



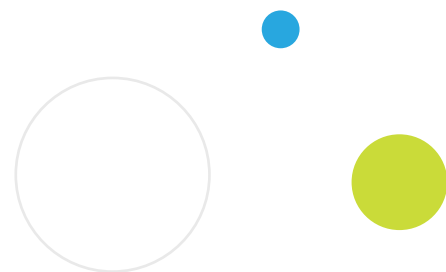
Azelis Sustainability Report 2021

Values in action



Innovation
through
formulation

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Cover: Manuel Martinez, Azelis Spain, measures the thickness of a dried coating using a magnetic induction instrument.

By integrating sustainability into the Azelis business model, we are able to create significant value for our financial and non-financial stakeholders.

A message from our CEO

In 2021, we demonstrated the resilience of our business model by delivering strong earnings growth across all our businesses, strengthened our lateral value chain with a record number of acquisitions and mandate wins, and listed our shares on Euronext Brussels in a successful Initial Public Offering (IPO).

Sustainability, innovation and a passion for formulation are at the heart of our business model. We generate value for our shareholders and stakeholders by using our expertise to create sustainable solutions for our end markets.

In 2021 we launched our sustainability strategy *Action 2025*. This strategy underscores our commitment to be a world-leading provider of sustainable solutions and services in the specialty chemicals and food ingredients distribution industry.

Alongside sustainability, innovation and digitalization form the three pillars of Azelis' strategy for creating value. Our investments in innovation centers, application laboratories, e-Labs, principal portals and customer portals are helping to accelerate the supply of sustainable products at a time of unprecedented supply chain disruption and rising demand for support with product formulations.

A series of new formulations that we released in 2021 testify to our application and formulation know-how. In the UK personal care market for example, our Beauty Box solutions use natural ingredients such as sugar-based surfactants that are readily biodegradable and sulphate-free.

Wherever we operate, our philosophy of innovation through formulation is at the very core of our

company. This has been the case since our company was founded 20 years ago and to this day our dedicated team continue to be fully focused on formulation and application expertise so that we have a meaningful impact and are helping make our industry more sustainable. For principals and customers alike, our leadership in sustainability differentiates Azelis and helps them meet their own sustainability ambitions.

As this Sustainability Report shows, we are making solid progress in all four priority areas of *Action 2025*. In 2021, the proportion of senior management positions held by women has increased to 23.5% (vs. 21.9% in 2020). 55.8% of our revenue came was covered with ESG-assessed suppliers, versus our objective of 80% by 2025. By investing in renewable energy and energy efficiency, we reduced our carbon intensity to 3.58 tCO₂e/€mn sales (vs. 3.75 in 2020). Finally, in-line with our objective to adhere to high ethical standards, there were no material breaches in laws and regulations in any of the jurisdictions where we operate.

The Platinum rating that we received in 2021 from EcoVadis® confirms our world-leading performance in all areas of sustainability. This achievement puts Azelis in the top 1% of more than 75,000 companies assessed by EcoVadis®. We are the only global company in our industry to have achieved this accolade.

At a time of great political and economic challenges, Azelis is ready to seize all the opportunities presented by the transition to a more sustainable economy. Working ever more closely with stakeholders to transform our industry, we will continue to set the pace in sustainability.

Dr. Hans Joachim Müller,
Group Chief Executive Officer

Executive summary

In 2021, we achieved the EcoVadis® Platinum rating, confirming our industry leadership in sustainability. Azelis is the only global specialty chemicals distributor to have been rated Platinum and is in the top 1% of the 75,000+ companies assessed by EcoVadis®.

In March 2021, with the launch of our sustainability strategy *Action 2025*, we reaffirmed our commitment to be a leading global provider of sustainable solutions and services in the specialty chemicals and food ingredients distribution industry.

Based on extensive dialogue with our stakeholders, *Action 2025* consists of four pillars: People, Products and Innovation, Governance and Environment. For each of these four pillars, we have developed ambitious goals and KPIs. For two KPIs relating to diversity and carbon intensity, we have obtained limited assurance from our independent auditor. We have also mapped our commitments in each area against the UN Sustainable Development Goals (SDGs) and the sustainability reporting requirements of the Global Reporting Initiative (GRI).

2021 was a year of significant achievement for Azelis. We launched our sustainability strategy *Action 2025*, implemented integrated reporting across the organization, established new sustainability reporting baselines and made strong progress towards our targets.

In 2021 we made solid progress in each of the four areas of *Action 2025*. In the **People** area, highlights included improving our talent identification process, leading to a higher proportion of employees in our talent pools. The gender diversity ratio in senior management grew to 23.5%. Moreover, nearly two thirds of promotions in the year went to women, exceeding the overall gender distribution of our global workforce. In 2021, each employee on average received more hours of training than in 2020. We also formalized flexible working practices.



“As a process and results-driven organization, we apply the same rigorous, transparent approach to measuring our sustainability performance as we do in measuring our financial performance. Having sustainability KPIs audited by an external body sets us up well for a robust integrated reporting process.”

Maria J. Almenar Martin,
Group SHEQ and Sustainability Director

Introducing Azelis



“Our commitment to sustainability encompasses both principals and customers. Thanks to our extensive lab network and our close relations with principals, we are supporting customers as they switch to sustainable formulations. Together we are helping to advance the sustainability agenda.”

Anna Bertona, ExCom Sponsor for Sustainability and CEO & President, EMEA

Reflecting the nature of our business, **Products and Innovation** is a priority area for investment. In 2021 we launched our pioneering innovation centers concept complementing our application labs, e-Labs and customer portals. This network is helping our customers accelerate the time-to-market for innovative products and is providing important input into the R&D programs of our main principals. Working together, we are bringing more sustainable products to all the markets that we serve.

In the **Governance** area, we ran wide-ranging fitness checks of our compliance policies, published a new policy on dawn raids, and worked closely with legal advisers to adapt to our new status as a listed company. In uncertain times, we have strengthened our compliance team and intensified our capacities for implementing export controls and screening third parties.

Moving to the **Environment**, by investing in renewable energy and energy efficiency, we achieved solid progress towards our targets for cutting our emissions, reducing our carbon intensity to 3.58 tCO₂e per sales (€mn) in 2021. We have restated our emissions from 2019 based on more accurate and frequent reporting processes introduced in 2021. Working with Together for Sustainability®, we are participating in a landmark global project for measuring Scope 3 emissions (from the purchase of goods and services) in the chemical industry.

We believe that accurate and comprehensive reporting is fundamental to advancing the sustainability agenda. That is why in 2021 we implemented integrated financial and non-financial reporting across the organization, including monthly and quarterly reporting on KPIs related to People, Products and Innovation, Governance and Environment.

Two KPIs are in the scope of the ISAE3000 limited assurance engagement: diversity and carbon intensity (Scope 1 and Scope 2). In 2022 we plan to have limited assurance for the 15 KPIs of our strategy.

We are committed to providing all our stakeholders with insights into the rollout of *Action 2025* and the progress we are making toward our targets. Dialogue with stakeholders forms the foundations of our sustainability strategy. We look forward to engaging with players in our ecosystem as we tackle the challenges of the future and seize the opportunities of our fast-changing world.

Azelis at a glance

Azelis is a leading global innovation service provider for the specialty chemicals and food ingredients industry. Our principals are specialty chemicals and food ingredient producers. We connect our principals to our customers in the life sciences and industrial chemicals end markets.



Operating in:
Americas
EMEA
Asia Pacific



2,300+ principals &
51,000+ customers



3000+ employees
(As of December 2021)



101 offices in
57 countries



60+ laboratories and
innovation centers



25 innovation
awards
(2015-2021)



Fully integrated, unique
and engaging digital
platforms such as e-Labs
and customer portals



Azelis is in the top
1% of all companies
assessed by EcoVadis®

55.8%

Portion of 2021
revenue covered with
ESG assessed suppliers
(Action 2025 target: 80%)



27% revenue
increase in 2021
to **€2.8 billion**

We create value by using our technical expertise to expand the market reach for our principals' products. In more than 60 application laboratories around the world, our experts combine products and ingredients from principals to develop a wide range of innovative solutions for our customers. These innovative formulations support the continued growth of our customers' businesses.

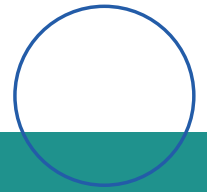
Our concept of the lateral value chain (LVC) is essential to our value creation proposition. It means that for our customers, we create formulations that are innovative and sustainable. For our principals, we extend their reach into new markets and segments and help inform their R&D programs.

