laws and existing internal company policies. The training is based on the Anti-Corruption and Bribery Policy. This document is intended to sensitize all employees to compliance violations and to indicate expected and desired behavior as well as consequences. In order for us to assess our anti-corruption compliance we implement the following measures:

- Training in and provision and company internal display of our Code of Conduct;
- Create awareness and improve detection of compliance violations;
- Highlighting consequences;
- Holistic risk analysis;
- Training;
- Whistleblowing mechanism.

## KNOW YOUR CUSTOMER

We are dedicated to contributing to the global anti-money laundering initiative. We comply with the German Money Laundering Act. Money laundering must be prevented, as it is often a component of other, far more serious crimes. All applicants must undergo a pre-screening before they can be considered for employment. In this way, we verify that potential new employees respect national and international law. Since we operate internationally, it is of utmost importance to ensure that all money transfers we receive are legal. Under the Money Laundering Act, SCHOCK has a key obligation to know who we are doing business with. Depending on the type of contractual partner - legal entity or natural person - with whom we do business, we must request and archive different records. Since money laundering is a growing threat worldwide, all of our business contacts (customers, suppliers, employees, etc.) must be handled with increased caution and care. In order to determine whether current or future business partners are politically exposed persons (PEP), they must undergo a PEP check on a regular basis. The PEP check is performed on a voluntary basis in addition to the mandatory sanctions list check. The KYC process consists of:

- Identification of natural persons,
- Identification and verification of legal entities or partnerships,
- verification of corporate databases,
- Enhanced due diligence (including reputation check/network representation), and
- Risk assessment and recommendations for action.

With regard to the implementation of the process in 2021, the assessment of business partners will be based on materiality until all addresses listed in our system have been reviewed and verified.

## ANTI-CORRUPTION AND BRIBERY POLICY

The company-wide Anti-Corruption and Bribery Policy contains information on personal safety, general and specific behavioral guidelines regarding gifts and other benefits, business meals, other events, shareholdings in other companies, suspected corruption with examples of what is considered corruption or bribery. In addition, employees are provided with a point of contact, known as a whistleblower address, to which they can turn in the event of ethical concerns and violations of internal and external regulations. In addition, employees are made aware of the consequences of violations.

## TRAINING

The Anti-Corruption and Bribery Policy is one of 13 mandatory training courses that all employees are required to complete annually. Evidence of attendance is reviewed and verified during annual internal audits. To ensure that the legally required instruction and training can take place regardless of the current and possible future pandemic, we plan to set up an online training portal. This will not only enable us to monitor learning success, but also allow our employees to participate in the courses flexibly.

## 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. Further measures in the area of risk mitigation deal with the identification of potential insurance policies to reduce the extent of risk. In the area of occupational health and safety, the company works closely with the company physician. Areas for action are identified and implemented jointly. 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.

## AUTHORIZED ECONOMIC OPERATOR AEO

Increased globalization and shifting international security concerns have prompted the World Customs Organization (WCO) to create the Framework of Standards to Secure and Facilitate Global Trade (SAFE), a global framework for modern and effective risk management in customs administrations. The aim is to effectively protect global supply chains from the manufacturer of a good to the end consumer, especially in cross-border trade. A key element of this security initiative is the introduction of the Authorised Economic Operator (AEO) status. Since 18.01.2021 SCHOCK has the status AEOC/ AEO F or AEO C/S. We received this status after successfully demonstrating compliance with the following requirements in accordance with VO (EU) No. 952/2013 (UZK):

- Compliance with customs and tax regulations (Art. 39a UZK in conjunction with Art. 24 IA).
- Satisfactory accounting system (Art. 39b UCC in conjunction with Art. 25 IA).
- Demonstrated ability to pay (Art. 39c UCC in connection with Art. 26 IA).
- Appropriate security standards (Art. 39e CCC in conjunction with Art. 28 IA).
- Practical or professional competence (Art. 39d CCC in conjunction with Art. 27 IA).



# STAKEHOLDER



Figure 4 SCHOCK Stakeholder

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<br>Employees and workers who are not employees | <ul style="list-style-type: none"> <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>                |

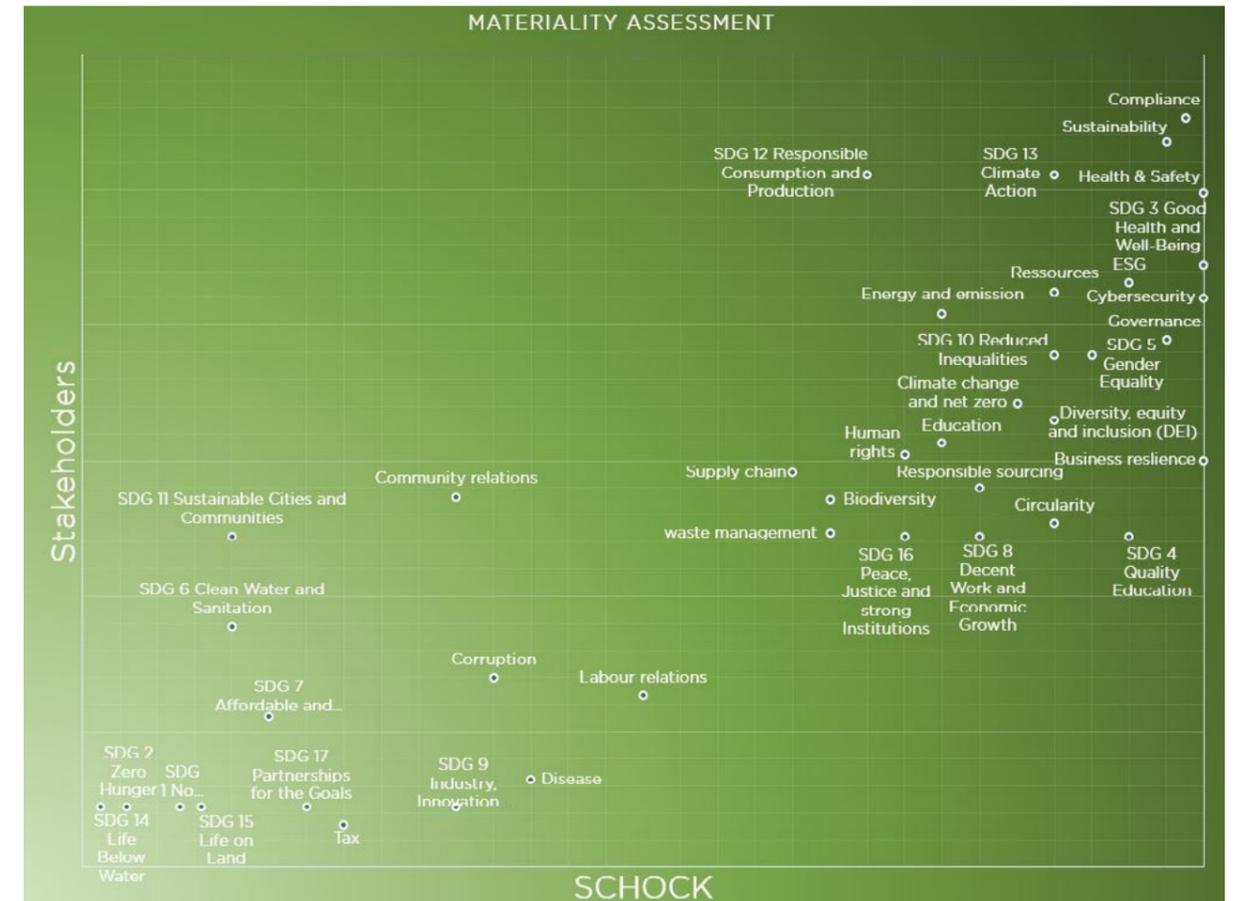
| STAKEHOLDER                           | CORE CONCERNS  | INCLUSION   |   |
|---------------------------------------|--|---|---|
| COMPANY                               | Shareholders   | <ul style="list-style-type: none"> <li>Reliable data and information</li> <li>Decent and sustainable operations</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 | Triton   | <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> <li>ESG</li> <li>DEI</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> <li>PC Monthly Calls</li> <li>ESG Meetings</li> <li>DEI Meetings</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)  | <ul style="list-style-type: none"> <li>Diversity and Equality</li> <li>Energy transition</li> <li>Sustainability</li> </ul>   | <ul style="list-style-type: none"> <li>Dialogues with politicians at the state level</li> </ul>   |
|                                       | Politics   | <ul style="list-style-type: none"> <li>Civic engagement of the company</li> </ul>   |   |
|                                       | Laws   | <ul style="list-style-type: none"> <li>Biodiversity</li> <li>Providing jobs</li> <li>Compliance with laws and regulations</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         | <ul style="list-style-type: none"> <li>Regional Council</li> <li>District Office</li> <li>European Chemicals Agency (ECHA)</li> <li>Tax office</li> <li>Customs office</li> <li>Federal Environment Agency</li> <li>EMAS</li> <li>ISO</li> <li>TÜV</li> <li>Auditing Institutions</li> </ul>   | <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

With regard to specific topics, an analysis was carried out regarding the impact of each topic on stakeholder assessments and decisions, as well as the significance of its economic, environmental and social impact. The materiality analysis takes into account the main topics that affect both SCHOCK itself and our stakeholders. In order to identify the material topics and focus areas of our stakeholders, sustainability and ESG reports as well as their Code of Conducts and corporate guidelines were reviewed. To verify the identified topics, a series of dialogues were held with responsible persons who are in constant contact with the stakeholders. The core concerns expressed by the stakeholders were also taken into account in the assessment and included in the analysis.



Based on the materiality analysis, the most applicable GRI standards were thus identified. The nine topic-specific standards identified correspond to SCHOCK's operational and strategic goals as well as the requirements of the stakeholders for our company.

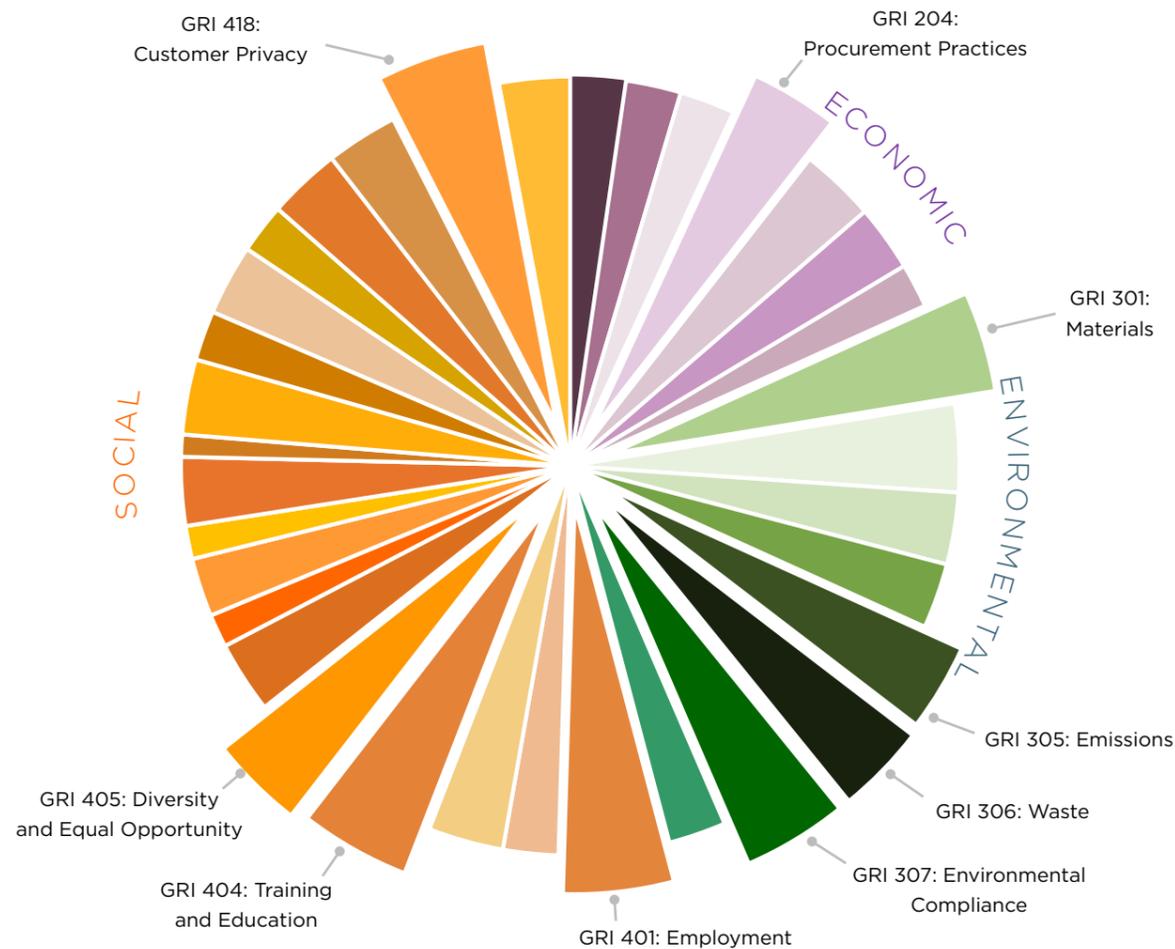


Figure 6 SCHOCK's topic-specific standards - Selection of the most important topics for SCHOCK in 2021

**GRI 408/409 CHILD LABOR; FORCED OR COMPULSORY LABOR** – Our manufacturing operation is 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.

## KEY IMPACTS, RISKS AND OPPORTUNITIES

### SOCIOCULTURAL ASPECTS

#### EMPLOYMENT AND INTEGRATION OF FOREIGN EMPLOYEES

At SCHOCK, an inclusive working atmosphere prevails, regardless of gender, religion and origin. We strive for continuous improvement.

#### ENVIRONMENTALLY FRIENDLY AND HEALTH-PROMOTING MOBILITY

We offer our workforce the rental of an e-bike at preferential rates. All employees have access to e-charging stations for their vehicles free of charge.

#### SHORTAGE OF SKILLED WORKERS

As a “hidden champion”, we are not yet known to certain groups of people. We are striving to improve this situation on an ongoing basis. Both through a distinctive homepage and appealing job descriptions, as well as high-profile employer branding, and through exchanges with relevant regional stakeholders, we are trying to attract new employees.

### TECHNOLOGICAL ASPECTS

#### TECHNICAL INFRASTRUCTURE & IMPLEMENTATION AND UPDATING OF SOFTWARE

Due to the expansion of the company within a short period of time, it is necessary to further develop the system structure and expand the IT in order to be able to react to future requirements in a timely and appropriate manner. For this purpose, we train IT specialists at the site.