Innovation, digitalization and sustainability are the three strategic growth drivers of our business. Our focus on innovation is supported by our growing network of laboratories, each specialized in a market segment to serve a territory. We are investing significantly in digital e-Labs, customer portals and principal portals that connect our stakeholders to the Azelis ecosystem of chemistry, formulations, market insights, regulatory documentation and other services.

Our *Action 2025* sustainability strategy details our objective to be the industry's leading distributor of sustainable solutions and services. Developed in partnership with our stakeholders, *Action 2025* commits us to a series of ambitious targets in the areas of Environment, Products and Innovation, People and Governance. We report regularly on our progress towards these objectives.

Mergers and acquisitions (M&A) are another important growth driver for Azelis. M&A allows us to complement our LVC, expand in new segments, and deepen our cooperation with strategic principals. M&A also gives us the opportunity to bring best practices in sustainability to new markets.

As we strengthen our LVC and increase our focus on innovation, digitalization and sustainability, we are creating sustainable value for all our stakeholders.



The essence of Azelis

Our purpose

At Azelis, our 3,000-strong team is united and inspired by a single shared purpose: together we strive to make the world a better place. To be the connectors and creators behind endless new possibilities, touching the lives of people everywhere, in ways that are both everyday and extraordinary.

It's a purpose that's driven through a single ethos: **Innovation through formulation.**

This is our passion and promise to every colleague, customer and partner, as we combine products, ingredients and ideas – providing the expertise that will always matter in our changing world.



Our growth drivers: powering us forward

In the engine room of our business model and our strategy for value creation are three driving forces: **innovation, sustainability** and **digitalization**.

Driving **innovation** together: leadership in innovation

Our strategy of delivering innovation through formulation enables us to add significant value within the specialty chemicals and food ingredients value chain. In more than 60 application laboratories worldwide, we develop new formulations, enhance existing formulations and benchmark product performance.

Leveraging our lateral value chain, we provide our customers with a constant source of innovative formulations. Using digital platforms such as customer portals and e-Labs, we reduce time-to-market for our customers and provide them with real-time access to all the capabilities of our network. For our principals, we expand the markets for their products, provide them with valuable insights into trends, give additional information for their R&D activities and help shape future innovations within our industry.

Taking **action** together: leadership in sustainability

Our commitment to sustainability is central to who we are, what we do and how we create value. In March 2021, after extensive consultations with stakeholders, we launched an ambitious sustainability strategy, *Action 2025*. This strategy is the full expression of our commitment to be the world-leading provider of sustainable solutions and services for the specialty chemicals and food ingredients distribution industry.

As a global leader in our industry, we have a significant role to play in helping our principals and customers achieve their sustainability objectives. Selecting from the broad portfolio of products that we have access to, we identify sustainable products and develop formulations that enable our customers to launch more environmentally friendly products. Through our membership of initiatives such as Together for Sustainability®, we also assess the sustainability protocols of our suppliers, help them develop their own sustainability practices and improve standards across the value chain.

Introducing Azelis

Building **connections** together: leadership in digitalization

Providing seamless connectivity, we reduce complexity and empower our business partners with real-time access to product information and regulatory documentation.

Our end-to-end digital services include customer portals, which are accessible anytime, anywhere. The Azelis e-Lab concept is a digital platform that allows customers to explore innovations in a virtual environment, and to create, enhance or fix formulations at their convenience. The platform gives access to our global network of technical experts, offering a faster and easier path towards innovative formulation and reducing time-to-market for their products. Our portals provide our principals with key statistics, market insights and a real-time view of sales performance and opportunities. These insights into new market trends are contributing to shaping the future of specialty chemicals in the markets we serve.



50
customer
portals

10
e-Labs

Our values

Our values define who we are and what we stand for. They are embedded in everything we do and in each step we take on our journey towards a more sustainable and innovative future.

We are entrepreneurial

We embrace a culture of ambition and innovation that empowers our people, ensuring they can explore different ways of thinking for our customers and principals.

We are respectful

We balance ambition with humility as we strive to become a benchmark for sustainability, dedicating our professional lives to the future of our customers, our principals and our planet.

We are focused

We deliver unrivaled service and build trusted partnerships, providing uniquely tailored solutions in response to deep local knowledge and emerging market trends.

We are knowledgeable

We collaborate with principals, colleagues and customers, blending ideas and expertise to deliver market-leading solutions that improve people's lives globally.

Our business model

Our resources

Human and societal capital



3,000+ skilled, experienced employees

10

years average tenure

41

average age of employees



% of women/men in Azelis:
52%/48%



71 nationalities

Financial capital



Asset-light business model



Strong equity/debt position



Funding for net working capital, enabling growth



Listed on Euronext Brussels

Intellectual capital



101 offices in **57** countries



2,300+ principals & **51,000+** customers



60+ formulation labs and innovation centers

2,000+

Customer-facing employees

Environmental capital

6.7

MWh of energy consumption



12.5% renewable energy used

Our value creation model

Our purpose

We strive to make the world a better place. To be the connectors and creators behind endless new possibilities; touching the lives of people everywhere, in ways that are both everyday and extraordinary. It's a purpose that's driven through one shared ethos: **Innovation through formulation.**

Our growth drivers

- Innovation
- Sustainability
- Digitalization

Our ambition

To be the world-leading innovation service provider in the specialty chemicals and food ingredients distribution industry

Our values

- Entrepreneurial
- Respectful
- Focused
- Knowledgeable

Our partnerships for sustainability



Our added value to principals

Global partner with local footprint
 Market knowledge, data and insights
 Sales partner with deep technical expertise across end-markets
 Managing complexity & aggregating demand

Innovation through formulation

Our added value to customers

Full suite of products (LVC)
 Technical, consultative sales, both face-to-face and digital
 Innovation services & regulatory support
 Speed and reliability of delivery

The global leader in innovation services through the following specific end-markets in specialty chemicals and food ingredients:

Life Sciences

- Agricultural & Environmental Solutions
- Animal Nutrition
- Food & Nutrition
- Home Care & Industrial Cleaning
- Personal Care
- Pharma & Healthcare

Industrial Chemicals

- CASE
- Electronics
- Essential Chemicals
- Fine Chemicals
- Lubricants & Metal Working Fluids
- Oilfield

- Rubber & Plastic Additives
- Textile, Leather & Paper

Mega trends 2021

- Climate change
- Resource scarcity
- Acceleration of digital transformation
- Global population growth

Value creation for our stakeholders

Employees



'Working conditions' Employee Satisfaction Survey score: **74/100** (+2 points vs. the Ennova global customer benchmark 2020)

99%

of eligible employees subject to a performance and talent review



26.7% of internal promotions vs. vacancies/open positions



Average number of training hours per employee: **13.5**

98.9%

of employees trained in ethical business behavior

Investors and shareholders



€2.8 bn Revenue in 2021



Strong cash generation: cash conversion of **67%**

Principals and customers



Extensive product portfolio with **~62,000** stock keeping units (SKU) sold in 2021



Principal satisfaction survey results: **4.1/5**

55.8%

of our revenue covered with ESG assessed suppliers

Environment and society



0 environmental accidents in owned and external warehouses and during transportation



Carbon intensity CO₂ emissions per € millions of sales (Scope 1 and Scope 2) = **3.58**

55

Philanthropic initiatives undertaken

★ = KPIs which are part of the Action 2025 framework

Contributing to UN SDGs



Our business strategy

We aim to be a world-leading innovation service provider for the specialty chemicals and food ingredients markets. Our strategy for achieving this objective is to use our lateral value chain to drive growth, guided by our threefold commitment to innovation, sustainability and digitalization and supported by acquisitions that create value for all our stakeholders. At the same time as enabling the growth of our principals and customers, we are committed to ensuring that the chemicals industry makes a positive contribution to society and the environment.



Growth with principals

- New geographies with existing principals
- New end-markets with existing principals
- New principal relationships



Growth with customers

- Growing underlying demand
- Technical, consultative sales
- New formulations and applications



Growth through M&A

- Fragmented market
- Deep pipeline of opportunities
- Strong execution and integration

Further upside from embedded margin expansion

Sustainability is engrained in everything we do

8%-10% revenue growth per year

10-15 bps EBITA margin expansion per year

Growth with customers

Leveraging our lateral value chain and our digital platforms, we help our customers improve existing products and develop new ones with exciting, innovative formulations. As we expand our mandates with principals, we are creating extra opportunities for growth with our rapidly expanding customer base.

By developing a broader portfolio of products and identifying sustainable alternatives, we are winning a wider range of customers and unlocking new formulations for existing customers.