### POLITICAL AND LEGAL ASPECTS

#### NEW GUIDELINES

Ensuring the current status of applicable laws and regulations involves a great deal of internal effort. Knowledge of current and future legislation and case law is part of the daily work of the Compliance department. A compliance management system should simplify the monitoring and control of legal obligations and requirements, as well as ensure legal compliance throughout the company.

#### STRICT ENVIRONMENTAL REGULATIONS

The complexity of complying with applicable legal, internal and external environmental regulations and keeping up to date is constantly increasing. To continue to meet these requirements, all departments of the company are challenged and involved. Within the framework of our corporate philosophy SINK GREEN - Sustainable thinking and dishwashing, we set ourselves environmental goals that go beyond the legal framework. SCHOCK voluntarily commits to compliance with the EMAS requirements and has these audited annually by external certifiers. EMAS is the world’s most demanding environmental management system that goes beyond the requirements of ISO 14001. In annual audits, the performance of the company is checked and verified by third parties according to the requirements of ISO 14001 as well as EMAS..

#### POLLUTANT AND HAZARDOUS SUBSTANCE MANAGEMENT

To reduce the use of hazardous substances, we apply the so-called substitution principle. Every six months, we check the ECHA candidate list for suspicious substances and renew our certificate of conformity accordingly.

### ECONOMIC ASPECTS

#### COMPETITION

The competitive situation is also dynamic in the quartz composite sinks and faucets sector. As a growing force in the market, our goal and endeavor are to offer functional and visually appealing products to our clientele through innovation and creativity in order to help shape kitchen worlds individually. We are working 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 free development possibilities in kitchen design.

#### LACK OF 100% TRANSPARENCY ABOUT SUPPLIERS AND SUB-SUPPLIERS

Lack of transparency leads to a residual risk for environmental and social issues along the supply chain. This is another reason why maintaining and sharing along the supply chain is very important to us. As part of the supply chain due diligence process, the risks of direct suppliers are identified, assessed and managed.

#### ACCOUNTING IN ACCORDANCE WITH IFRS

In addition to local accounting regulations, we comply with the latest International Financial Reporting Standards (IFRS). In this way, we aim to create transparency and make our financial statements internationally comparable.

#### PREVENTION OF MONEY LAUNDERING

Our focus in this area is on preventing and avoiding corruption and money laundering. The Know Your Customer procedure is used to combat money laundering and bribery. A Compliance Management system to bundle all compliance issues is under development.

### RESOURCE SCARCITY

With the awareness that raw materials are limited, we are committed to the sustainable procurement of raw materials and strive to use recycled or renewable materials wherever possible. The idea of sustainability in terms of reusing, recycling, reducing, repairing and avoiding waste is always pursued. We already use materials and raw materials from renewable or recycled sources to manufacture and package our products, where available and suitable for their function. Since the required natural materials are finite in the long run and we strive to fully live by the concept of circular economy, it is our goal to increasingly use recycled and renewable materials.

### FLUCTUATING EXCHANGE RATES

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

### PANDEMICS AND CRISES

Ongoing crises and states of emergency increase stakeholder uncertainty. At the same time, purchasing power decreases.

## ENVIRONMENTAL TASKS

### REGIONAL PROCUREMENT

As far as possible, we source all required materials in the immediate vicinity to minimize transport distances.

### IMPROVING BIODIVERSITY

Our plant is located in a mixed area. A total of 17,135 m<sup>2</sup> of the 65,473 m<sup>2</sup> total area is built over and 10,431 m<sup>2</sup> is paved in the form of roads and paths. A further 3,170 m<sup>2</sup> of roof area is equipped with infiltration systems. This leaves 34,737 m<sup>2</sup>, or 53 percent of the total area, as green space, providing sufficient room for biodiversity to flourish. Surrounded by this green belt, the plant site blends in well with the mixed-use area. The unused fields owned by SCHOCK are only mowed twice a year to allow the grass and diverse plant life to grow and flourish, creating a natural habitat for bees as well. The organically grown cut is also used by an eco-certified farmer as feed for his animals. Since September 2021, SCHOCK has been home to three bee colonies with a total of 150,000 bees.

### RAISING AWARENESS OF PLASTIC IN THE ENVIRONMENT

We strive to continuously reduce the use of plastic in our packaging. To create additional awareness, we offered the Better Life Without Plastic training for the entire workforce.

### EMISSION AND IMMISSION

Our goal is to continuously reduce air and noise emissions.

From the heating systems: monitoring by chimney sweeps

From production hall exhaust air: monitoring in accordance with TA-Luft (Technical Instructions on Air Quality Control)

### EMISSIONS FROM ELECTRICITY AND GAS CONSUMPTION

*Gas:* CO<sub>2</sub> emissions from gas use amount to approx. 230 g CO<sub>2</sub>/kWh resulting from combustion.

*Electricity:* Due to the green electricity purchased, CO<sub>2</sub> emissions from electricity are 0 g CO<sub>2</sub>/kWh.

*Other gases:* The TA-Luft limits for total carbon are complied with for the hall exhaust air and checked in accordance

### NOISE EMISSIONS

Throughout the plant, care is taken to ensure that noisy work is carried out in the halls. Particularly during the night hours, there is a requirement to cause as little disturbance as possible to local residents. Delivery traffic therefore only enters the premises from 7:00 a.m. onwards. The relevant immission values for noise are complied with.

## INTERNAL CHALLENGES

### EXTENSIVE MEASURES FOR SUSTAINABLE BUSINESS

Innovative strength characterizes us as a company and shapes our actions. Sustainability is deeply anchored in our corporate identity and we pursue the implementation of sustainable measures with great inventiveness. Environmental protection is cost-intensive, and yet we spare no effort to do our part to preserve the blue planet and its beauty. For this reason, we strive to implement numerous measures aimed at replacing non-renewable raw materials and reducing plastics from non-renewable sources.

### RETIREMENT OF TOP PERFORMERS

The retirement of long-serving and experienced employees poses a challenge to knowledge transfer. Through a mentoring program and by recording the specific knowledge by the employee him/herself, the company strives to preserve and pass on the knowledge to the younger generation and 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.

### EMPLOYEE TURNOVER

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

## KEY IMPACTS

### SUPPORT FROM THE COMMUNITY

Bilateral cooperation with community leaders and support for local organizations, such as sports clubs, is very important to us.

### SUPPORT FOR LOCAL ASSOCIATIONS

SCHOCK supports, among others, Wirtschaftsimpuls Regen and FC Bürgerholz

### ECONOMIC POWER

The district of Regen benefits from the local employees who generate purchasing power, as well as from the visitors, suppliers and customers who regularly come to SCHOCK.

### CIRCULAR ECONOMY/SUSTAINABILITY

The mindset of 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 concept of sustainability is also applied in the innovation of new products. This has resulted in the CRISTADUR® Green Line. We are dedicated to enabling a recycling loop in the future.

### CLIMATE CHANGE

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

### INNOVATIONS & SUSTAINABLE PRODUCT STRATEGY

As the inventor of the quartz composite sink, we define ourselves as an innovator by fostering creativity and holding around 130 patents, two of which were published in 2021.

### PRODUCTS INCLUDING DESIGN AND DEVELOPMENT

We develop products along customer needs as well as living situations. The sink area is the center of the kitchen and increasingly receives more attention. Aspects such as ease of cleaning, durability, but also design and color are central arguments for end customers during the purchasing process. When developing a new sink, we have made it a matter of principle to include sustainability



# SUPPLY CHAIN

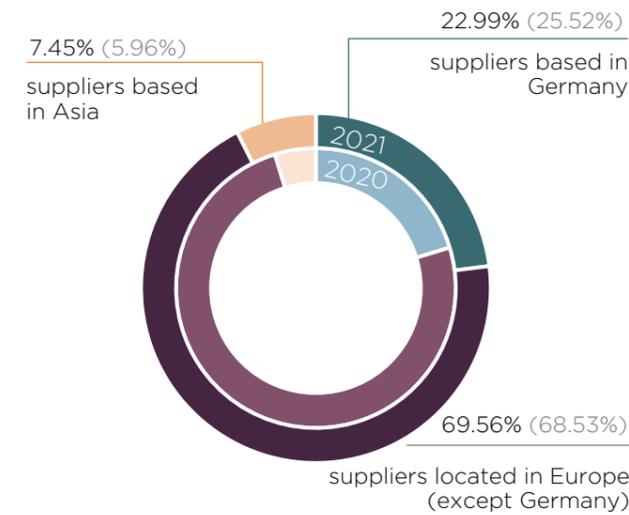
Purchasing is responsible for supplying our company with raw materials, goods and services. Purchasing operates according to defined purchasing and supplier management processes. These processes follow social, legal and environmental principles, which are also part of our purchasing guideline. In addition to economic aspects, social and environmental aspects are also anchored in this guideline. These principles are binding for both our employees and our suppliers. Together with our employees and our suppliers, we thus contribute to the continuous improvement of sustainability in our supply chain.



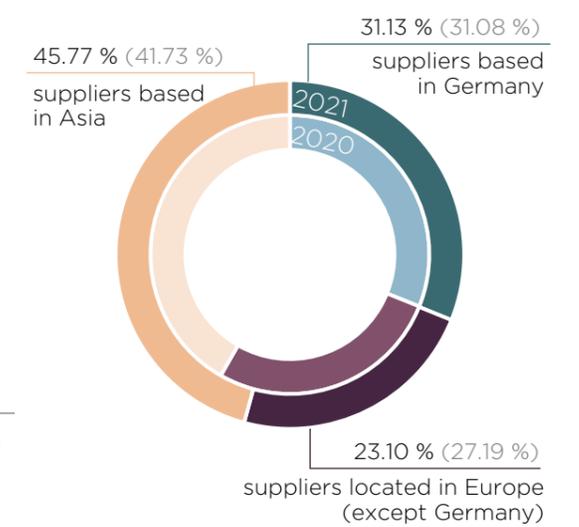
Figure 7 supply chain

The suppliers who maintain a business relationship with SCHOCK are categorized into the following groups: Raw Materials, Packaging and Merchandise. The total number of suppliers contracted by SCHOCK Regen amounts to 54 while the estimated number of suppliers in the entire supply chain amounts to approximately 500. Preference is given to procuring from local suppliers in order to avoid unnecessary transport routes and thus environmental pollution. Taking into account factual and economic feasibility, raw materials or supplier parts are procured in reusable packaging or bulk containers. In addition, social and ecological aspects are also taken into account when selecting suppliers. In addition to compliance, the application of best practices is also required. Within the framework of sustainable and economic necessities, the company's procurement budget is allocated to procuring the required materials from local sources. By local sourcing we mean sourcing from Germany.

Proportion of expenses for raw material suppliers 2021 (2020)

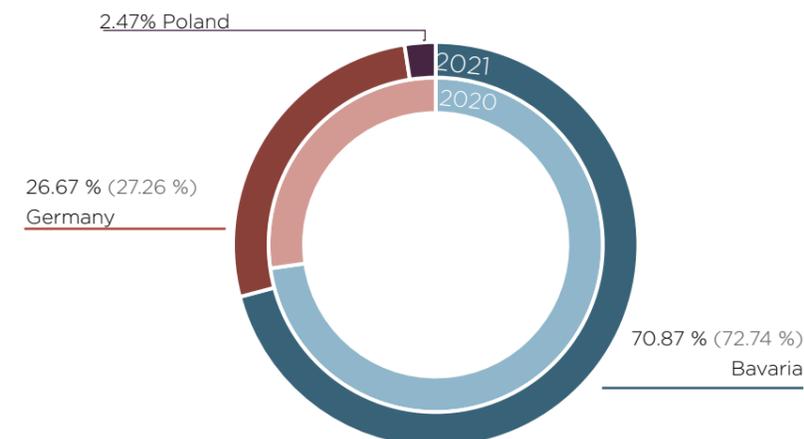


Proportion of spending on commercial goods suppliers 2021 (2020)



We sourced 83.31 percent of our most important raw material, quartz, from the immediate vicinity of our headquarters in Bavaria as of the reporting closing date December 31, 2021. All packaging used at the Regen site is largely sourced in Germany. Of the German packaging suppliers, 70.87 percent were located in Bavaria and thus in the immediate vicinity of our headquarters as of the reporting closing date of December 31, 2021.

Proportion of spending on packaging suppliers 2021 (2020)



## ENVIRONMENT

### 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. Since environmental protection is a priority for SCHOCK, we have introduced a new product line and "green" philosophy in the company, in addition to promoting biodiversity through green spaces on the company premises. The SINK GREEN philosophy is dedicated to the resource-saving production of our products. Through our innovative drive, we developed a process to take back the Green Line products and recycle them in the future. Even the drain fittings for our GREEN LINE sinks are made of recycled material. The precautionary approach to environmental protection is reflected in the permanent and close cooperation and coordination with authorities and residents. The entire corporate philosophy can be viewed on the SCHOCK website at *Philosophy*.

### 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.

### EMAS III AND ISO 14001 FOR EFFICIENT ENVIRONMENTAL PROTECTION

For the efficient implementation of environmental protection, SCHOCK not only pursues the goals of DIN EN ISO 14001, but also fulfills the requirements and objectives from EMAS III VO (EC) No. 1221/2009 and Amendment VO 2017/1505 and 2018/2026 that clearly go beyond this.

- Environmental management instructions (EMS documents: EMA, EMP, UMV). These describe the individual environmental aspects and an environmentally friendly approach to work.
- Environmental management manual (integrated in the IMS manual). It contains the basic information and objectives of the two environmental management systems introduced. In addition to environmental policy and environmental objectives, the associated organizational processes and document control are described.

To support the achievement of the ambitious environmental goals, an energy management system in accordance with DIN EN ISO 50001 was established and certified in 2020. Our conformity with EMAS as well as DIN EN ISO 14001 is checked and assessed annually by Intechnica Cert, with the Deutsche Akkreditierungs- und Zulassungsgesellschaft für Umweltgutachter e.V. (DAU) acting as the certification body and, in the case of the EMAS standard, additionally confirmed by the Chamber of Industry and Commerce of Lower Bavaria. According to the scope of the Soil Protection Act and the Bavarian Environmental Information Act, there are no contaminated sites relating to SCHOCK according to information from the contaminated site register of the Regen district.

The safety of our workforce in the workplace is our top priority. It is therefore our responsibility to create and maintain a trusting and pleasant working environment as well as safe working conditions for our employees in the long term. Based on this, SCHOCK is striving for certification in accordance with ISO 45001 (occupational health and safety management).

### SCHOCK STANDS FOR TRANSPARENCY

For our customers as well as for the public, our current environmental statement and our certifications are available on the internet at [www.schock.de/int\\_en/company/sinkgreen/engagement](http://www.schock.de/int_en/company/sinkgreen/engagement)

### SCOPE AND FREQUENCY OF THE ENVIRONMENTAL AUDIT

All departments of SCHOCK are involved in environmental management.

The environmental audit takes place once a year and has the purpose of continuous monitoring of the system, its effectiveness as well as compliance with the planned measures. In addition, an internal audit is carried out annually as part of the IMS, in which the environmentally relevant issues and the further development of the system in terms of EMAS and ISO 14001 are also examined. This is recorded and used as the basis for the environmental audit. Further information on the environmental aspects in our production as well as on our environmental program can be found in the current environmental statement.

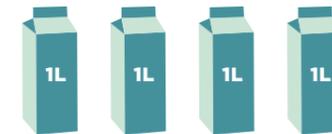
## ENVIRONMENTAL DATA



Electricity consumption in kWh per unit reduced by 57.3% compared to 2010.

Water consumption in litres per unit reduced by 77.7% compared to 2010.

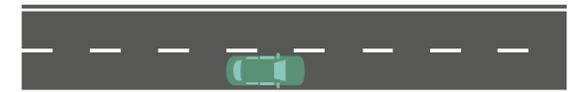
### RESOURCE CONSUMPTION OF A SCHOCK SINK (AVERAGE WEIGHT 12 KG) IN COMPARISON:



Production uses only 4.0 liters of water to produce one sink! That's as much as four cartons of milk.



Only 2.81 grams of hazardous waste is generated! That's less than a packet of vanilla sugar (8 g).



The amount of CO<sub>2</sub> emitted per sink in the factory grounds or through the electricity consumed (Scope 1 and Scope 2) is the same as the CO<sub>2</sub> emissions of a vehicle driving just 31 km! \*

\*in relation to the specified EU fleet consumption from 2021 onwards



95%\* of our process water is kept in a water circuit and continually recycled.



With the average bathtub holding 150 litres of water, we thus save as much as 29,713 baths full of water per year.

That's the same as the annual water consumption of 94 German households \*\*.

\*with an average bathtub filling volume of 150 l according to Fokus

\*\*The average amount of water used by a German household every day is 129 l in 2021 according to statista

BIODIVERSITY

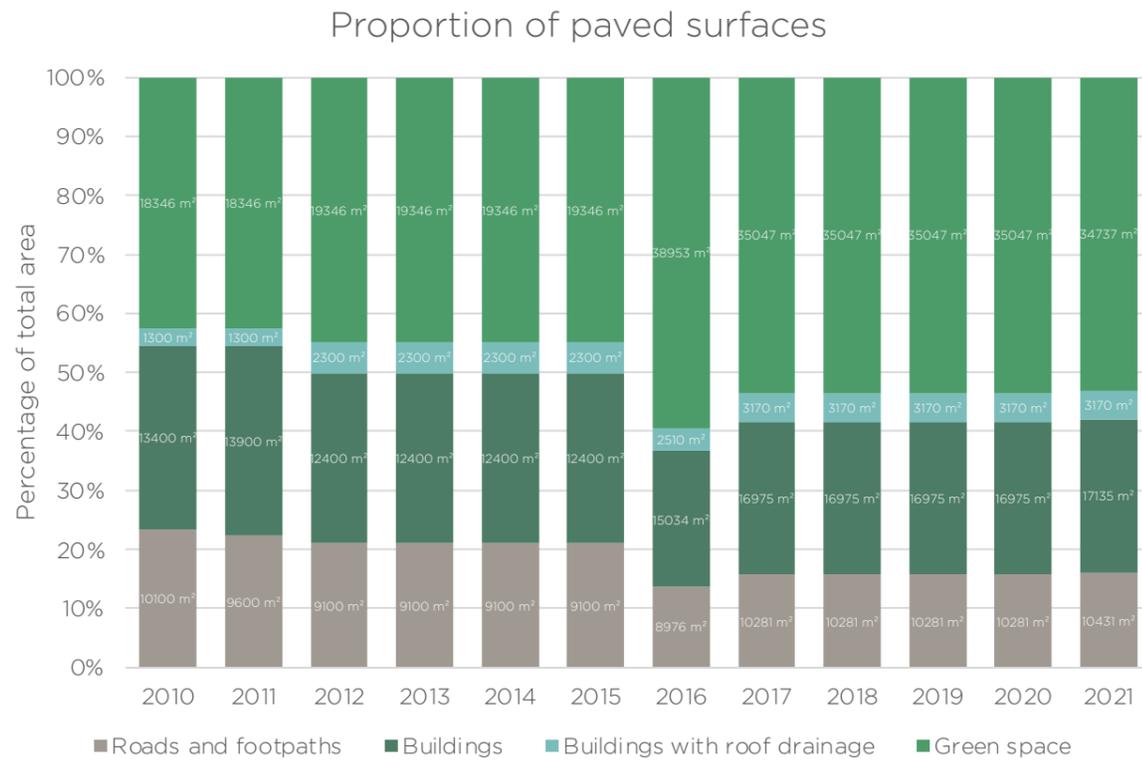


Figure 10 Proportion of paved surfaces in total factory grounds<sup>1</sup>

Only 47%<sup>2</sup> of the area at our site is sealed by buildings and traffic routes. The remaining 53%<sup>3</sup> are green spaces at the site and are thus available for biodiversity. Thanks to this high proportion of green spaces, the company site also fits in well with the surrounding mixed-use area. In addition to this and in response to recent events (Bavaria's "save the bees" initiative), we would like to point out that the green strips along the edges of our paths are intended as flowering strips for insects and are mown only twice a year. Furthermore, since September 2021, our factory grounds are now home to three bee colonies.

BEE & INSECT SANCTUARY

„ONCE THE BEE DISAPPEARS FROM THE EARTH, MAN HAS ONLY FOUR YEARS TO LIVE. NO MORE BEES, NO MORE POLLINATION, NO MORE PLANTS, NO MORE ANIMALS, NO MORE PEOPLE.“  
(QUOTE ALBERT EINSTEIN, 1949)

We are aware how important bees and insects are in maintaining the ecosystem as we know it. Therefore, we want to contribute to the preservation of them and their habitat. The 53 percent<sup>4</sup> unused land is designed to provide a home for wild bees to enjoy the many wild flowers and plants. Since September 2021, SCHOCK is home to three bee colonies, about 150,000 bees. Our call to all who read this: Bee aware!



1 all data as of December 31, 2021

2 as of December 31, 2021

3 as of December 31, 2021

4 as of December 31, 2021

MATERIAL

Our customers are the focus of any new product development we undertake. SCHOCK's mission is to continually raise the sink sector to a new level - making it more sustainable, diverse, stylish and colorful. 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 and our end customers a product line that corresponds to conscious consumption and future-oriented action. The innovative material is a consistent continuation of our sustainability efforts. Our quartz composite sinks have always been manufactured along high standards of environmental awareness and sustainability: SCHOCK is the only quartz composite sink manufacturer that produces exclusively in Germany and uses quartz, largely sourced regionally from Bavaria, to manufacture its products. We are aware that natural raw materials are limited and therefore strive to use recycled or renewable materials where possible and available. The idea of sustainability in relation to reusing, recycling, reducing, repairing and waste avoidance is promoted in all areas of the company. We attach great importance to the resource-saving manufacture of our products and have set ourselves the goal of improving the proportion of natural, renewable and recycled raw materials in both our products and their packaging and, where possible, acquiring the resources regionally. Furthermore, we pursue the goal of making our sinks sustainable as well as establishing the sink as a lifestyle object of the highest quality for our clientele. We understand this to mean, among other things, the longevity of our sinks, the fulfillment of customer needs as well as the provision of functional, precisely fitting and, if possible, sustainable sink accessories, through which the SCHOCK quartz composite sink becomes a versatile all-rounder in the kitchen.

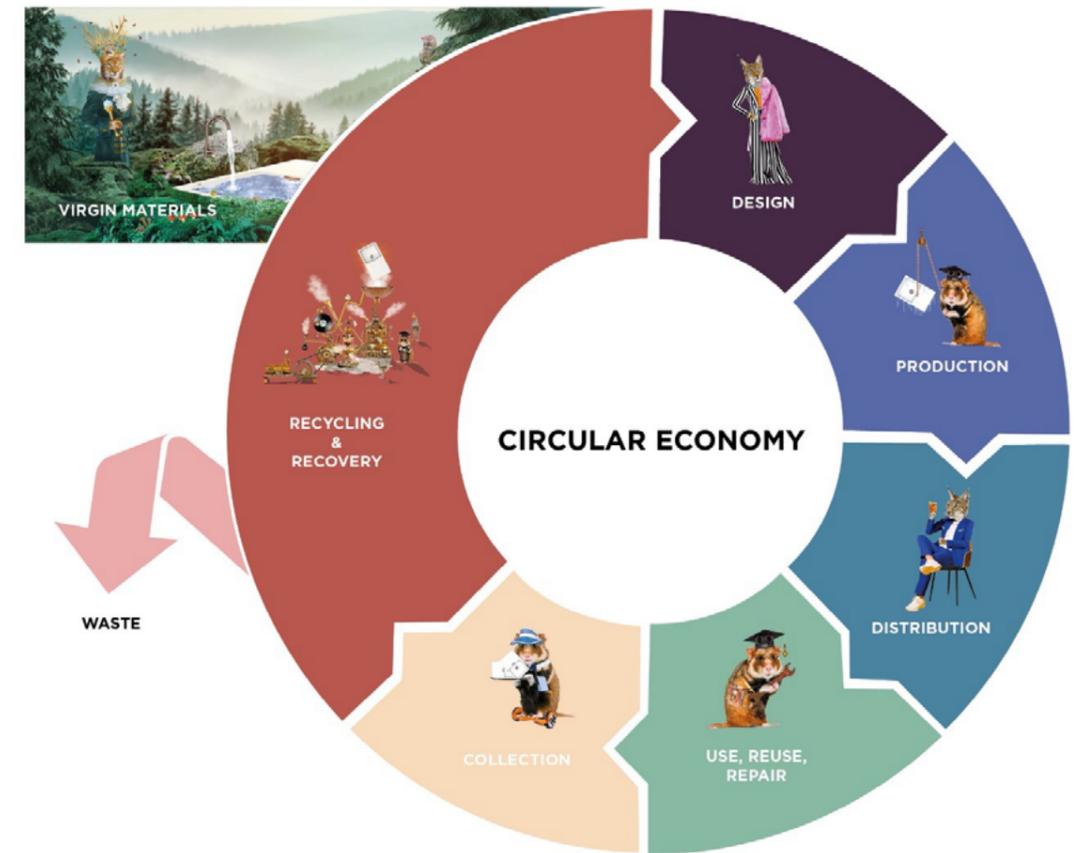


Figure 11 Circular economy SCHOCK

With the launch of the CRISTADUR® Green Line, we have installed a take-back program for these sinks at the end of their service life. With regard to the life cycle of the sink, it should be noted that our sinks outlast the average service life of a German kitchen. Despite the longer service life, kitchen sinks are usually replaced as part of the kitchen renovation. For us, SINK GREEN means thinking things through to the end. Even the longest-lasting and most sustainable SCHOCK sink will have to be replaced at some point. As part of the circular economy at SCHOCK, customers from Germany and Austria can return their Green Line sinks to us. In the future, after return, the old sink is to be reused at the site for the production of new sinks. Internal rejects will also be reused and returned to production as recycled raw material. In this way, we are setting out

to continually reduce SCHOCK's annual waste footprint. Largely sourced regionally, quartz is proportionately present in all of our sinks up to 75%. In the CRISTADUR® Green Line product line, the quartz is supplemented by color additives and binders from recycled or renewable sources. This technology, for which a patent application has been filed, marks a first milestone on the way to making the portfolio ever more sustainable. At our site, there is a clear trend toward sustainable packaging. When it comes to packaging, we pay attention to recyclable materials that can be separated by 95 percent<sup>5</sup> by type. We are connected to appropriate take-back systems. According to the manufacturers, all packaging materials consist of between 65 and 100 percent recycled materials.

|   | 2020            | 2021            |            |
|---|-----------------|-----------------|------------|
|   | in t            | in t            |            |
| <b>Non-renewable materials</b>  | <b>14287.48</b> | <b>17406.77</b> |            |
| raw materials   | 13428.75        | 16591.14        | externally |
| associated process material   | 271.54          | 175.07          | externally |
| all forms of materials and components other than raw materials that are part of the final product | 474.51          | 430.26          | externally |
| materials for packing purposes  | 112.68          | 210.30          | externally |
| <b>renewable materials</b>  | <b>9158.90</b>  | <b>10955.62</b> |            |
| raw materials   | 2.82            | 2.55            | externally |
| associated process material   | 5583.00         | 5421.00         | externally |
| all forms of materials and components other than raw materials that are part of the final product | 37.70           | 40.94           | externally |
| materials for packing purposes  | 3535.39         | 5491.13         | externally |

Table 3 Materials used by weight or volume - SCHOCK 2021. The values given were determined by inquiries with the manufacturer or supplier as well as by data in the ERP system and by consultations with the Purchasing department.

By the end of 2021, around one ton of internal scrap had been recycled and reused in the production process. Including the recycled packaging materials of our kitchen sinks, we thus achieve a percentage of 24.3 of recycled products and their packaging materials according to GRI 301-3. The recycled packaging materials include the cardboard boxes and packaging itself, which are taken back and reused via a take-back system. The styrofoam used was also thermally recycled and made usable through reprocessing. After its life cycle at SCHOCK, our Styropor is used in the brick industry, which produces better thermal insulation of the bricks by adding the chopped Styropor, or in the production of bulk insulation for screed floors. The material efficiency has increased again compared to the previous year and is now at 92.6% and results from quality improvements with an accompanying reduction in rejects.