Growth with principals

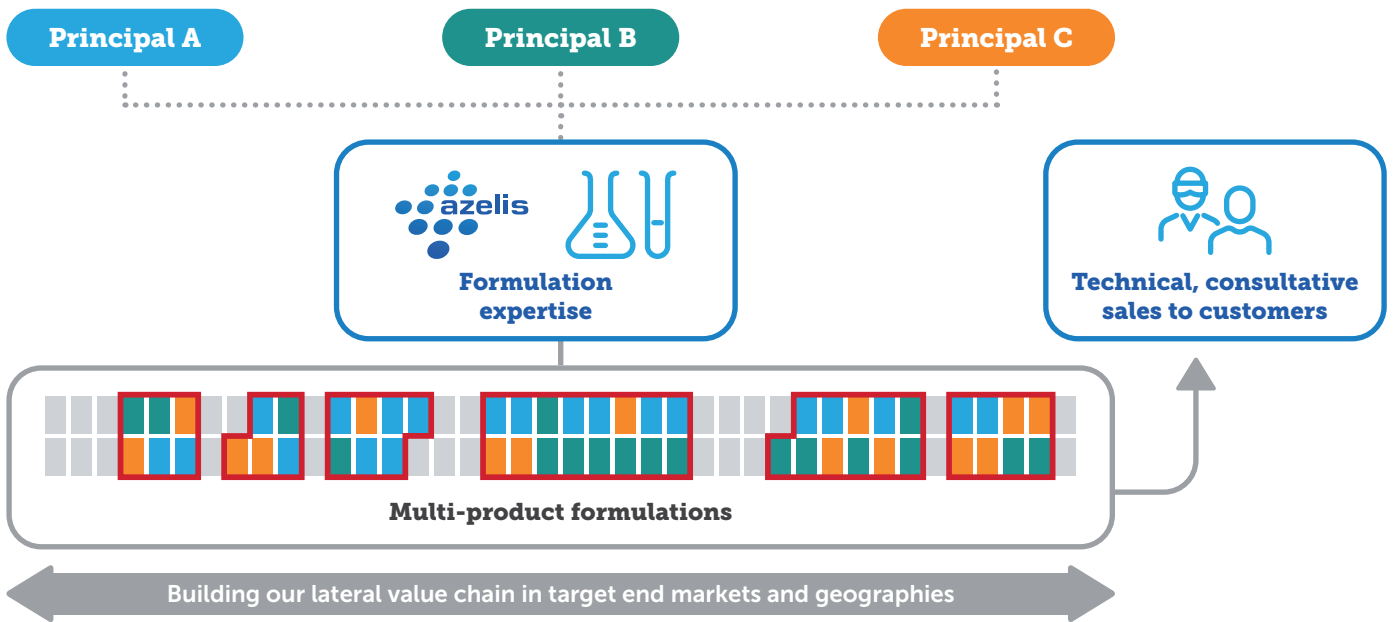
We act as an outsourced technical sales and solutions provider for our principals. We have a proven ability to help them enter new markets and accelerate growth in markets where they are already present.

As an innovation partner with a strong focus on sustainability, Azelis helps principals advance their sustainability agenda by bringing environmentally friendly and healthy products to market.

In 2021, we secured several new principal mandates that further strengthened our LVC and expanded our market footprint. These mandate wins reflect the trust that our principals place in us to grow their business and develop the market for their products.

*Our commitment to the markets

Introducing Azelis



Powering growth through acquisitions

The market for specialty chemicals and food ingredients distribution is large and fragmented. Trends such as the increased complexity of the supply chain, challenging customer requirements and more stringent regulations are all increasing the pressure for consolidation of distributors. Azelis is leading this wave of consolidation. We extend our market leadership and create value with the acquisitions we make by leveraging our scale, extending our lateral value chain and increasing efficiencies.

In line with our objective to be the industry reference for innovation, digitalization and sustainability, we look for companies that share the same business model and values. We carry out rigorous due diligence and post-merger integration processes to ensure that we create value for all stakeholders. Acquisitions are an opportunity for us to extend compliance with the highest ESG standards in the industry around the world.

In 2021, we completed a record 12 acquisitions. Eight of these acquisitions were in Asia Pacific, a region which is a growth priority for Azelis. We entered the Philippines for the first time and completed acquisitions in Korea, Vietnam, India and China. Our acquisitions of Vigon in the USA and Quimdis in France strengthened our lateral value chain in the Food & Nutrition and Personal Care markets.

[Click here to read more on our history of successful expansion.](#)



Driving sustainability through our lateral value chain

The concept of the lateral value chain is central to our business model and our strategy for creating sustainable value for our principals and customers.

The lateral value chain allows us to combine multiple products from different principals to create formulations that are both innovative and sustainable. This means that our customers enjoy new growth opportunities, while our principals access new and growing markets. All parts of the value chain benefit from increased supply and demand for more sustainable products.

Leveraging our lateral value chain, we are taking the lead in developing sustainable formulations for our customers. On a systematic basis, the lateral value chain allows us to insert sustainable alternatives into the supply chain. In this way we are driving new demand for sustainable products, encouraging greater R&D into sustainable materials, and helping increase the sustainability of the specialty chemicals sector.

A recognized leader in sustainability

Our ambition is to be the world-leading provider of sustainable solutions and services in our business area. Working with our principals, customers, suppliers and all other stakeholders, we aim to improve the performance of our own value chain and of the specialty chemicals industry.

As a member of Together for Sustainability®, Azelis is aiming to extend its own best-in-class practices in sustainability deep into the specialty chemicals supply chain.

Azelis is the only global specialty chemicals distributor to have been awarded a Platinum rating by EcoVadis®, one of the world's most recognized providers of business sustainability ratings. At a time when sustainability is now a determining factor for our principals, our customers and our suppliers, our Platinum rating helps position Azelis as a premium player.



Rating the performance of over 75,000 companies, EcoVadis® is the world's largest provider of business sustainability ratings.



"Many of our principals are engaged in the same initiatives as Azelis such as TfS® and EcoVadis®. Our EcoVadis® Platinum rating gives suppliers even more confidence in our relationship. In the CASE/R&PA segment we have created a list for our sales and marketing teams of all of the products our suppliers consider more sustainable. We also set metrics for our CASE/R&PA team for "Sustainability calls" with customers. We want to be the first distributor that customers call as the shift to sustainability accelerates."

**Chris Ellen, Industry Manager –
Coatings & Inks, Azelis Canada**

Managing our risks

“In 2021 we launched a new governance, risk and compliance tool which has allowed us to centralize our risk management processes. By digitizing risk oversight, we have increased our transparency, improved our reporting and strengthened our capabilities to follow up risk mitigations.”

Martin Kennedy, Head of Internal Audit

Risk management is vital to the effective functioning of the Azelis business model. It plays a key role in driving and strengthening our performance thereby creating value for our stakeholders.

Our robust Enterprise Risk Management (ERM) framework is based on a global risk management approach, which is fully integrated with our strategy and operations. On these foundations, Azelis aligns the interests of our business with the interests of our stakeholders. In this way, risk management helps us achieve our financial targets and advance towards our ESG ambitions.

Our governance of risk management

The Azelis Board of Directors plays a central role in the ERM process. Every year, the Board assesses the financial and non-financial risks that we face and determines our risk appetite. This process is conducted with the active participation and input of the Azelis Executive Committee (ExCom). Once identified, risks are assessed and mitigation measures are agreed for priority risks.

The ExCom assigns responsibility to designated managers ('risk owners') to implement the agreed mitigations. During audit assignments, our internal audit team tests the effectiveness of the mitigation measures and reports its findings to the Audit Committee. This ensures objective monitoring of the

identified risks and of their mitigation, independently from management.

Our compliance, internal audit and data security teams are invited to present on key risk topics at each Audit Committee meeting.

Our Group CEO, Group CFO and Chief Compliance Officer meet every quarter to monitor integrated reporting on our compliance and risk programs. Board member and Chair of the Audit & Risk Committee Jürgen Buchsteiner and Group CFO Thijs Bakker act as sponsors for all matters relating to audit, data security and compliance.

Risk management framework

The Azelis ERM process is a five-step cycle, focusing on timely risk identification, systematic assessments, and adequate responses that are in line with the company's risk appetite. Azelis integrates a broad array of risk factors directly into the ERM process, resulting in a robust and comprehensive risk management approach. This approach to risk management increases our effectiveness and efficiency and helps ensure the sustainable growth of our business.



We follow the well-established COSO ERM framework in our risk assessment process. This defines essential risk components, discusses key principles and concepts, and provides clear direction and guidance for ERM. The aim of our ERM framework is to focus management's attention on the most important threats and opportunities that we face. Our ERM framework also helps us establish the foundations for risk response and to make sure that risk levels are managed within defined tolerance thresholds without being subject to excessive controls which could result in Azelis missing out on opportunities to grow the business and create value.

A new platform for risk oversight

In 2021 we moved to a new customized governance risk and compliance (GRC) platform. This centralization of risk management processes will further strengthen our ERM framework. The new platform consists of audit management software which allows integrated control self-assessment (CSA) processes, risk management reporting, and execution of internal audit assignments.

The new GRC platform enables the reporting and mitigation of risks using two approaches:

- **CSA process** – in 2021 the CSA process was rebuilt and relaunched in our new GRC platform. The CSA process allows local entities to take a bottom-up approach to assessing our control environment. Potential risks and action plan mitigations are put in place should risks materialize at a local level. The implementation of our new GRC platform in 2021 has resulted in an integrated control assessment process. The follow-up of detailed action plans ensures we can proactively manage any identified control risks on a local entity level. The updated CSA process in 2021 resulted in more detailed feedback on control assessments and enabled the identification of certain control improvement actions to be taken in 2022.

- **ERM process** – at group level, we use ERM processes to apply a top-down approach to identifying and assessing any future global risks to the company that could potentially be overlooked in the bottom-up evaluation. During 2021, we incorporated an updated risk management mitigations database into our new GRC tool for all the priority risks that were identified in our most recent ERM assessment.

During 2021 internal audits were completed in Europe, the Middle East, Africa and Asia. Management responses were obtained for all internal audit findings. Results were shared independently with the Azelis Audit Committee and recommendations for follow-up were made to ensure that appropriate actions are taken.



2021 risk assessment results

In 2021, Azelis assigned all the priority risks that were identified in the 2020 ERM update to risk owners and an ExCom sponsor for the implementation of risk mitigations. The Azelis risk register contains over 100 risks, including sustainability risks. For the purposes of ERM assessment, the risk register was narrowed down to focus on 41 priority risk areas. Participants were asked to assess these risks.

A detailed assessment of our financial, strategic, operational, legal and compliance risks and risk mitigation is set out in the Annual Report published in March 2022, pages 93-97.

In 2021, management of cybersecurity is ranked as our priority risk. Please see page 83 on how our ISO 27001 certification addresses the monitoring, reviewing and maintaining of our information security management systems.

Financial risks

The key financial risks are controlled by the Group Finance team in conjunction with the local finance and business managers.

Continuously striving to promote operational excellence throughout the group, we use an integrated Enterprise Resource Planning (ERP) platform to promote the harmonization of our procedures and operating models. We are continuing to improve the effectiveness and efficiency of this ERP platform. We regularly introduce enhancements to standardize our systems and processes.

Our main non-financial risks

Risk assessment plays an important role in shaping our sustainability strategy. In accordance with the requirements of the European Union Non-Financial Reporting Directive, we have identified the main non-financial risks arising from our activities, using our ERM framework and our sustainability materiality matrix (see page 29). For more detailed information about these risks and how we mitigate them, please read the sections of this report dedicated to People, Products and Innovation, Governance and the Environment.

Pictured: Luca Terzi – Azelis Italy, Andrii Lysenko – Azelis Ukraine, Maria Antonietta Schettino – Azelis Italy, Stefan Hagenberg – Azelis EMEA, Philipp Grollmuss – Azelis Germany





Innovation
through
formulation

Action 2025

Ambition in action


Karen Yee and Kimberly Chung, Azelis Asia Pacific



Action 2025: our program for sustainable progress

How Azelis creates sustainable value

At Azelis, we have identified sustainability as one of the main drivers of growth and value creation. The launch in 2021 of our sustainability strategy *Action 2025* will support us in addressing the needs of all our stakeholders while reflecting our passion for making the world a better place. With clear targets across four pillars – People, Products & Innovation, Governance and Environment – *Action 2025* is helping Azelis create sustainable long-term value for a changing world.



"Action 2025 embodies our commitment to be a world-leading provider of sustainable solutions and services in the specialty chemical and food ingredients distribution industry as well as an industry leading innovation service provider. It commits Azelis to achieving a series of ambitious targets by 2025 across all the major sustainability aspects impacting our operations."

Dr. Heli Kilpala, Group Strategy & Digitalization Director

Sustainability highlights 2015-2022



Creating momentum with Action 2025

The program is based on four pillars: People, Products and Innovation, Governance and Environment. Given the nature of our business, our sustainability strategy emphasizes the role of Products and Innovation and includes a special focus on sustainable sourcing.

Even though Action 2025 was only launched in 2021, it is already playing a key part in turning Azelis into a leading global provider of sustainable solutions and services in the specialty chemicals and food ingredients distribution industry.

We developed Action 2025 following our materiality assessment in 2019, based on in-depth interviews with our principals and customers, input from Azelis business representatives, and the results of our EcoVadis® assessment. For more information about our materiality assessment, please see page 29. Our materiality assessment is aligned with the ESG topics to which we are exposed, and we update this assessment when necessary.

As a member of the United Nations Global Compact since 2016, we have incorporated the ten principles of this initiative into Action 2025, covering key challenges in areas such as human rights, labor, environment and anti-corruption.


 **View our latest Communication on Progress (COP) here.**

Action 2025 also reflects the principles of other international benchmarks used to track progress in sustainability, including the UN Sustainable Development Goals (SDGs), the ISO 26000 standard and the guidelines of the GRI.

The commitments and targets of Action 2025 are supported by the rules, guidelines and processes contained in our Corporate Social Responsibility Policy. This policy ensures we conduct our business in a way that aligns our values and behavior with the expectations and needs of our stakeholders and society in general.

In 2021 Azelis launched Action 2025, our sustainability strategy for generating sustainable value for stakeholders and for ensuring that our operations have a positive impact on the environment and on communities around the world.

As part of Action 2025, we are committed to publishing sustainability reports annually and providing further information on our progress and ambitions.

 **Click here to view and download our Corporate Social Responsibility Policy.**

A platinum-rated performance

In 2021, after receiving two consecutive Gold ratings from sustainability ratings agency EcoVadis®, Azelis was awarded the Platinum rating, the highest distinction in the EcoVadis® supplier sustainability rating scheme.

This recognition makes Azelis the first global specialty chemicals and food ingredients distributor and innovation service provider to be awarded Platinum by EcoVadis®.

EcoVadis® tests and rates the performance of companies in the areas of environmental protection, labor and human rights, ethics and sustainable procurement.

The Platinum rating, which was introduced in 2020, is awarded to companies that receive an overall score between 73 and 100. Azelis achieved a score of 77. The rating positions Azelis in the top 1% of the 75,000+ companies assessed by EcoVadis® in the areas of environmental protection, labor and human rights, ethics and sustainable procurement.

The highest score increase was on the topic of sustainable procurement, an improvement which Azelis attributes, among other factors, to its membership of Together for Sustainability®.

Receiving the highest rating from EcoVadis® reinforces our commitment to be the world-leading provider of sustainable solutions and services in the specialty chemicals and food ingredients industry.

The four pillars of Action 2025

There are four pillars to the Azelis sustainability strategy: People, Products and Innovation, Governance and Environment. *Action 2025* commits us to achieving a series of ambitious targets by 2025 across all these areas.



People

We are recognized as a global employer of choice in our industry. This pillar of our sustainability strategy includes the targets and KPIs for employee attraction, development and retention, diversity and inclusion, and working conditions.



Products and Innovation

We distribute sustainable, innovative specialty chemicals and food ingredients that minimize or eliminate the use and generation of hazardous substances. Azelis offers products that help reduce the environmental impact of our customers' businesses. Furthermore, through our membership of Together for Sustainability®, we have strong due diligence procedures in place. These allow us to assess the corporate social responsibility (CSR) policies of our suppliers and their level of implementation.



Governance

We are fair in our business practices and compliant with all laws and regulations, embedding trust and ethics in the foundation of our operations. With a robust compliance framework and strong crisis management and business continuity planning in place at all our sites, Azelis puts sound governance and fair business practices at the heart of its daily operations.



Environment

We are continually reducing the environmental impact of our operations. Under the environmental pillar of our sustainability strategy, we have committed to reduce our Scope 1 and Scope 2 carbon intensity as well as to work with our supply chain to reduce Scope 3 emissions. We will also improve our waste management system and decrease the waste that we generate and so reduce pollution. To achieve our objectives, we will develop closer partnerships with our principals and external service providers.