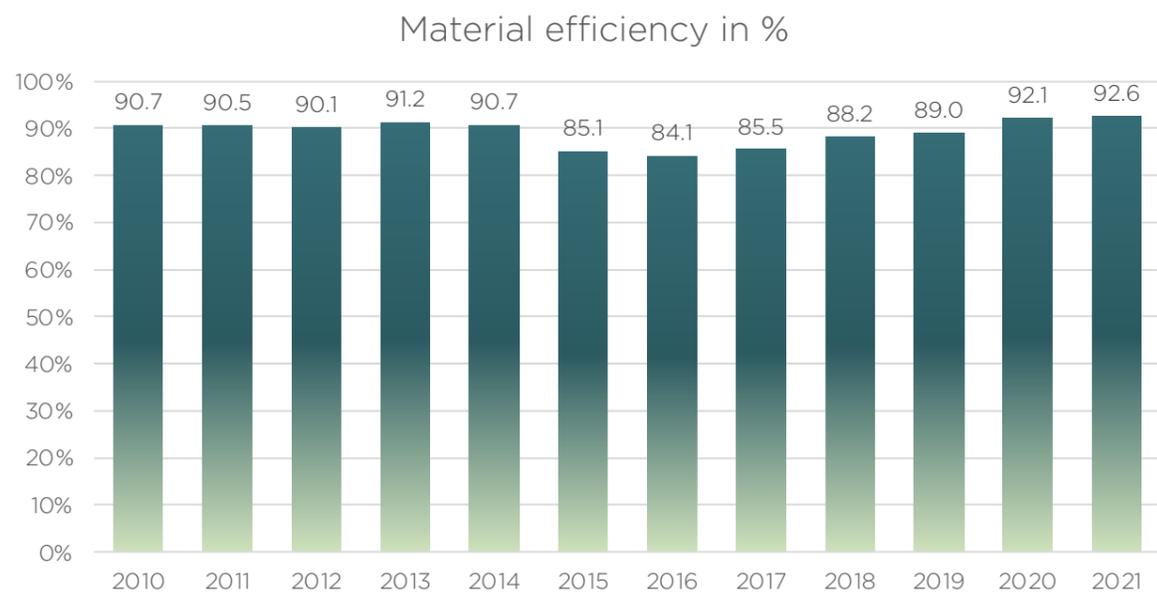
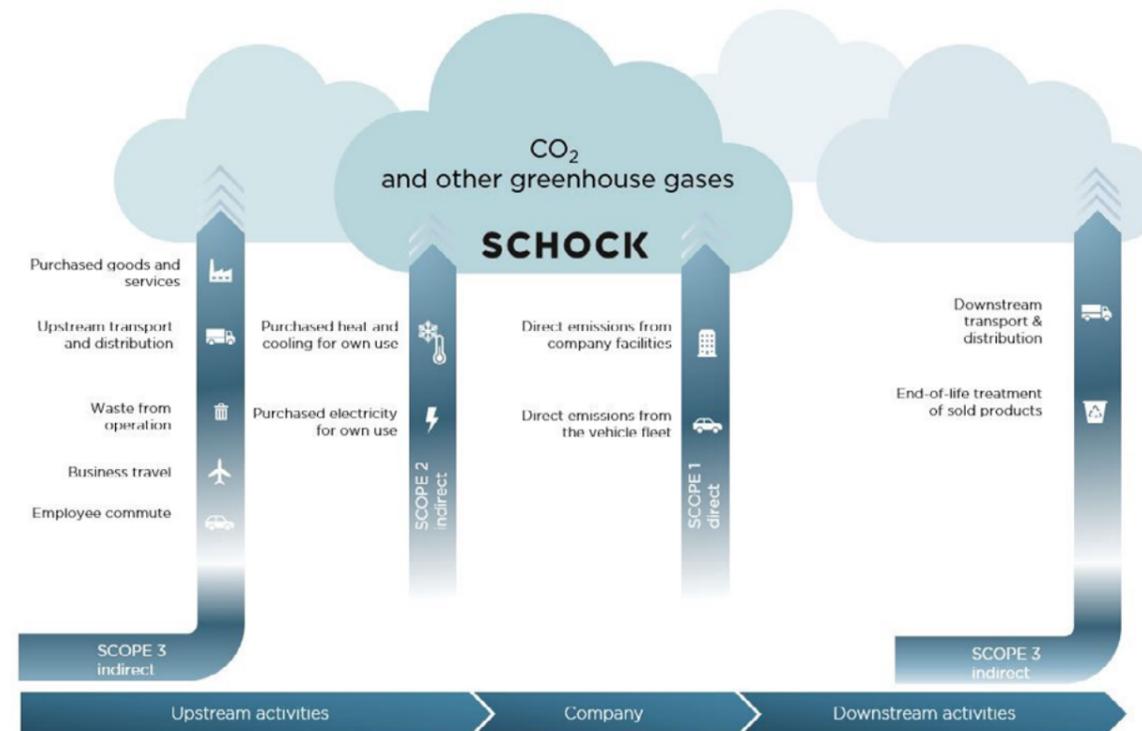


Figure 12 Material efficiency in % of gross production volume

<sup>5</sup> Zum Stichtag 31.12.2021

## EMISSIONS

In 2019, the Sustainability, Compliance and Quality Management department was created. The aim of this restructuring was to focus sustainability more strongly within the company and align management objectives accordingly. As part of our sustainability efforts and our commitment to EMAS and ISO 14001, we also focus on environmental and climate protection. We want to make our contribution to achieving the Paris Climate Agreement and limiting global warming to 1.5 °C. Due to the impact of greenhouse gases on our climate, it is important for us to calculate our annual greenhouse gas emissions in accordance with the GHG Protocol. For all manufacturing companies, ourselves included, the majority of emissions occur in Scope 3. Therefore, we consider it our responsibility to calculate emissions in all scopes (1-3) and to implement appropriate measures to offset, reduce or avoid greenhouse gases.



In order to properly prepare the emission calculations, in 2020 for the calculation year 2019, we cooperated with one of the Big Four consulting companies, which performed and verified the calculations. This is also the reason for using 2019 as the base year for the emission calculations at SCHOCK. Since 2021, we have been working with Climate Partner, which assists us in calculating the corporate carbon footprint, i.e. the sum of the CO<sub>2</sub> emissions that we have caused within the defined system limits in the period 01.01.2021 to 31.12.2021. The calculation was based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The calculations took into account all relevant greenhouse gases according to the factual standard of the Intergovernmental Panel on climate change (IPCC):

- Carbon Dioxide (CO<sub>2</sub>),
- Methane (CH<sub>4</sub>),
- Nitrous Oxide (N<sub>2</sub>O),
- Hydrofluorocarbons (HFC/HFC),
- Perfluorocarbons (PFC/PFC),
- Sulfur Hexafluoride (SF<sub>6</sub>) and
- Nitrogen Trifluoride (NF<sub>3</sub>).

CO<sub>2</sub> emissions were calculated within the ClimatePartner portal using consumption data and emission factors. Primary data was used wherever possible. Where primary data was not available, secondary data from recognized sources was used. Emission factors were taken from scientifically recognized databases such as ecoinvent and DEFRA.

The evaluation of the emissions incurred is communicated to the management internally and to stakeholders externally via the Sustainability Report. The annual greenhouse gas calculation enables us to derive reduction potentials and define individual reduction measures.

### SCOPE 1 (DIRECT EMISSIONS)

Scope 1 includes all emissions generated directly by Schock GmbH, for example by company-owned facilities or vehicle fleets. The total emissions in Scope 1 amount to 3822.44 t CO<sub>2</sub>. This corresponds to 10.6% in relation to the total emissions in 2021.

### SCOPE 2 (INDIRECT EMISSIONS)

Scope 2 lists emissions that resulted from purchased energy, for example electricity and district heating. Emissions for electricity were calculated using both the market-based method and the location-based method. This corresponds to the dual reporting of the GHG Protocol. For the market-based method, the specific emission factors of the purchased electricity were used for the calculation. Otherwise, the residual mix was used, and otherwise the country mix was used. In addition, the location-based method was specified. This method uses national average factors for the respective electricity mix. This enables a direct comparison of one's own value with the country-specific average. Due to the purchase of green electricity, the emissions in Scope 2 amount to 0.00 t CO<sub>2</sub>. Thus, a reduction in greenhouse gas emissions, compared to the base year 2019, of 3504 t CO<sub>2</sub> e was achieved. We achieved the emissions reduction by purchasing green electricity in the reporting period.

### SCOPE 3

Scope 3 includes all other emissions that are not under direct corporate control such as employee travel or product disposal. To calculate the emissions in Scope 3, the incurred emissions of the following categories were taken into account.

- Purchased goods and services
- Fuel and energy-related emissions
- Upstream transportation and distribution
- Waste from operations
- Business travel
- Employee commute
- Downstream transportation and distribution
- End-of-life disposal of sold products

The total emissions in Scope 3 amount to 32408.95 t CO<sub>2</sub>. This corresponds to a share of 89.4% of total emissions in 2021.

#### Corporate Carbon Footprint SCHOCK GmbH

|  | 2019                      | 2020         | 2021         |
|--|---------------------------|--------------|--------------|
| <b>Total t CO<sub>2</sub> e</b>                    | <b>24852</b>              | <b>25688</b> | <b>36231</b> |
| Scope 1 (direct CO <sub>2</sub> Emissions)         | t CO <sub>2</sub> e 2924  | 2961         | 3822         |
| Scope 2 (indirect CO <sub>2</sub> Emissions)       | t CO <sub>2</sub> e 3504  | 3686         | 0            |
| Scope 3 (other indirect CO <sub>2</sub> Emissions) | t CO <sub>2</sub> e 18424 | 19042        | 32409        |

The most significant changes in 2021 that led to the increase in emission values include the 31.1% increase in production output and the emission factors selected by ClimatePartner and used in the calculation.

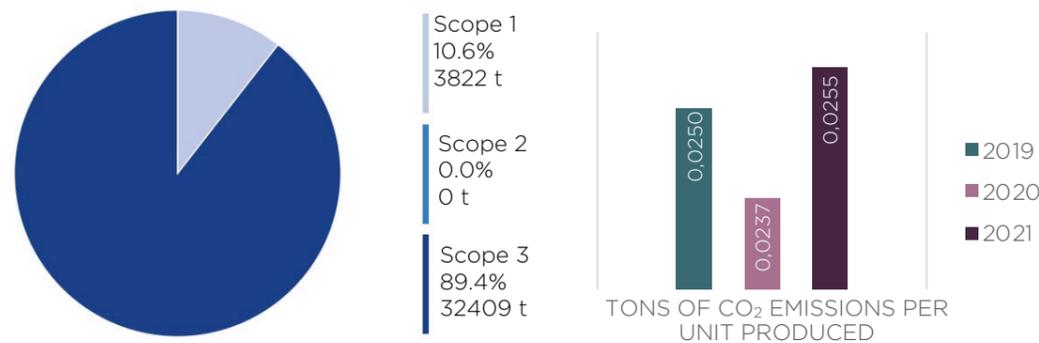


Figure 13 Allocation of CO<sub>2</sub> emissions to Scope 1, 2 and 3

The intensity of greenhouse gas emissions was calculated for the ton of CO<sub>2</sub> emissions per unit produced and was 0.0255 t CO<sub>2</sub> e in 2021. All emissions (scopes 1-3) were included to calculate the intensity quotient.

### CLIMATE NEUTRALITY

Our CO<sub>2</sub> emissions are accounted for in accordance with the GHG Protocol. Our accounting covers all three scopes. We are constantly working to reduce our carbon footprint - among other things, through the use of green electricity from hydropower, in-house water treatment, increasing biodiversity on the factory site and, last but not least, through product innovations such as the CRISTADUR® Green Line, and we strive to establish closed-loop concepts. We offset all unavoidable emissions through internationally recognized climate protection projects from the Climate Partner portfolio. The selected projects are subject to the high requirements of the Gold Standard. Via our ClimatePartner label and ID, our customers can track how and where the CO<sub>2</sub> offset has taken place at [www.climatepartner.com/16431-2208-1001](http://www.climatepartner.com/16431-2208-1001).

## WASTE

### VOLUME OF WASTE

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



Figure 14 Volume of waste incl. rejects in kg per sink

The specific waste per sink was reduced in 2021 and now stands at 2.85 kg/unit net. The total annual volume of hazardous waste and non-hazardous waste in 2021 is:

- Hazardous waste: 3.989 t
- Non-hazardous waste: 4037 t

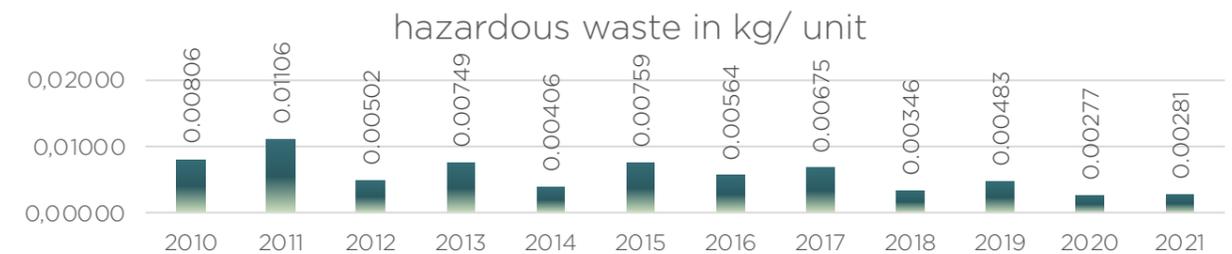


Figure 15 Volume of hazardous waste per sink

This diagram shows the amount of hazardous waste in kilograms per good part produced. For several years, the specific share of hazardous waste has stabilized at a low level and is 2.81 g/piece in 2021. Due to the low frequency of disposal of hazardous waste, a relatively large fluctuation range in the recording of the annual quantity is possible.

### IMPACT OF WASTE

The proper handling and disposal of waste are of utmost importance, as unattended landfills can lead to soil and air pollution as well as uncontrolled accumulation of waste materials of all kinds. The proper separation and collection of waste are communicated to all relevant persons at SCHOCK through, among other things, work instructions. We use hazardous materials in production, in a safe and controlled environment. In this way, we ensure compliance with all applicable standards, rules and laws and thus strive to prevent any harm to our employees and the environment. Handling, transport and disposal are only carried out by approved and experienced partners. In addition, the transport and handling of these substances is controlled by procedural instructions and a hazardous materials officer trains the responsible persons in the handling of hazardous materials and their prescribed transport.

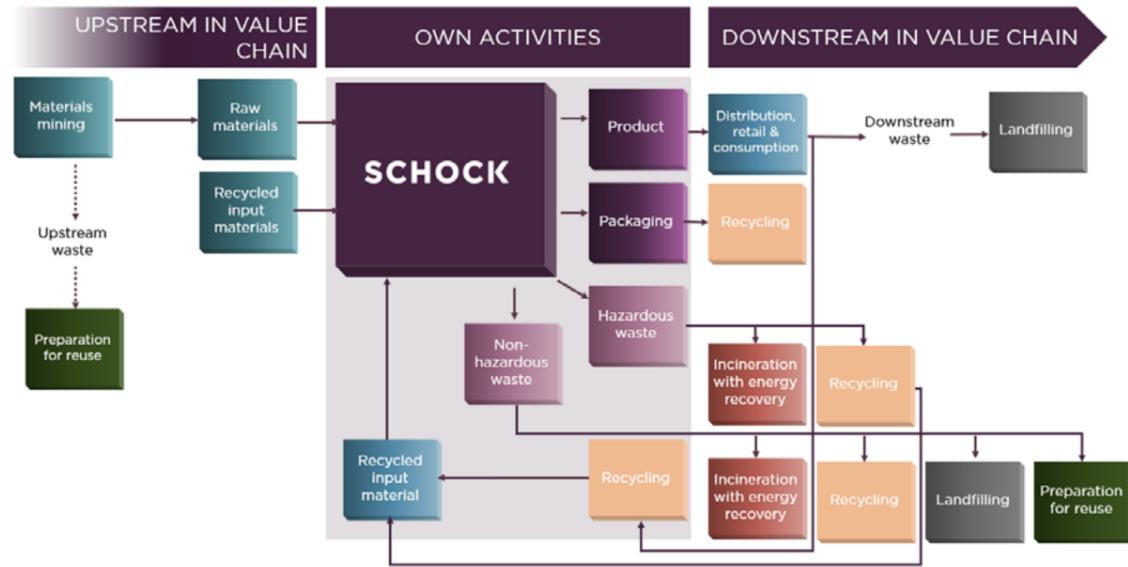


Figure 16 Process flow

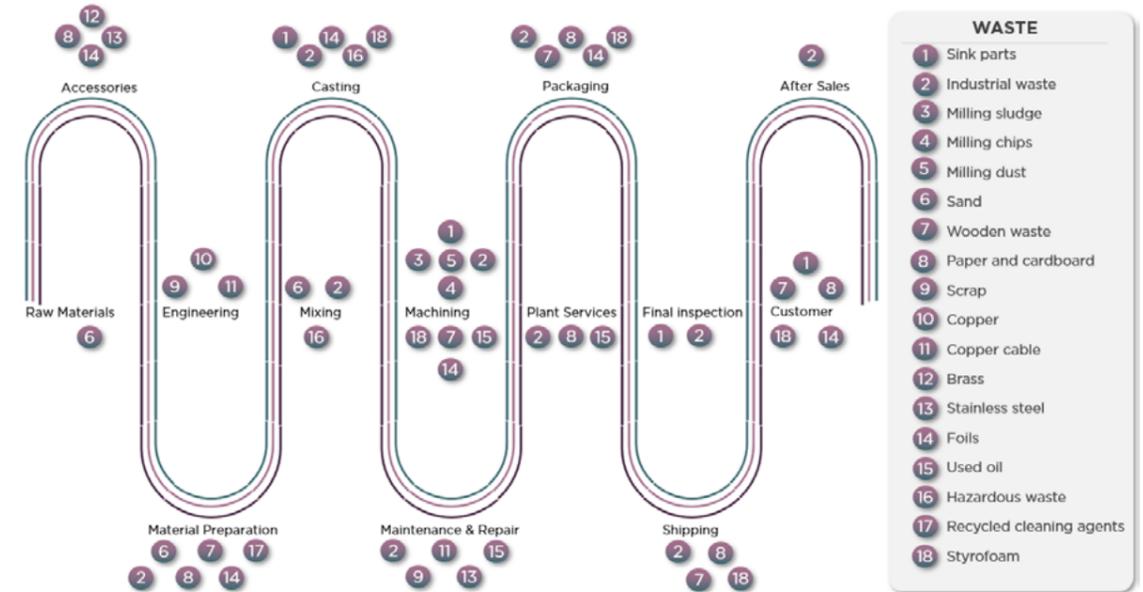
### DEALING WITH WASTE

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 complies with all applicable legal regulations with regard to waste. In addition, we meet the requirements of EMAS and DIN EN ISO 14001.

In accordance with applicable law, hazardous waste is incinerated with energy recovery and authorization certificates are requested annually from the contracted disposal companies.



In order to avoid the generation of waste, we have on the one hand adapted the processes within our supply chain to work more effectively and efficiently, and on the other hand we have improved our material selection with regard to renewable and recyclable materials. We already utilize a process water loop within our facility. The water used is treated in the plant and almost completely reused. With the development of the CRISTADUR® Green Line, we have developed for the first time an acrylic-based quartz composite material, which, in addition to quartz and pigments, is composed of a binder based on renewable or recycled raw materials. Like all SCHOCK sinks, the selected models consist of up to 75% quartz supplemented by color additives and binders from recycled or renewable sources. We also use recycled materials for our drain sets in this series. With the launch of our Green Line sinks, we introduced a concept whereby the sinks purchased can be returned to us at the end of their service life. For the German market, the 2020 option was presented together with the CRISTADUR® Green Line. We commission third parties to dispose of the waste in accordance with contractual and legal obligations or to reuse it and recycle it. Hazardous waste is handled by certified waste management companies from whom we request updated approval certificates on an annual basis. By obtaining these certificates annually, the company ensures that the waste is disposed of in accordance with contractual and legal obligations. In turn, the contracted companies obtain these certificates through audits of their activities by recognized certification bodies. We obtain data on the volume of waste through the regular disposal certificates we obtain from the contracted disposal companies. This information is collected and used for internal evaluation. As part of the annual EMAS audit, the information regarding waste was verified by the audit firm and subsequently by the German Accreditation and Licensing Society for Environmental Auditors (DAU) as the certification body, as well as by the Lower Bavarian Chamber of Industry and Commerce.

## WASTE GENERATED

Currently, both recycling and disposal of most waste takes place off-site. One ton of scrap was recycled as part of the re-processing of internal scrap.

| ZUSAMMENSETZUNG<br>DES ABFALLS | ANGEFALLENER<br>ABFALL |                 | VON ENTSORGUNG<br>UMGELEITETER<br>ABFALL |                 | ZUR ENTSORGUNG<br>WEITERGELEITETER<br>ABFALL |                 |
|--------------------------------|------------------------|-----------------|--|-----------------|--|-----------------|
|                                | 2020                   | 2021            | 2020                                     | 2021            | 2020   | 2021            |
| Sink parts                     | 813.0 t                | 978.5 t         | 813.0 t                                  | 978.5 t         |  |                 |
| Industrial waste               | 626.0 t                | 777.5 t         |  |                 | 626.0 t                                      | 777.5 t         |
| Milling sludge                 | 534.0 t                | 777.2 t         |  |                 | 534.0 t                                      | 777.2 t         |
| Milling chips                  | 637.0 t                | 786.1 t         |  |                 | 637.0 t                                      | 786.1 t         |
| Milling dust                   | 44.0 t                 | 49.9 t          |  |                 | 44.0 t                                       | 49.9 t          |
| Sand                           | 114.0 t                | 52.7 t          |  |                 | 114.0 t                                      | 52.7 t          |
| Wooden waste                   | 122.0 t                | 194.9 t         | 122.0 t                                  | 194.9 t         |  |                 |
| Paper and cardboard            | 197.0 t                | 265.2 t         | 197.0 t                                  | 265.2 t         |  |                 |
| Scrap metal                    | 63.0 t                 | 81.0 t          | 63.0 t                                   | 81.0 t          |  |                 |
| Copper                         | 0.3 t                  | 0.3 t           | 0.3 t                                    | 0.3 t           |  |                 |
| Copper cabel                   | 2.0 t                  | 5.4 t           | 2.0 t                                    | 5.4 t           |  |                 |
| Brass                          | 6.0 t                  | 8.4 t           | 6.0 t                                    | 8.4 t           |  |                 |
| Stainless steel                | 2.0 t                  | 2.3 t           | 2.0 t                                    | 2.3 t           |  |                 |
| Foils                          | 13.0 t                 | 14.7 t          | 13.0 t                                   | 14.7 t          |  |                 |
| Used oil                       | 7.5 t                  | 9.4 t           | 7.5 t                                    | 9.4 t           |  |                 |
| Hazardous Waste                | 3.0 t                  | 4.0 t           |  |                 | 3.0 t  | 4.0 t           |
| Recycled cleaning agents       | 242.2 t                | 200.9 t         | 242.2 t                                  | 200.9 t         |  |                 |
| Styrofoam                      | 99.0 t                 | 177.0 t         | 99.0 t                                   | 177.0 t         |  |                 |
| <b>Total</b>                   | <b>3525.0 t</b>        | <b>4385.4 t</b> | <b>1567.0 t</b>                          | <b>1938.0 t</b> | <b>1958.0 t</b>                              | <b>2447.4 t</b> |

Tabelle 2 Waste by composition, in metric tons (t)

## WASTE DIVERTED FROM DISPOSAL

|                                      | ONSITE         |      | OFFSITE |         | TOTAL          |            |
|--------------------------------------|----------------|------|---------|---------|----------------|------------|
|                                      | 2020           | 2021 | 2020    | 2021    | 2020           | 2021       |
| <b>Hazardous waste</b>               |                |      |         |         |                |            |
| Preparation for reuse                |                |      |         |         |                |            |
| Recycling                            |                |      | 242.2 t | 200.9 t | 242.2 t        | 200.9 t    |
| Sonstige Verfahren zur Rückgewinnung |                |      |         |         |                |            |
| <b>Non-hazardous waste</b>           |                |      |         |         |                |            |
| Preparation for reuse                |                |      | 813.0 t | 977.5 t | 813.0 t        | 977.5 t    |
| Recycling                            |                | 1 t  | 412.8 t | 581.6 t | 412.8 t        | 582.6 t    |
| Sonstige Verfahren zur Rückgewinnung |                |      | 39.6 t  | 177.0 t | 39.6 t         | 177.0 t    |
| <b>Waste prevented</b>               | <b>373.2 t</b> |      |         |         | <b>373.2 t</b> | <b>0 t</b> |

Tabelle 3 Waste diverted from disposal by recovery operation, in metric tons (t)

production. The transport is carried out by a certified company, considering that special regulations apply to the transport of hazardous goods, compliance with which is regularly monitored by us. As for the Styrofoam, the entire quantity purchased by us is returned to the manufacturer and processed for reuse. According to the manufacturer, the styrofoam is crushed and forwarded to the brick industry. There it is mixed with clay and burned in the combustion process. In this way, the brick receives better thermal insulation. In addition, the shredded Styrofoam is also used for the production of bulk insulation for screed floors. Materials such as untreated wood, paper and cardboard, scrap metal, copper, copper cable, brass, stainless steel, foils, and waste oil are recycled in external plants.

## 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.

|                                     | ONSITE |      | OFFSITE       |               | GESAMT        |               |
|-------------------------------------|--------|------|---------------|---------------|---------------|---------------|
|                                     | 2020   | 2021 | 2020          | 2021          | 2020          | 2021          |
| <b>Hazardous waste</b>              |        |      |               |               |               |               |
| Incineration (with energy recovery) |        |      | 3.0           | 4.0           | 3.0           | 4.0           |
| <b>Total</b>                        |        |      | <b>3.0</b>    | <b>4.0</b>    | <b>3.0</b>    | <b>4.0</b>    |
| <b>Non-hazardous waste</b>          |        |      |               |               |               |               |
| Incineration (with energy recovery) |        |      | 626.0         | 777.5         | 626.0         | 777.5         |
| Landfilling                         |        |      | 1329.0        | 1666.0        | 1329.0        | 1666.0        |
| <b>Total</b>                        |        |      | <b>1955.0</b> | <b>2443.4</b> | <b>1955.0</b> | <b>2443.4</b> |

Figure 17 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

# SOCIAL

## HEALTH & SAFETY

### HEALTH

We understand health to be the state of complete physical, mental and social well-being. It is therefore our responsibility to create and maintain a trusting and pleasant working environment for our employees in the long term. At the Regen site, SCHOCK promotes awareness as well as the implementation of a healthy lifestyle among the workforce through a holistic company health management system, subsidies for health-promoting measures and sports courses, the provision of a fitness studio on the company premises, use of largely regional ingredients in the canteen, ergonomic office equipment and regular lectures on nutrition and health by experts, including our company doctor. In addition to the free health courses

- Live better without plastic,
- Bouldering taster course,
- burnout prevention and stress reduction,
- Addiction prevention,
- Naturally Healthy,
- Canoe tour on the Danube,
- Biathlon Workshop,
- Fit boxing,
- Spinning,
- Gentle Hiking and Yoga

all employees receive a health portal subsidy. Employees can use the annual credit for local or remote sports courses, sports equipment, courses and specialist articles on the topics of exercise, relaxation and health. More extensive health protection measures were also implemented in production. For each production department, the specific need for personal protective equipment was re-identified due to the changes that occurred as a result of rebuilding measures and made available to employees. Health risks are also identified in parallel as part of the workplace hazard assessments, and areas for action are defined and measures implemented. Due to the existing workplace hazards caused by fine dust and repetitive lifting, measures were taken at SCHOCK to minimize the effects on employee health. On the one hand, in order to capture any fine dust that might be generated during the processing of the sinks, the capacity of the extraction systems was massively increased. Secondly, the lifting aids project was launched. Lifting aids are to make work easier for employees at workplaces where repeated manual lifting is currently necessary. The first lifting aid was installed and put into operation at the end of 2021. If the results are positive and there is feedback from the workforce, further lifting aids will be installed. Interaction with each other is based on inclusion, respect and appreciation. These values form the basis for employee satisfaction. A healthy life also includes the aspects of environmental protection and health, which are applied in our sustainability strategy SINK GREEN. SCHOCK is committed to this throughout the entire value chain - from product development and manufacturing to minimizing our greenhouse gas emissions, waste, energy and wastewater.

### SAFETY

Safety in the workplace is a priority for us. Our goal is to prevent work-related injuries and illnesses and to create safe, productive and healthy working conditions and a good working environment. We focus on prevention, including through training such as

- occupational safety,
- Health protection,
- Proper use of personal protective equipment,
- Evacuation training and fire safety drills,
- Fire prevention training,
- First aid training,
- handling of defibrillators,
- ergonomic workplace.

Safety training is mandatory for all employees and workers and is conducted annually. Work-related hazards and risks are identified, evaluated and controlled on the one hand by the safety specialist and on the other hand by the annual preparation, review and adjustment of workplace hazard assessments by the department management. Through the hazard assessment, action measures can be defined to eliminate hazards and minimize risks. All managers and the safety specialist are responsible for implementing occupational health and safety measures. The safety specialist regularly conducts occupational safety tours in which the need for action and opportunities for improvement are identified. The findings of the tours are documented and presented at the quarterly meetings of the occupational safety committee. At these meetings, the evaluations of the occupational safety management system are presented, including the number of occupational accidents and commuting accidents with the corresponding days lost. Reports of accidents and (possible) work-related hazards and

risks are sent to the safety specialist on a weekly basis. After documentation and evaluation, meetings are held between the safety specialist and relevant managers to address the hazards and take preventive action against possible risks. A company physician is on hand to advise the safety specialist on occupational health and safety as well as accident prevention. Among other things, the company physician carries out recruitment and preventive examinations in accordance with the ArbMedVV, vaccination campaigns, especially with regard to COVID-19, and regular workplace inspections. Within the framework of occupational health and safety management, the following training courses and instructions are offered and are to be carried out regularly by the workforce:

- Occupational safety,
- Computer workstations,
- ergonomics,
- first aid,
- Fire protection
- explosion protection,
- Escape and rescue routes,
- Safe handling of hazardous substances,
- Hand and skin protection,
- noise,
- Handling and use of personal protective equipment.