Our non-financial targets for the future

Action 2025 commits Azelis to achieving a series of 15 ambitious extra-financial targets covering all four pillars of the sustainability strategy: People, Products & Innovation, Governance and Environment. We keep these targets under constant review as our ambitions continue to grow and as we pursue our mission to be the leading distributor of sustainable products and services in our industry.

We are fully committed to enhancing and increasing the credibility of our sustainability reporting. We are working with our independent auditor to obtain ISAE 3000 limited assurance of two KPIs. One of these KPIs measures our performance in the area of diversity and reports the percentage of senior management positions held by women. The other is an environmental KPI which measures our carbon emissions intensity (Scope 1 and Scope 2). In the future we will extend limited assurance to a wider range of sustainability indicators.

People targets	Products and Innovation targets	Governance targets	Environment targets
<p>Employee attraction, development and retention</p> <ul style="list-style-type: none"> • 75 points score for 'engagement' and 'loyalty' in ESS (Employee Satisfaction Survey). • >10% of employees in the company's 'talent pools'. <p>Diversity and inclusion</p> <ul style="list-style-type: none"> • 100% of line managers will be trained in diversity and inclusive leadership. • 30% of senior management positions will be held by women. <p>Good working conditions</p> <ul style="list-style-type: none"> • 72 points score for 'working conditions' in ESS. • 0 workplace accidents with lost time. 	<p>Sustainable products</p> <ul style="list-style-type: none"> • In 2021 we identified our sustainable product baseline. In 2022, we will continue to accelerate the development of sustainable solutions. We will establish targets for sustainable formulations from 2022 onwards, based on information we receive from our principals. <p>Sustainable sourcing</p> <ul style="list-style-type: none"> • 80% of our revenue will come from ESG assessed or audited suppliers, thanks to our membership of Together for Sustainability®. 	<p>Compliance</p> <ul style="list-style-type: none"> • No material breaches of laws and regulations in any country in which we operate. <p>Ethics and fair business practices</p> <ul style="list-style-type: none"> • 100% of employees trained in policies and procedures relating to ethics. • No material breaches of these policies and procedures. <p>Crisis management</p> <ul style="list-style-type: none"> • 100% of Azelis sites to have effective crisis management and business continuity plans in place. 	<p>Energy management and mitigating climate change</p> <ul style="list-style-type: none"> • Following the establishment of an inventory in 2021 of our greenhouse gas emissions (GHG), we will identify carbon reduction measures across our organization. • Establish a roadmap for sourcing renewable electricity. • Achieve our carbon intensity reduction target of 50% (Scope 1 and Scope 2 emissions) by 2030 from a baseline year of 2019, with a mid-term target of 25% carbon intensity reduction by 2025. <p>Waste management and prevention of pollution</p> <ul style="list-style-type: none"> • Implement a robust waste management strategy. • Establish the reporting baseline and set targets for 2022 onwards to further reduce volumes of non-recoverable waste from our operations. <p>Preventing environmental accidents</p> <ul style="list-style-type: none"> • No environmental accidents.

Our progress in 2021

The following table shows the progress that we made in 2021 towards our *Action 2025* targets. For more details about developments in 2021 in each of the four areas of our sustainability strategy, please read the sections of this report on People, Products & Innovation, Governance and Environment.

Key performance indicator	2021	2020	2025 Target
People			
Engagement score (Employee Satisfaction Survey)	74	74	75
Loyalty score (Employee Satisfaction Survey)	82	82	75
% of employees in talent pools	11.4%	7.1%	>10%
% line managers trained in diversity and inclusive leadership	98.9% (part of annual knowledge review)	Not reported	100%
% senior management positions held by women	23.5% (β)**	21.9%	30%
Working conditions score (Employee Satisfaction Survey)	74	74	72
Workplace accidents with lost time	6	2	0
Products and Innovation			
Baseline of sustainable products i.e. # sustainable products in product portfolio	Ongoing	Not measured	To be agreed in 2022
% of revenue covered with ESG assessed suppliers	55.8%	52%	80%
Governance			
# material breaches in laws and regulations	0	0	0
% employees trained in ethical and fair business practices	98.9%	99.4%	100%
# material breaches of ethical and fair business practices policies	0	1	0
% sites with a crisis management and business continuity plans in place	To be disclosed in the 2022 Sustainability Report	Not reported	100%
Environment			
Carbon emission intensity, Scopes 1 & 2 tCO ₂ e/€mn sales*	3.58 (β)	3.75	3.57
Total waste (hazardous + non hazardous) per employee (t/FTE)	0.9	4.8	To be agreed in 2022
# environmental accidents	0	0	0

*Following the introduction of new, more frequent reporting processes and internal validation in 2021, calculations relating to carbon emissions intensity have been updated and adjusted since the publication of the Azelis Sustainability Report 2020. Our targets remain the same. The value of this KPI has been adjusted due to internal validation. The value reported differs slightly from the value previously reported in the Annual Accounts report (March 2022).

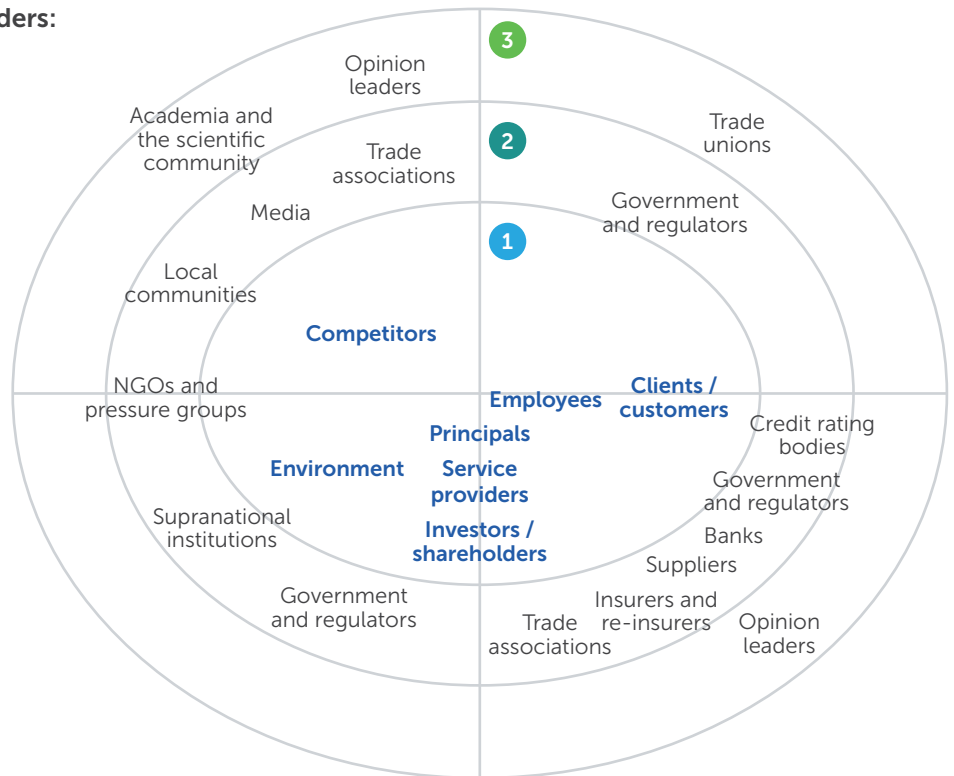
** (β) relates to KPIs on which PwC has provided ISAE 3000 limited assurance, see page 104 for our assurance report.

How we engage with our stakeholders

Our sustainability strategy is based on close and regular dialogue with all our stakeholders, including employees, customers, business partners, investors, principals, public authorities, competitors and trade associations. Our key stakeholders are shown in the following graphic:

Graph represents Azelis stakeholders:

- 1 Major impact on Azelis
- 2 Moderate impact on Azelis
- 3 Minor impact on Azelis



“Sustainability is not only advantageous with respect to ecological and societal dimensions. With the increasing awareness of consumers and industrial players, it is also the basis for long-term business success. In our markets we see more and more business opportunities arising from newly developed customer formulations with the target to make end-products more sustainable. This trend will continue and will change many industrial markets. Our sustainability strategy Action 2025 is preparing the route for Azelis to have a structured and coordinated approach with many detailed actions across our organization to make us and our business partners more sustainable.”

Dr. Christian Pflesser, Senior Principal Development Manager, Market Segment Director Rubber and Plastic Additives EMEA



Dialogue with employees

The success of Azelis and our ability to meet our financial and extra-financial targets depends on the talents and commitment of our employees. Every two years we run a global Employee Satisfaction Survey (ESS) to obtain their feedback on important topics such as attraction and retention, learning and development, diversity and inclusion, and working conditions. The most recent ESS was held in 2020 and we will hold our next survey in 2022. For more details, please see the People section of this report (page 38).