Participation in the mandatory training courses is reviewed annually in the internal audits. Training needs are identified annually by managers as part of the review and adjustment of the skills matrix and the annual employee appraisals. In order to further increase occupational health and safety in our company, we aim to introduce DIN EN ISO 45001 at our site by 2023 at the latest.

### COVID 19

COVID-19 also accompanied us in 2021, during which time - as before - the health of our workforce and customers was at the forefront. The measures and concepts defined in 2020 to protect our employees, their families and acquaintances, as well as our business partners and suppliers, were also pursued in 2021. The identification and implementation of measures originated from the COVID task force established in 2020.

The continued measures from 2020 include

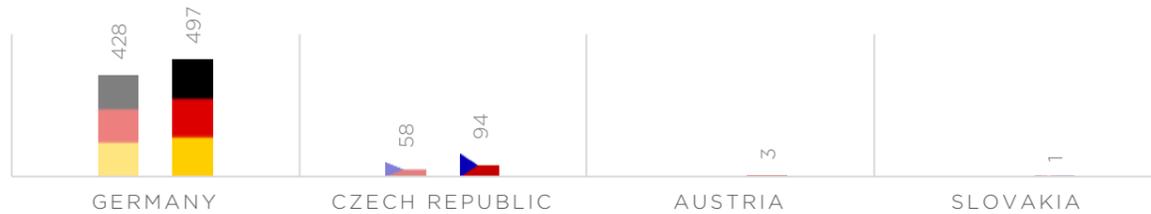
- Maintaining an intensive cleaning and hygiene plan,
- Operating class H14 air filtration systems,
- Offering home office and providing needed work equipment,
- Adjusting break times to reduce concentrations of people,
- To-go concept in the cafeteria,
- Rapid and anti-body tests,
- Stationary clinical thermometers and
- Disinfectant manufacturing.

In light of the ongoing pandemic in 2021, we increased the number of tests to three times per week. Additional antigen tests were provided free of charge to employees. In June 2021, we started immunizing employees willing to be vaccinated together with the Bavarian Vaccination Campaign. Prior to this, employees and workers could register for vaccination with the safety specialist and choose between different vaccination doses. Around 34 percent of the workforce took part in the offer. SCHOCK further expanded the offer by offering and facilitating vaccination for friends and family members of company members. The management, together with the union representative, decided on a company agreement to expand the provision of home office workplaces beyond the legal requirements. All employees were offered the opportunity to work from home for up to two days if they wished, within the limits of remote working. To ensure the health and safety of our employees in the home office, we conducted risk assessments and provided employees with the necessary equipment. We also trained the employees concerned on the potential risks and hazards that can arise in the remote workplace. Our established IT guidelines and IT security concept apply to teleworking.

### EMPLOYMENT

Our employees represent an invaluable asset to the company. Without the commitment, dedication and contribution of our employees, we would not be the company we are today and of which we are so proud. Because we value our employees, we want to ensure that all employees are involved. That's why we regularly report news that affects the company and its employees. The latest news can be read at any time on the company's internal information monitors. In addition, a quarterly newsletter with the most important developments is published and communicated to all employees. The annual company meetings are usually held at the same frequency. If they have any concerns, employees can contact the Works Council directly or use the anonymous whistleblower channel; the management also offers regular consultation hours. In order to continuously improve employee satisfaction at the site and to give the workforce the opportunity to voice any concerns, surveys are conducted every two years as part of the GreatPlaceToWork® survey. These are evaluated, and packages of measures are defined and implemented step by step on the basis of the results. Collective agreements based on the company's in-house pay scale apply to all employees, including trainees. 93 percent of all employees are covered by collective agreements. Only 43 employees belong to the non-tariff category. As our company is based in Regen, Germany, the majority of our employees reside in Germany or the neighboring Czech Republic.

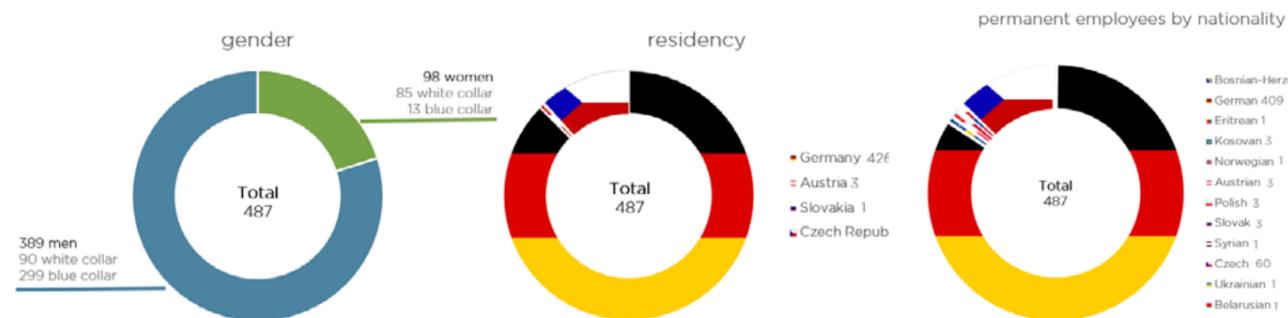
### RESIDENCY



At SCHOCK, the majority of the workforce is permanently employed. In 2021, 14.3 percent of the workforce consisted of 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 aim is to build long-term employee relationships. This applies to both permanent and temporary employees, many of whom we offer permanent positions after a successful external employment relationship. The retention rate in 2021 was around 40 percent. In addition, there are no seasonal fluctuations in personnel at SCHOCK. As of December 31, 2021, our workforce included 595 people (previous year: 486), including trainees and people on parental leave, excluding temporary workers.

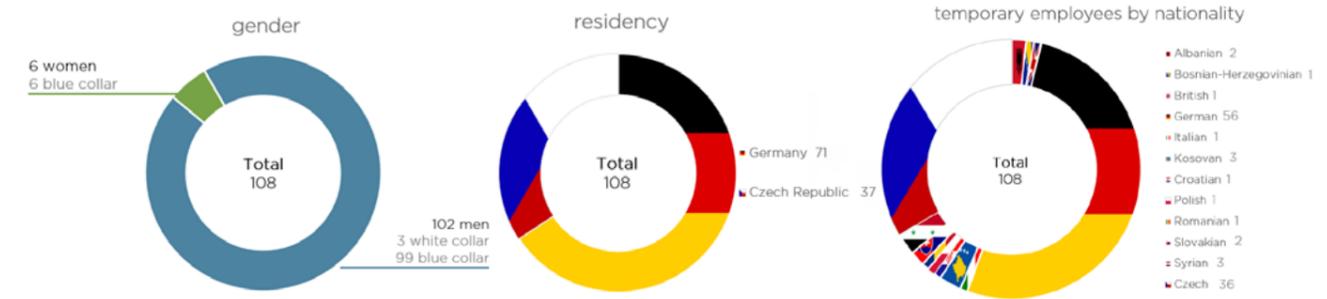
### EMPLOYMENT STATUS AND NEW HIRES

#### PERMANENT EMPLOYEES



### TEMPORARY EMPLOYEES

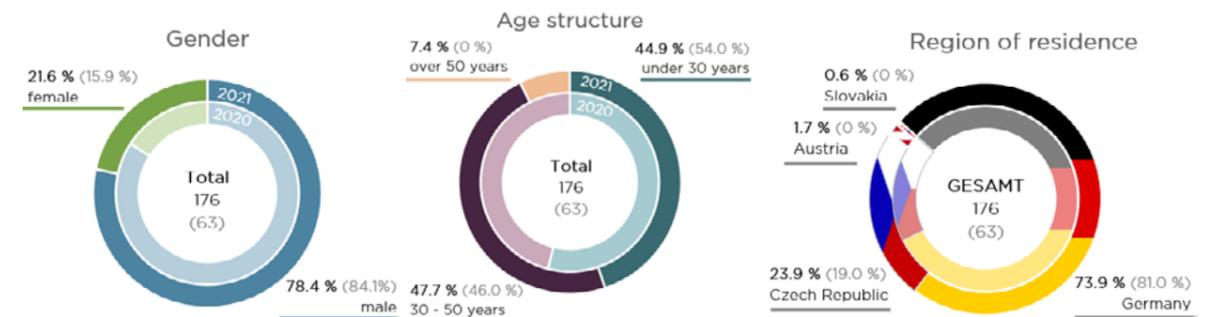
SCHOCK employed 18.2% of its workforce on temporary contracts (17.1% men and 1.1% women).



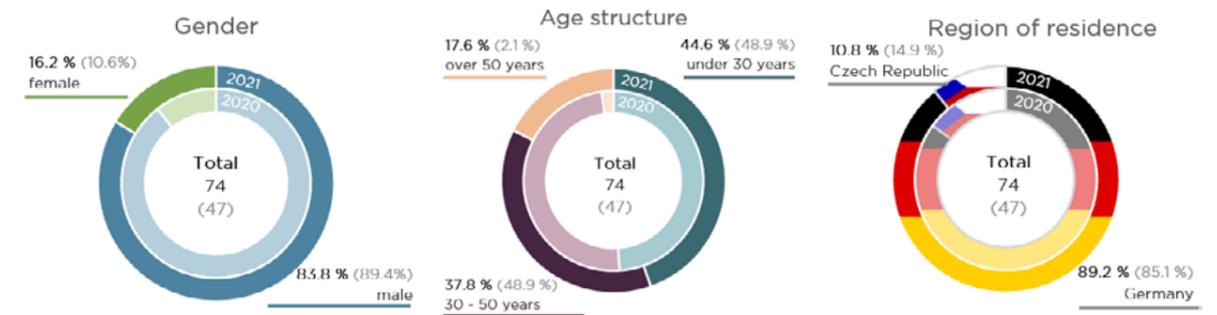
### NEW HIRES & EMPLOYEE TURNOVER

In 2021, 176 new employees were hired - representing employment growth of 22% despite Corona.

#### By new hires in 2021 (2020)



#### By employee turnover in 2021 (2020)

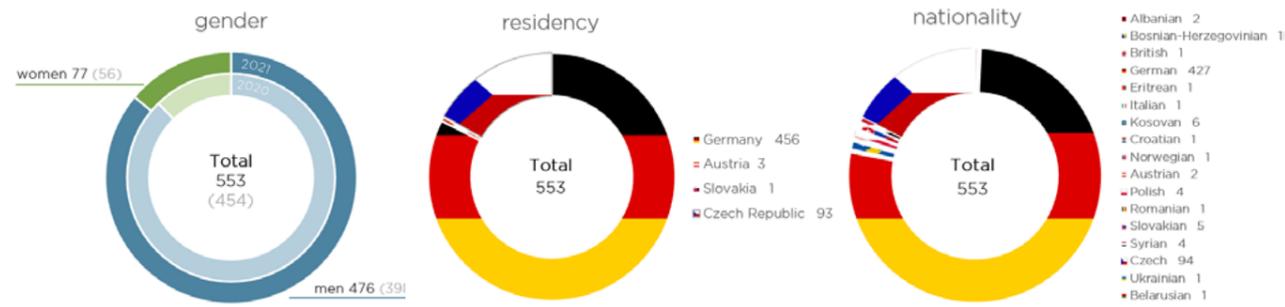


The rate of employee turnover, which we calculate according to Schlüter formula,

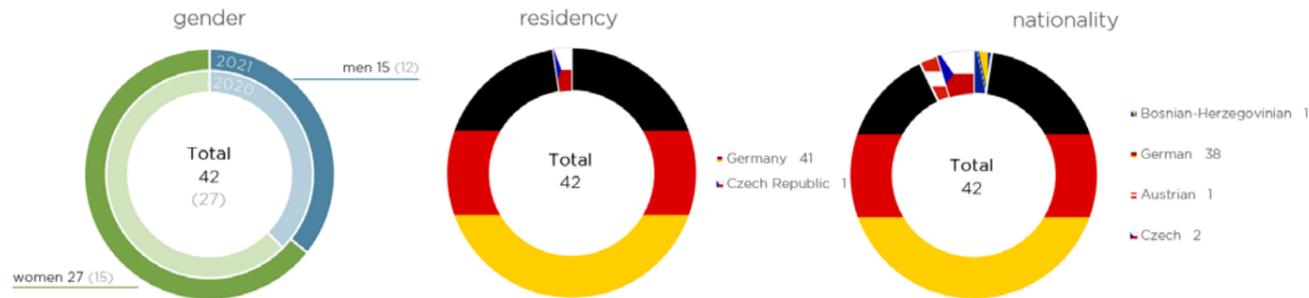
$$\text{Turnover} = \frac{\text{employee - initiated departures}}{\text{headcount at beginning of reporting periode} + \text{new hires}} \times 100$$

gives us important information about employee satisfaction at our site. In the reporting period, the fluctuation rate was 11.2 percent. In 2021, 74 employees left the company, including 62 men and 12 women. All employees receive the same company benefits; we do not differentiate between full-time and part-time employees.