Dialogue with principals and customers

Our relationships with principals and customers are key to our strategy for sustainable value creation. We include sustainability assessments when onboarding new mandates. We work closely with our principals and customers to increase the understanding of all parties about sustainable products and ingredients and about how they can be used in formulations. We actively promote sustainable solutions with our customers and help them test and apply these solutions. In this way, we convert the sustainability aspirations of our principals and customers into innovative sustainable solutions. Every two years we run principal satisfaction surveys to measure the satisfaction of our global principals. The last survey was completed in 2020.

Engagement with customers plays a major part in shaping our sustainability strategy and actions. In 2021, we carried out a survey with customers from across all markets in the Americas (Canada, Mexico and USA) to help us improve our understanding of their sustainability challenges and to establish how our sustainability offerings can support them in meeting their sustainability goals. 83% of the companies interviewed have sustainable development as a priority, 60% select their suppliers based on the supplier's commitment to sustainable development, and half of the companies categorize their products against sustainability criteria. These results are in line with the findings of our customer survey in EMEA in 2020. Wherever we operate, we collaborate closely with customers on testing and applying more sustainable solutions and innovative formulations. We believe that by cooperating across the value chain we can help our segments of the specialty chemicals industry achieve a new level of sustainability.

Relations with shareholders

The successful Initial Public Offering of September 2021 has turned Azelis into a public company and transformed our relations with investors. We have established a new investor relations department and appointed an experienced finance professional, Pamela Antay, to lead this function, help ensure transparency and serve as a conduit between Azelis and the financial markets.

"One of the most important value drivers at Azelis is our commitment to sustainability. As investors are increasingly critical of companies' sustainability agenda, the industry-leading sustainability weighting in our leaders' remuneration, as well as our sustainability-linked financing, are compelling evidence of how seriously we take sustainability."

Pamela Antay,
Senior Vice President, Investor Relations



Our industry partnerships

Azelis is an active member of many international and national trade associations which aim to help ensure the safe handling and use of chemicals within our industry and to represent their members in dealing with governing bodies. We actively participate in key committees of many of these organizations and we are a committed supporter of the Responsible Care® (RC) or Responsible Distribution® (RD) programs developed by these associations. Responsible Care® is the global chemical industry's voluntary initiative, which – beyond legislative and regulatory compliance – commits companies to the continuous improvement of Health, Safety and Environment (HSE) standards and to reporting openly on their performance, achievements and shortcomings. It consists of an ethical framework towards safe chemicals management and performance excellence. Most of our entities are certified for RC or RD. Since 2020, we have been a member of Together for Sustainability® (TfS) which delivers the de facto global standard for environmental, social and governance performance of chemical supply chains.

The main industry associations and initiatives that we belong to include:



Together for Sustainability® (TfS)



ICTA – International Chemical Trade Association



NACD – National Association of Chemical Distributors, USA



FECC – European Association of Chemical Distributors

Azelis in action

Raw Materials Day in France

At the Raw Materials Day organized by Cosmébio, the French association for certified organic cosmetics products, we showcased the organic materials in our portfolio and held interesting discussions with customers as part of our stakeholder dialogue with this sector.

Le partenaire de tous vos projets

Des ingrédients actifs, multifonctionnels & naturels

Une équipe experte & un laboratoire d'application dédié

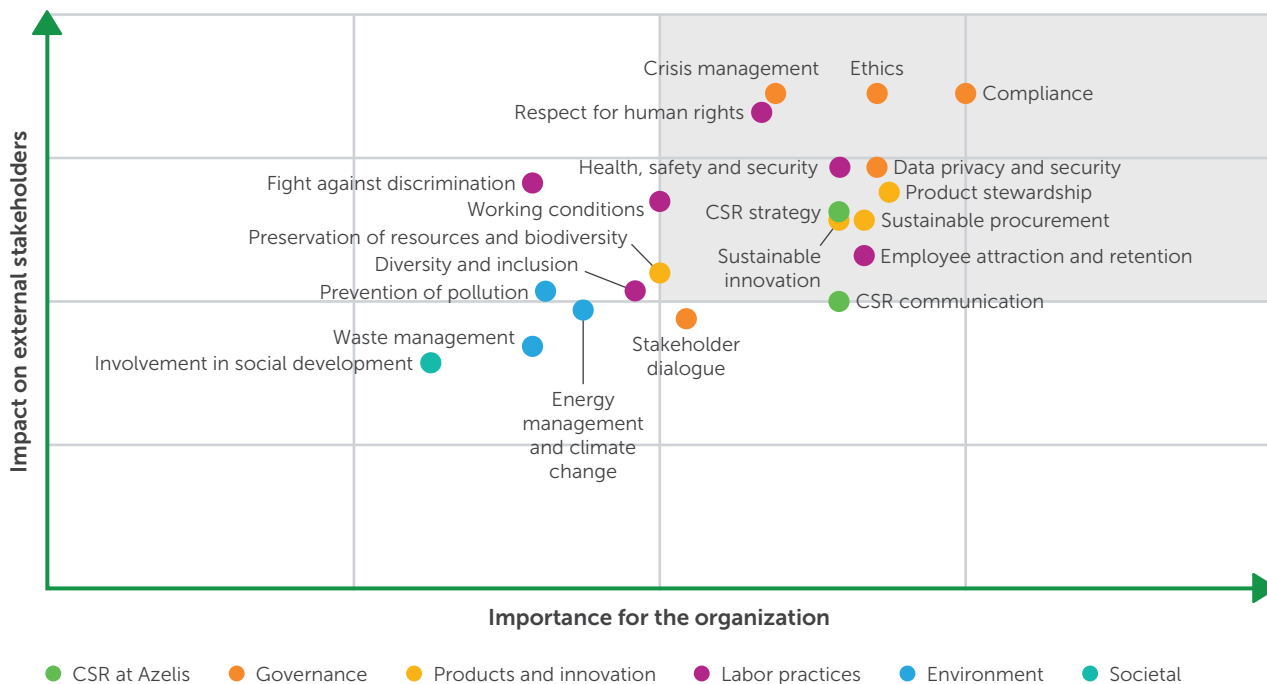
Sophie Thirion, Azelis France

Materiality matrix

Action 2025 is based on the results of the materiality assessment that we carry out every three years to determine the most relevant ESG topics. Our current materiality assessment is from 2019.

Azelis' Sustainability Steering Committee reviews our materiality assessment every year and maps it against the risks and opportunities that are defined by Enterprise Risk Management on an annual basis. The assessment reflects the concept of double materiality and our commitment to report on matters that are financially material and also issues that are material to the market, the environment, and people.

Graph represents the Azelis materiality matrix:



Methodology

Our materiality matrix shows the most relevant sustainability topics for Azelis. These topics were identified by the Azelis Sustainability Steering Committee and assessed by external and internal stakeholders. Major input into this exercise came from the following sources:

- Sector initiatives (Responsible Care® or Responsible Distribution®, Together for Sustainability®)
- CSR frameworks: Sustainability Accounting Standards Board (SASB), EcoVadis®, ISO 26000, United Nations Global Compact (UN GC), UN Sustainable Development Goals
- ESG requirements from investors.

The Sustainability Steering Committee evaluated 127 topics and identified a total of 21 issues as material. We interviewed our internal and external stakeholders about these topics. The results of this analysis were formalized in the materiality matrix. Experts in each corporate function at Azelis reviewed the output of the materiality assessment and mapped its results against our annual Enterprise Risk Management exercise.

Our governance of sustainability

Sustainability is embedded into Azelis' corporate governance structure. Our governance of sustainability ensures that we will advance towards the objectives of all four pillars of *Action 2025* and create sustainable value for all our stakeholders.

Within the Board of Directors, Dr. Alexandra Brand acts as sponsor for all matters relating to sustainability. The ExCom drives the implementation of the sustainability strategy. ExCom members Dr. Hans Joachim Müller and Anna Bertona are focused on our sustainability initiatives.

Our CSR and Sustainability Steering Committee is responsible for coordinating the correct implementation of the strategy, developing CSR and sustainability policies and guidelines, and in general for directing and monitoring the CSR and sustainability strategy and program. The committee met frequently during 2021 to develop and refine our sustainability strategy. The sustainability function within Azelis is headed by Maria J. Almenar Martin, Group Safety, Health Environment and Quality (SHEQ) & Sustainability Director.

Members of our global sustainability task force from all regions met regularly in 2021 to discuss our progress towards the targets of *Action 2025*. The task force was set up in 2020 to align our sustainability strategy and objectives with the challenges and opportunities of our business.

EU Taxonomy

The EU Taxonomy is a classification system that establishes a list of environmentally sustainable economic activities. Based on our activities as a global chemical distribution group, we have examined all Taxonomy-eligible economic activities that are listed in the Climate Delegated Act of the EU. The Climate Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the objective of climate change mitigation, i.e. the need to reduce the greenhouse gas emissions or to increase greenhouse gas removals and long-term carbon storage. The sectors covered include energy, selected manufacturing activities, transport and buildings.

After a thorough review involving all relevant divisions and functions, we concluded that our core economic activities are not covered by the Climate Delegated Act and consequently are Taxonomy-non-eligible. It can therefore be concluded that the Azelis group with its core business activities is not identified as a relevant source of GHG emissions.

Our turnover % taxonomy-non-eligibility is 100%, while % taxonomy eligibility is 0% because our economic activities are not covered by the Climate Delegated Act to date. Consequently, the capital and operating expenditure related to these activities are % taxonomy-non-eligibility 100%, while % taxonomy eligibility is 0% respectively.



 For more information about the corporate governance of the Azelis group related to the Board and the Committees please see our Annual Report 2021.

Azelis in action

Towards integrated reporting at Azelis

Transparent, accurate and comprehensive CSR reporting forms the foundation of our sustainability strategy.

To monitor our progress towards the ambitions of *Action 2025*, we have implemented integrated reporting across the organization. Monthly and quarterly reporting on KPIs related to People, Products & Innovation, Governance and Environment provide us with actionable insights about the areas where we are improving as well as those where we need to do better.

Our Chief Financial Officer sponsors the implementation of integrated reporting. We allocate all the resources necessary to ensure that a robust framework is in place to deliver timely, reliable and accurate data.

We have defined two roles for this process: contributors and validators. Contributors are in charge of reporting the data while validators are responsible for verifying it. When the data is validated at local level, it goes to regional SHEQ and is then consolidated at group level. These three layers of control help ensure the accuracy of all reported data.

Evaluating data regularly

The data generated by our integrated reporting provides stakeholders such as ESG investors with a clear oversight about the rollout of *Action 2025*.

Our integrated reporting is already generating regular data about our electricity consumption, carbon emissions and waste management volumes. We report Scope 1 and Scope 2 emissions, estimated from our consumption of electricity and fossil fuels, on a monthly basis. Scope 3 emissions are reported quarterly and annually. Emissions from travel and upstream and downstream transport are reported quarterly.

Thanks to the availability of accurate and comprehensive data, we are able to establish baselines and assess our progress towards the targets of *Action 2025*. We will consider revising these targets if we feel they are not ambitious enough. For example, following the implementation of new monthly reporting for waste management, in 2022 we will set new targets and implement a robust waste management strategy. The integrated reporting framework will allow us to identify significant trends and patterns and support our ambition to reduce non-recoverable waste generated by our operations.

We will include all sustainability KPIs in our external and internal financial reports. To enhance the credibility of our sustainability reporting, we are working with our independent auditor, PwC, to provide limited assurance of an increasing number of KPIs in future reports.



"Azelis' tagline is "Innovation through formulation". With our *Action 2025* sustainability strategy, we are putting that innovation power to good use. We are helping our customers gain a competitive edge in their markets as we support them in making their end products more sustainable. We are helping our principals tap into new market opportunities by promoting the sustainable alternatives in their offering. And, last but not least, we are creating development opportunities for the many talented people working at Azelis as they contribute to providing solutions for some of the world's biggest challenges. I am incredibly proud to be part of this journey."

Evy Hellinckx, Managing Director, Azelis Benelux



Innovation
through
formulation

Our People

Teamwork in action

Luca Monterisi and Davide Prina, Azelis Italy



Our people, our single greatest asset

Azelis is committed to being recognized as an employer of choice in our industry. We have a strategic commitment to attracting talent, developing and retaining our employees, and fostering a diverse, inclusive and healthy workforce.



3000+ employees,
65% customer-facing employees



71
nationalities



575 new employees
recruited in 2021
(up from 252 in 2020)

Key Performance Indicators and targets – People

GRI	Key Performance Indicator	2021	2020	Target 2025
	Engagement score (Employee Satisfaction Survey)	74	74	75
	Loyalty score (Employee Satisfaction Survey)	82	82	75
	% employees in talent pools	11.4%	7.1%	>10%
405-1	% line managers trained in diversity and inclusion leadership	98.9% (part of annual knowledge review)	Not reported	100%
405-1	Senior management positions held by women	23.5% (B)	21.9%	30%
	Working conditions score (Employee Satisfaction Survey)	74	74	72
403-2	Workplace accidents with lost time	6	2	0

(B) relates to KPIs on which PwC has provided ISAE 3000 limited assurance, see page 104 for our assurance report.



“At Azelis, we offer potential candidates and current employees competitive remuneration and benefits, excellent working conditions, and rewarding development and career opportunities. We continuously benchmark our compensation against the industry. Together with our continued focus on improving working conditions and our diverse and inclusive culture, this is helping us attract and retain the most talented people in our industry.”

Emanuele Ferrero, Group HR Director

Our main risks

We are implementing the following mitigating actions to reduce the four main risks that we have identified in relation to our people:

1 Developing human capital and succession planning

Our people are our single most important asset and the driving force behind our success. We need to ensure the development of all our employees and offer them attractive career opportunities. We want all our colleagues to consider Azelis to be the best place to work and to realize their professional ambitions.

Mitigation: We have integrated our annual succession planning review in the performance and talent review processes. We are committed to developing a sustainable talent pipeline. As part of *Action 2025*, at least 10% of our employees will belong to our talent pools by 2025. We achieved this level in 2021. We are investing in learning to enhance the skills of employees in the talent pools and across Azelis.

2 Attracting high-potential candidates and retaining talent

Our success closely depends on our ability to attract the best talents and develop and retain our people. We need to ensure a robust external and internal talent pipeline by developing all sourcing channels, reducing the time-to-hire and unwanted attrition.

Mitigation: Our increased investments in improving working conditions and in training and learning tools are mitigating this risk. As a fast-growing company, we offer a wide range of opportunities for career advancement and always prioritize internal promotions. The remuneration of more than 70% of our global workforce is guided by external benchmarks, making sure we are competitive. We also prioritize internal referrals to feed our talent pipeline.

3 Strengthening our culture of accountability and performance

Delivering our business goals is key, and so we need to foster a performance-oriented culture where ownership of responsibility is encouraged, autonomy is supported, and entrepreneurship is enabled while ensuring newly acquired companies rapidly adopt these values.

Mitigation: We have improved our yearly performance and talent review process. This has helped us to track performance expectations and monitor accountability. Performance reviews are now seamlessly linked with talent and compensation reviews via a process supported by our state-of-the-art Human Capital Management system Workday®. These changes and our pay-for-performance compensation practices enhance the culture of performance across Azelis.

4 Compliance with health and safety rules

A healthy and safe work environment is a must. We put every step in place to ensure the safety and wellbeing of our employees.

Mitigation: By implementing robust SHEQ policies and processes, such as quality control and audit plans, we have created a culture of safety. Our priority is protecting the health of our people and preventing safety hazards, accidents and other damage to the company that would result from non-compliance with health and safety legislation.

Developing human capital
and succession planning

Investing in our people

At Azelis we recognize that our people are fundamental to our performance both today and in the future.



Nguyen Minh Hop, Azelis Vietnam

We are committed to investing in their training, giving them opportunities to grow and develop, and rewarding them fairly. With competitive levels of remuneration and benefits, excellent working conditions and attractive career opportunities, we are on a mission to be one of the most visible and attractive employer brands in our industry.



13.5 hours of training on average per employee (vs. 12.2 hours in 2020)



2,455 employees had at least one training session (up from 1,732 in 2020)

Our focus on learning

We provide our employees with extensive training opportunities which are adapted to their different needs, at all levels across the organization and in all parts of the world. Azelis is implementing minimum training standards for each position and has developed training catalogs for the main job functions.

We are passionate about helping employees reach their full potential and encourage and empower them to take ownership of their development through rich and varied training activities. We are currently working on a learning module for Workday®, the Azelis Human Capital Management system. This will help us to broaden our offer and better align our training activities with the needs of our stakeholders.

Increasing our investment in training and development is a strategic priority for Azelis that will help us meet our Action 2025 targets and secure our status as the employer of choice in our industry.



"Azelis is a knowledge-based company. For us to grow and succeed, now and in the future, it is critical that we develop and maintain an inclusive learning culture. This will enable all our colleagues to build their skills, increase their knowledge and progress in their careers."