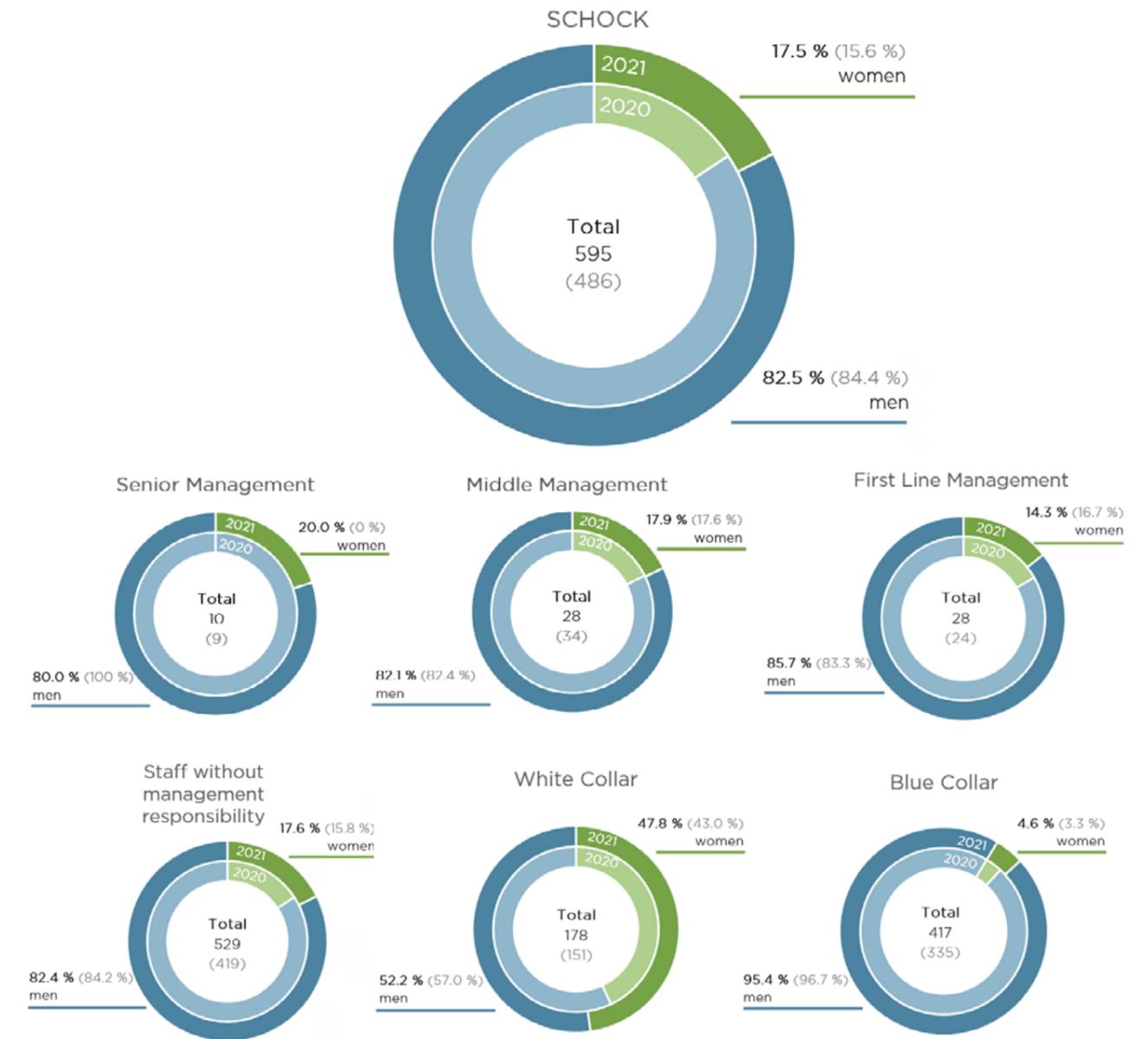
FULL-TIME EMPLOYEES 2021 (2020)



PART-TIME EMPLOYEES 2021 (2020)



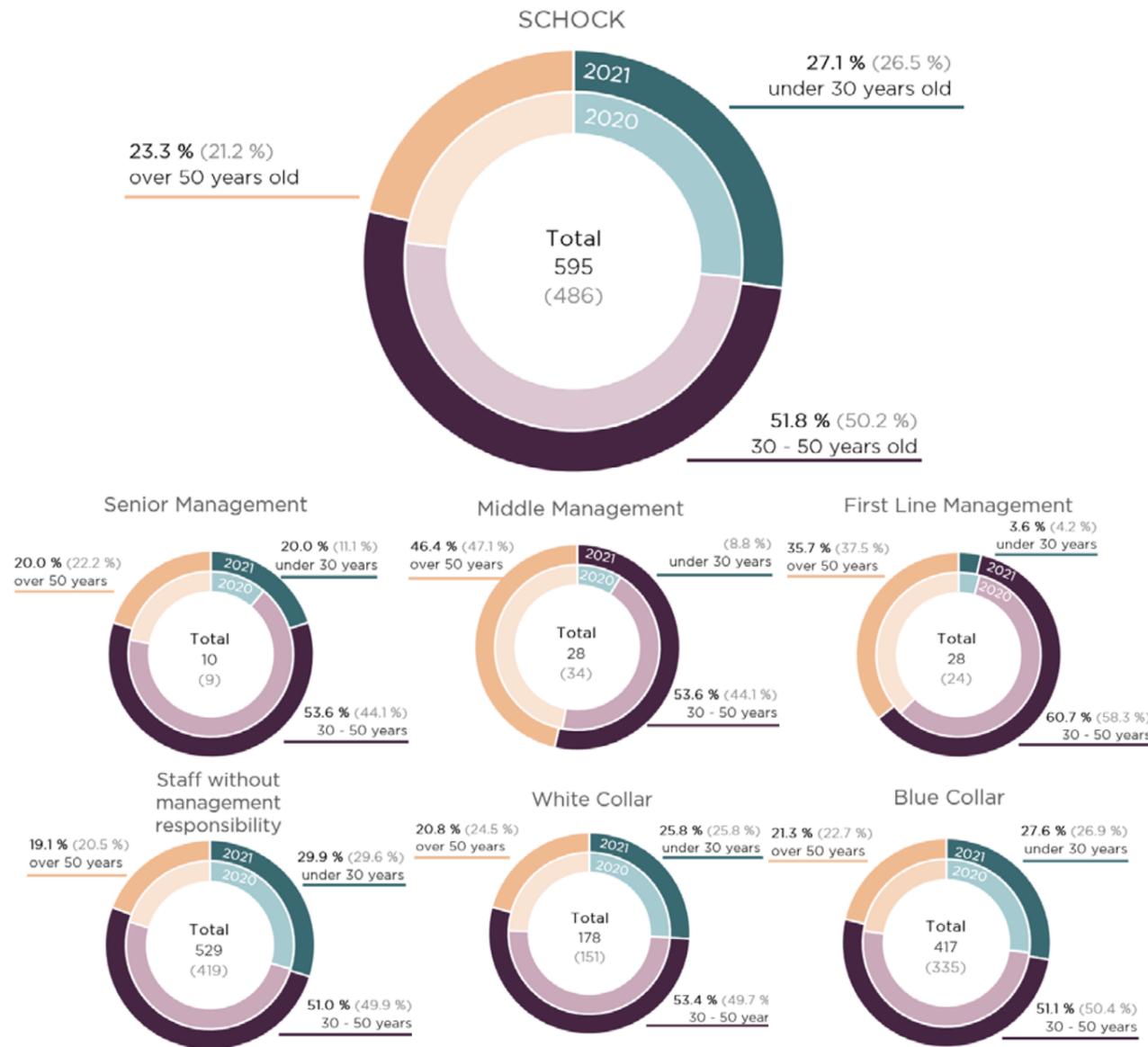
EMPLOYEE STRUCTURE 2021 (2020)



DEMOGRAPHY

At SCHOCK, we benefit significantly from the diversity that arises from the overlapping cooperation in terms of age groups or even nationalities of our employees. Every day, four generations (so-called baby boomers or members of Generation X, Generation Y and Generation Z) work and interact at SCHOCK. The different groups bring new perspectives and approaches to the company. This diversity of ideas ensures SCHOCK's innovative strength. The goal is to offer all employees an optimal environment in all phases of life and thus ensure the development and training of specialists as well as the internal transfer of knowledge. By taking into account the individual needs of our workforce, we offer flexible work programs, health and sports programs as well as individual agreements to prepare for career endings due to retirement. The measures are adapted to the personal needs of the person concerned. The agreements include reduced working hours, time off and assistance with early retirement applications. For employees who wish to continue working for us, we offer retraining within the scope of our possibilities. This measure is mainly used when company employees have suffered injuries that prevent them from performing their assigned tasks. In these cases, it is important for us to find a suitable job for the person concerned and thus keep him or her in the company. SCHOCK also offers a company integration management, which persons with sickness-related absences of more than 6 weeks can voluntarily take advantage of. Severance payments can be made at SCHOCK within the framework of termination agreements.

AGE STRUCTURE 2021 (2020)



PARENTAL LEAVE

As previously mentioned, parental leave is regulated by law in Germany. Therefore, all 595 employees, 491 of them men and 104 women, were entitled to it. Within the reporting period, 29 employees claimed parental leave. Of these, 19 returned after the end of their parental leave. With regard to the remaining ten employees, their parental leave had not yet ended as of the reference date of December 31, 2021. Of the nine people who had ended their parental leave in 2020, all were employed for more than 12 months after returning from parental leave. We are pleased to report that both the return rate and the retention rate amount to 100%.

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

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

PARENTAL LEAVE



TRAINING AND EMPLOYEE DEVELOPMENT

At SCHOCK, training and development are of great importance. We are oriented towards lifelong learning and therefore attach great emphasis to the continuous development of our employees' skills through internal and external training. Our goal is to support our staff in the development of future competencies through training and professional courses in order to lay the foundation for innovations and new approaches. We offer our employees a wide range of internal and external training opportunities. In 2021, an average of 11.1 hours of training and development was provided for each employee. Compared to 2020, this represents an increase by 150%. The calculation does not include part-time academic studies, vocational training and continuing education for which the exact number of hours are not defined in full.

| EMPLOYEE CATEGORY | WOMEN      |             | MEN         |             | TOTAL       |             |
|-------------------|------------|-------------|-------------|-------------|-------------|-------------|
|                   | 2020       | 2021        | 2020        | 2021        | 2020        | 2021        |
| white collar      | 480        | 907.5       | 1166        | 3907.5      | 1646        | 4815        |
| blue collar       | 15         | 217.5       | 503         | 1597.5      | 518         | 1815        |
| <b>Total</b>      | <b>495</b> | <b>1125</b> | <b>1669</b> | <b>5505</b> | <b>2164</b> | <b>6630</b> |

Tabelle 4 Average hours of training per year per employee SCHOCK 2020 & 2021

On average, female employees use 10.8 hours for training and development, while the number of hours for male employees was 11.2 hours. In terms of personnel categories, white-collar employees completed an average of 27.1 hours compared to 4.4 hours for blue-collar employees.

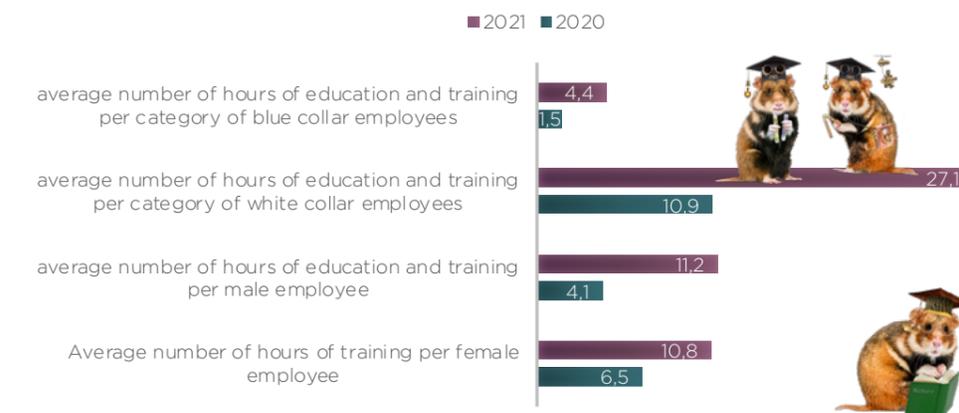


Figure 18 Average hours of training per year per employee

SCHOCK offers its employees individual agreements to prepare them for retirement. The measures are thereby adapted to the personal needs of the person concerned. The agreements include a reduction in working hours, time off and assistance with early retirement applications. For employees who wish to continue working for us, we offer retraining within the scope of our possibilities. This measure is mainly used when company employees have suffered injuries that prevent them from performing their assigned tasks. In these cases, it is important for us to find a suitable job for the person concerned and thus keep him or her in the company. SCHOCK also offers a company integration management, which persons with sickness-related absences of more than 6 weeks can voluntarily take advantage of. Severance payments can be made at SCHOCK within the framework of termination agreements.

### SCHOCK ACADEMY

For the training and further education of our workforce, we founded the SCHOCK Academy in 2016, in which job-oriented and personality-enhancing training courses are offered. The training courses are selected by the SCHOCK Academy taking into account requirements and suggestions from the workforce on training topics. The annual training booklet consists of training courses on the following topics:

- Leadership, Behavior and Communication,
- the company (SCHOCK) and the environment,
- software and IT,
- health and fitness,
- cooking and
- social events.

To help employees develop new skills, SCHOCK provides an annual budget to conduct the required training. All full-time, part-time and temporary employees receive the required compliance and job-specific training in the form of classroom and online training. In addition, employees are trained in accordance with the qualification matrix and the internal instruction plan. In addition, we offer individual and needs-based training for groups and individuals as well as the opportunity for all employees to receive external training. The latter, among other things, by covering the costs or granting additional leave for attendance, learning and examination days. Managers receive modular training programs that continuously improve their competencies with regard to personnel management.

### COLOR YOUR CAREER

SCHOCK also has a junior management program COLOR YOUR CAREER, which is directly under the management.

The program gives nine/ten young employees from production and administration the opportunity to develop professionally and personally within two years. The participants are reassigned in one-year cycles by means of recommendations. The CYC team works together on company-wide projects and takes part in various seminars and further training courses. The aim of the program is to prepare the selected young employees for future management positions. For their personal development, each program member is supported by an experienced manager as a mentor.

### VOCATIONAL TRAINING

The development of young people is also shaped by the variety of apprenticeships on offer. To meet the demand for skilled workers, SCHOCK offered eight apprenticeships at the Regen 2021 site.



Figure 19 Vocational training SCHOCK

For each field of expertise, dedicated trainers are available. In 2021, SCHOCK employed 16 apprentices (37.5 percent of them women), who were deployed in seven apprenticed professions. We are particularly proud of our 100 percent retention rate. The apprenticeship pay at SCHOCK follows the collective wage agreements of IG Metall. In addition, SCHOCK offers internships for pupils and students as well as working student positions. You can find out more about our apprenticeships and internships at: [www.schock.de/deu\\_de/unternehmen/karriere/ausbildung-und-praktika](http://www.schock.de/deu_de/unternehmen/karriere/ausbildung-und-praktika).

### DIVERSITY & EQUITY

SCHOCK operates in compliance with the General Equal Treatment Act. Therefore, we offer an inclusive working atmosphere for all employees, regardless of gender, religion, origin and personal characteristics. The individual life experiences, knowledge, skills and talents that our employees possess and apply in their daily work shape our culture and are an essential part of our success. In order to guarantee equality and inclusion of the employees at the Regen location, SCHOCK has equal opportunity and inclusion officers. With regard to equality, we see it as our task to practice equal pay, to promote measures for work-life balance and to enable women to participate in the labor market on an equal footing. As a company. We have a responsibility to create equal opportunities for all our employees across business processes, including in terms of the income paid. Therefore, since 2016, the salaries of our workforce, which are defined in the company's collective agreement, have been based on the collective agreement of IG Metall Bayern for wood and plastics. The basic salary is divided into tariff groups, which are based on the training of the persons concerned, the years in the profession and the activities performed. The basic salary within the various pay scale groups is the same for all genders. Our claim is: equal pay for equal work. The same applies to compensation provided, including payments based on length of service, social benefits, overtime, shift work, night work and vacation pay. The weekly working time for full-time employees is set at 37.5 hours, and the annual vacation entitlement is 30 days. This is ten days more than required by law. Annually, our workforce receives an additional payment of vacation and Christmas bonuses. The above compensation principles are applied at the Regen site. Basic pay and grouping according to the pay scale are generally 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 were carried out by the HR department. The evaluation was carried out in both the industrial and salaried sectors. The finding was that there are no discrepancies in basic pay between female and male employees.

In addition to salary, SCHOCK offers all employees a range of benefits and additional services such as e-bike leasing, free sports courses and events -as part of the company's health management program, free use of the company's own fitness room SCHOCKletics and discounted employee prices for SCHOCK products.



e-bike rental Corporate health management Employee events Electric charging stations

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 based on our corporate values. As a company, both we and our employees act in accordance with the German Equal Treatment Act (AGG). In the event of violations of these regulations, SCHOCK acts in accordance with its zero tolerance policy. At SCHOCK, we strive every day to provide our employees with an inclusive and enjoyable work environment. Diversity and inclusion are practiced at SCHOCK - in 2021, people from 17 nations worked together at SCHOCK.

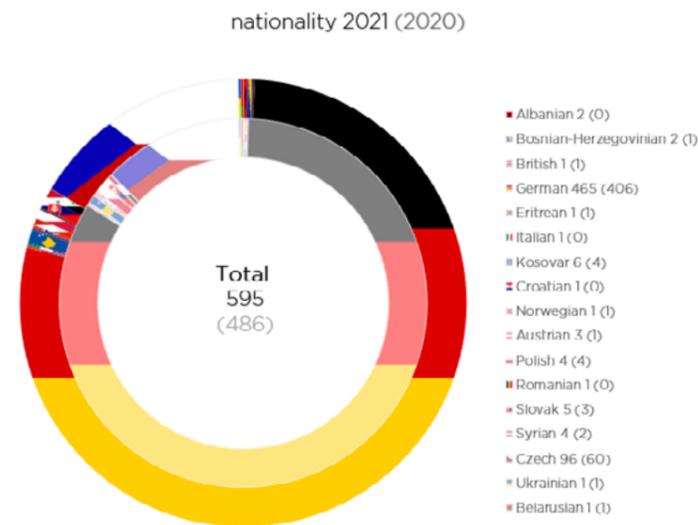


Figure 20 nationality staff SCHOCK

By adapting our work methods and processes to gender-neutral feasibility, we will be able to attract more women to production and at the same time reduce the workload for the male workforce. Members of the project focused on identifying physically demanding work steps, the necessary equipment, and optimizing individual process steps. The implementation of the measures will be continued in 2022. We also consider it very important that women are represented at all levels of the hierarchy. In contrast to 2020, we were able to achieve this in 2021. A balanced representation of the genders is now strived for and continuously pursued.

Gender equality and equal pay are a priority for us, and we act accordingly. As a company in the manufacturing industry and a producer of sink made of a quartz composite material, we employ male personnel in the majority. We strive to eliminate the stereotypes of the manufacturing industry and attract more women to our company. That's why the Diversity in Production project was launched in 2021. As part of the project, the female members of the CYC team examined the processes and activity steps of the individual production departments for feasibility and optimization potential. The aim of the project was to determine whether the processes are feasible for all employees, regardless of gender. In addition, process optimization should take place through the participation of female CYC members in the production processes. The project is intended to make a positive contribution to improving health protection and the working environment. The measures identified to make work easier and improve workflows will benefit all genders.



TGE TEAM

The SCHOCK TGE Team was formed in August 2021 during SCHOCK's participation in the Target Gender Equality initiative of the same name of the German United Nations Global Compact Network. The team consists of ten committed members from the production and administrative areas. The goal is to create more diversity for the benefit of all employees so that SCHOCK can offer all employees the opportunity to achieve their personal and professional goals. As part of its activities, the team is concerned not only with gender equality, but also with the many types of diversity (in terms of generations, ethnicities, genders and origins) and inclusion. The individual life experiences, knowledge, skills and talents that our employees possess and use in their daily work shape our corporate culture. Our workforce is a significant and essential component of our company's success. The team wants to do its part to ensure that SCHOCK remains an attractive and modern employer for future generations. To achieve this goal, measures are defined and implemented that make the topics of diversity, equality, equal opportunities and inclusion visible. The aim is to ensure that the right person is in the right job at the right time, in the right place - regardless of their gender, cultural and ethnic background or even their sexual orientation.



Figure 21 TGE Team SCHOCK

Among the objectives to be achieved by 2024 are the following components:



**INCLUSION**

Inclusion and openness form the foundation of our corporate culture. In addition to our employees belonging to 17 nationalities, the inclusion of people with disabilities is equally important to us. As a company, we comply with the legal requirement under Section 154 of the German Social Code IX, which requires public and private employers to staff at least five percent of their jobs with people with disabilities. In 2021, SCHOCK employed 34 people with disabilities. With a percentage of 5.7 percent, we are thus acting beyond the legal requirements. We pursue an active inclusion of people with severe disabilities or a corresponding equality through, wherever possible, individual adaptation of the working environment, provision of work aids and regular communication. Meetings of the Works Council and the Representative Body for Severely Disabled Employees with the employees concerned take place regularly, as does 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 and team leaders. Equal opportunity officers, the works council and the representative for the severely disabled are always available to all employees and treat their concerns with care and empathy. The aforementioned representatives are also entrusted with setting up work facilitation measures and developing individual and customized tasks. The effectiveness of inclusion can be seen in the independent work organization of people with disabilities. SCHOCK works closely with the local integration office. Through the core values of inclusion and openness at SCHOCK, we aim to create a diverse and inclusive work environment for all our employees. Participation in supportive initiatives is important to us. That is why we have joined the IG Metall campaign No Place for Racism. SCHOCK 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.

**ABOUT THIS REPORT**

We report annually following the requirements of the *Global Reporting Initiative Standard (GRI)* to provide insight into SCHOCK's sustainability strategy as well as transparency that sustainability drives us in our thinking and actions. The following entities, as subsidiaries of Schock TopCo GmbH, are included in the consolidated financial statements: Cristastone GmbH, Granite Holding GmbH, Marmorin SP. Z.O.O., Marmorin B&J SP. Z.O.O., Marmorin HR SP Z.O.O., MW Beteiligungs GmbH, Schock GmbH, Schock Holding GmbH, Schock North America LTD., SCHOCK Manufacturing North America LLC., Schock Optiglu GmbH, Stone Holding GmbH, Stone TopCo GmbH. Only Schock GmbH, as such, is discussed in this report. Determination of the report content and delineation of topics emerged through company-wide meetings as well as diverse and open discussions in all departments. The report has been published in PDF format in both German and English on the SCHOCK corporate website. The reporting period is 2021. All collected data and information refer to the period from January 1st to December 31st 2021. All key personnel figures and percentages refer to the reporting date December 31st 2021. The last report was published on December 6th 2021. In accordance with the annual reporting cycle, the next sustainability report will be published in December 2023.



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|                 |       | 102-2 Activities, brands, products, and services                    | P. 6, 7                        |   |
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|                 |       | 102-9 Supply chain  | P. 24 - 25                     |   |
|                 |       | 102-10 Significant changes to the organization and its supply chain |                                | As the acquisition of Marmorin took place at the end of December 2021, the company is not included in this year's Sustainability Report. Starting next year, for the 2022 reporting period, Marmorin will also be included in the content of our Sustainability Report. |
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|                 |     | 102-47 List of material topics                                    | P. 19                          |  |
|                 |     | 102-48 Restatements of information                                |                                | No restatements have taken place. There were no significant changes regarding the list of material topics compared to the previous reporting period. |
|                 |     | 102-49 Changes in reporting                                       |                                |  |
|                 |     | 102-50 Reporting period   | P. 51                          |  |
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| UNGC PRINCIPLES | SDG      | DISCLOSURE   | PAGE NUMBER(S) AND / OR URL(S) | OMISSION  |
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| 6               | 5, 8     | 401-3 Parental leave   | P. 44, 45                      |   |
| 9               |          | 404-1 Average hours of training per year per employee  | P. 45, 46                      |   |
|                 |          | 404-2 Programs for upgrading employee skills and transition assistance programs                          | P. 43                          |   |
| 6               | 5, 8, 10 | 404-3 Percentage of employees receiving regular performance and career development reviews               |                                | Currently, this information is not stored in the automatic data storage or in corresponding tools. Employee appraisals take place regularly and are stored in personnel files, but as of 2021 they are not fed into the system. The responsibility of regular performance appraisals lies with the respective managers. |
|                 |          | 103 Management approach  |                                |   |
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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.

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## GLOSSARY

|  |  |
|--|--|
| Basic salary   | fixed, minimum amount paid to an employee for performing his or her duties, excluding any additional remuneration, such as payments for overtime working or bonuses  |
| Corporate Carbon Footprint                             | The Corporate Carbon Footprint shows all emissions as CO <sub>2</sub> equivalents (CO <sub>2</sub> e) - referred to as "CO <sub>2</sub> " for simplicity's sake. This means that all relevant greenhouse gases according to the IPCC Assessment Report were taken into account in the calculations: Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O), Hydrofluorocarbons (HFC/HFC), Perfluorocarbons (PFC/PFC), Sulfur Hexafluoride (SF <sub>6</sub> ) and Nitrogen Trifluoride (NF <sub>3</sub> ). Each of these gases has a different impact on the greenhouse effect and remains in the atmosphere for different lengths of time. To make their effect comparable, they are converted into CO <sub>2</sub> equivalents (CO <sub>2</sub> e) using global warming potentials. The global warming potential describes how strongly a gas affects climate warming compared to CO <sub>2</sub> and refers to a time horizon of usually 100 years. |
| Carbon dioxide equivalent (CO <sub>2</sub> equivalent) | measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP)   |
| 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  |
| Direct GHG emissions (Scope 1)                         | Includes GHG emissions from sources owned or controlled by an organization. Scope 1 includes all direct emissions, i.e. emissions generated by combustion in the organization's own facilities.  |
| Diversity  | Diversity refers to the variety of people in a society in terms of gender, age, sexual orientation, ideology or religion, ethnic origin and disability. As a political concept, which has also been formulated by the European Union as a guiding principle, diversity aims to create equal opportunities for groups that are disadvantaged because of these characteristics. Diversity stands for valuing differences and understanding them as a resource, emphasizing the uniqueness of individuals and clearly opposing discrimination against people on the basis of power and inequality structures.   |
| ECHA   | The European Chemicals Agency (ECHA) is committed to the safe use of chemicals. It puts into practice ground-breaking EU chemicals legislation that benefits human health and environmental protection and promotes European competitiveness.  |
| Equality   | Equality means each individual or group of people is given the same resources or opportunities   |
| Equity   | Equity recognizes that each person has different circumstances and allocates the exact resources and opportunities needed to reach an equal outcome.   |
| Forced or compulsory labor                             | all work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily  |
| GHG Protocol (Greenhouse Gas Protocol)                 | To identify the main emission sources of an operation, the correct delineation and categorization of relevant direct and indirect emission sources is of great importance. The most widely used methodological standard in this regard is the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol defines the basic principles of relevance, completeness, consistency, transparency and accuracy and is based on principles of financial accounting.   |

|   |   |
|---|---|
| Greenhouse gas (GHG)                            | gas that contributes to the greenhouse effect by absorbing infrared radiation   |
| greenhouse gas (GHG) trade                      | purchase, sale or transfer of GHG emission offsets or allowance   |
| highest governance body                         | formalized group of persons charged with ultimate authority in an organization  |
| Inclusion                                       | Inclusion refers to a state of self-evident belonging of all people to society. Associated with this is the possibility for all to participate fully in all areas of society.   |
| Indigenous peoples                              | indigenous peoples are generally identified as: <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> |
| Indirect energy-related GHG emissions (Scope 2) | GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organization   |
| Non-renewable materials, resources              | A source of resource that cannot be renewed, reproduced, or grown or produced in a short period of time through ecological cycles or agricultural processes.  |
| Other indirect GHG emissions (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   |
| REACH   | The acronym "REACH" is derived from the English title of the regulation: Regulation concerning the Registration, Evaluation, Authorisation and Restriction of CHemicals. REACH is in effect since 2007 and aims to ensure a high level of protection for human health and the environment. REACH is based on the principle that manufacturers, importers and downstream users take responsibility for their chemicals. They must ensure that chemicals they manufacture and place on the market are used safely. The REACH regulation is considered one of the strictest chemicals laws in the world.   |
| 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.  |
| Recovery  | Any operation wherein products, components of products, or materials that have become waste are prepared to fulfill a purpose in place of new products, components, or materials that would otherwise have been used for that purpose.  |
| Renewable materials                             | Material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation.   |
| TGE   | Target Gender Equality is a gender equality accelerator programme for participating companies of the UN Global Compact. Through facilitated performance analysis, capacity building workshops, peer-to-peer learning and multi-stakeholder dialogue at the country-level, Target Gender Equality will support companies engaged with the UN Global Compact in setting and reaching ambitious corporate targets for women's representation and leadership.   |
| UK Modern Slavery Act                           | The Modern Slavery Act will give law enforcement the tools to fight modern slavery, ensure perpetrators can receive suitably severe punishments for these appalling crimes and enhance support and protection for victims. It received Royal Assent on Thursday 26 March 2015.  |

|   |  |
|---|--|
| Non-critical materials                                      | Critical materials are materials that are in very short supply worldwide. Their availability is decreasing sharply as industry demand is rapidly increasing worldwide. Non-critical materials, on the other hand, are sufficiently available. Here, there is also no competition for the material/raw material on the market. The quartz we use is a non-critical material. This is partly a by-product of kaolin production.  |
| Universal Declaration of Human Rights of the United Nations | The Universal Declaration of Human Rights (UDHR) is a milestone document in the history of human rights. Drafted by representatives with different legal and cultural backgrounds from all regions of the world, the Declaration was proclaimed by the United Nations General Assembly in Paris on 10 December 1948 (General Assembly resolution 217 A) as a common standard of achievements for all peoples and all nations. It sets out, for the first time, fundamental human rights to be universally protected and it has been translated into over 500 languages. The UDHR is widely recognized as having inspired, and paved the way for, the adoption of more than seventy human rights treaties, applied today on a permanent basis at global and regional levels . |

## IMPRINT

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