Isabelle Schuerbeke, EMEA HR Director

Azelis in action

Investing in management skills

After recognizing that some managers lacked confidence when dealing with people-related issues, Azelis UK invested in formal management training for managers at a variety of levels.

Team leaders, managers and people from senior leadership levels all participated in training. All the participants completed their studies successfully and gained both knowledge and confidence along with a formal qualification.

They all said that it provided them with new skills that helped them carry out their roles at Azelis.

Upskilling in New Zealand

Azelis New Zealand upskilled their production operators and warehouse staff through an intensive six-month Level 2 manufacturing course that is nationally accredited with the New Zealand Qualifications Authority.

The course highlighted best practices for safety, efficiency and productivity, with modules on waste reduction, health and safety, and principles of lean manufacturing. This course was developed in partnership with the New Zealand government, which reimbursed the cost of training as part of a training stimulus package.

11 people successfully completed the course and received official certificates. For many, this was a personal milestone as well as a professional one. In terms of the tangible results of the course, there have already been positive trends in all metrics for quality, health and safety, tidiness, waste reduction and accuracy since the completion of the course.

The next stage of the course is currently being designed, as Azelis New Zealand continues to invest in the development of its people.

Training in Azelis Americas

Training offer focuses on employee development, compliance, anti-harassment and diversity.

The program offers 285 computer-based courses. Azelis Americas employees can select any course with their manager's approval, often as part of the annual performance review. On average, our employees in the region took 8.5 elective courses in the year, in addition to compliance courses.

Azelis in action

Celebrating 20 years



Colleagues joined forces across Azelis to celebrate the 20th anniversary of our company in 2021 and say thank you to all of the stakeholders who have joined us on the way.

After extended periods of lockdown and working from home, the global celebrations provided an ideal opportunity to bring teams together again and rekindle our connections to each other. Around the world, Azelis colleagues gathered to participate in games and competitions, build team spirit and mark this special occasion for everyone who forms part of our company.

[Click here to view our Evolution video](#) [Click here to view our Birthday video](#)



Lebanon



Japan



Ghana



China



France



New Zealand

Developing human capital
and succession planning

Inspiring loyalty

Anne Berton,
Azelis Asia Pacific

Every two years, we monitor the level of engagement, loyalty and motivation of our people using a company-wide anonymous and confidential employee satisfaction survey, carried out by an independent provider.

The survey focuses on eight drivers of engagement: reputation, Azelis ExCom, supervisors, collaboration, working conditions, job content, total remuneration, and learning and development. The survey also measures the loyalty of our people in terms of internal brand reputation and the degree to which employees encourage others to seek employment at Azelis.

These regular surveys allow us to measure the progress that we are making towards our targets and, importantly, to put in place employee-driven initiatives where improvement is needed.

Since carrying out our first employee survey in 2014, we have made solid progress in most areas covered by the survey, in particular the loyalty score which has increased by four points since 2018 and currently stands at a level of 82 out of 100 according to the most recent survey. We believe this reflects the significant investments that we are making in the wellbeing of our employees.

Our last survey was undertaken in 2020 and scored a 74% employee engagement rate (compared with 65% in 2014) which is very close to our *Action 2025* target score of 75% for this metric. As the loyalty and

working conditions KPIs have already achieved higher scores than the 2025 targets, we will consider raising the *Action 2025* targets for all metrics if we also exceed the engagement rate target in the upcoming survey, scheduled for 2022.

A unified global payroll

In 2021 we launched a major project to transition towards managing our payroll operations through a single global payroll provider: ADP Celergo. After migrating to the ADP Celergo platform in eight countries in 2021, we expect to add 32 countries in 2022 and complete the migration in 2023.

The transition to a single, global provider will reduce compliance risks and improve efficiency. At the end of this process, our global payroll system will be integrated with our Human Capital Management system Workday®, allowing payroll processes and activities to be steered by Workday®.

By ending fragmentation, standardizing payroll processes and increasing transparency, we will be able to streamline payroll activities and fully measure the efficiency and effectiveness of our payroll services.

In 2021 we introduced a long-term incentive plan (LTIP) for a select group of employees playing a key role in driving our performance and growth. 15% of their variable long-term remuneration is linked to sustainability, in particular to the reduction of the greenhouse gas intensity level (Scope 1 and Scope 2 emissions).

“The engagement and wellbeing of our employees are fundamental to the success of Azelis as we believe this is the best way to develop our talent and fulfil the potential of our people. With a workforce of over 3,000 people and 71 nationalities, we want all our employees to feel motivated to contribute to our ambitions and to consider Azelis as the best place to realize their professional goals.”

Jia Yu Peh, Asia Pacific HR Director

Our culture of accountability and performance

Azelis is a place of ambition and innovation and a place that rewards performance. We go the extra mile to empower our people and increase their autonomy and accountability.



11.4% of employees in talent pools (vs. 7.1% in 2020)



64.8% of all internal promotions were filled by women (vs. 53.2% in 2020)



2,155 employees completed a Performance Review (vs. 2,060 in 2020)

In 2021, a total of 2,155 employees received a yearly performance and talent review. The aim of this process is to improve the performance, professional skills and functional competencies of our employees and to support their future development.

As part of our culture of performance, we closely track performance expectations and monitor accountability. We have introduced multiple steps to review and validate the performance and potential ratings.

The performance review also enables the early identification of potential candidates for our talent pools. In 2021, 11.4% of employees were assigned to talent pools, up from 7.1% in 2020. Our goal, as part of *Action 2025*, is to have at least 10% of our people in our talent pools.

Growing our talent pools

In 2021 we accelerated the deployment of Workday®, Azelis' Human Capital Management system, with two important new functionalities: talent pool assignment and succession planning.

This has established a strong link between our performance and talent review process, allocating people to talent pools, and our succession planning. The entire process is designed to ensure that we have a sustainable pipeline of high-performing talent to feed the succession plans for management roles across Azelis.

The new process enhances our focus on career planning and on the development of our employees. It will provide Azelis with a rich source of talented, motivated people as we accelerate our growth.

A place of opportunity

At Azelis, we prioritize internal talent to fill open positions. Our rapid growth enables us to offer a significant number of attractive career opportunities to our people. In 2021, over a quarter of the vacancies were filled by Azelis employees.

We encourage international mobility throughout Azelis. We believe that it promotes collaboration and helps our colleagues to learn about aspects of our business in different countries and develop into well-rounded leaders.

Azelis also provides assessment and development centers (ACs) for talents whom we think are suitable for senior management roles. These ACs allow us to identify the strengths of our future managers and the areas of improvement and understand how the improvement needs can best be addressed.

15% weighting of sustainability objectives in the long-term variable remuneration of senior management

Azelis in action

A selection of talent promotion stories across Azelis



Renata Frossardová



Gordana Jakšić



Robert Mileković

Renata Frossardová – our HR Manager Central Europe – extended her remit to include Russia, Poland and Ukraine. Gordana Jakšić – Country Manager Croatia – was promoted to the role of Regional Finance Manager Balkans & Central and Eastern Europe and was replaced by Robert Mileković. Robert joined Azelis in 2015 and was a Business Manager at Azelis Croatia until his appointment to the Country Manager role.



Antonius Prihantono



Astri Primadevi

A similar sequence of internal promotions also took place in Asia Pacific: Antonius Prihantono – our Managing Director Indonesia - was appointed to the newly created role of Market Segment Director Agricultural and Environmental Solutions Asia Pacific and replaced by Astri Primadevi in the MD role. Astri joined Azelis in 2017 as Finance Manager and becomes the third female Managing Director in the Asia Pacific organization.



Meng (Cristina) Cao embodies our commitment to internal promotions and international mobility: she joined the Asia Pacific organization in Singapore as Demand Planner in 2017, was first promoted to the role of Business Controller Asia Pacific and in November 2021 she relocated to Belgium to take over the role of Controller in the corporate finance organization.



Tugba Kara Dereli joined Azelis Turkey as Sales Manager, CASE in 2019 before moving to Canada with her family and becoming Product Manager, CASE at Azelis Canada in their Brampton location.



Azelis Canada promoted Christina Pross Thomas to Marketing Director, Americas in October 2021. This was a newly created role to help support our expanding Digital Marketing efforts. Christina joined Azelis in January 2015, and - through hard work and commitment - worked her way up professionally through several roles, including Account Manager, CASE and most recently Marketing Manager prior to her promotion.



Fadi Chaccour took up a new position as Group Principal Manager in EMEA in May 2021. He started his career in the food industry at Orkila and worked his way up to become Market Segment Manager Food & Nutrition for MEA. Following the acquisition of Orkila by Azelis, he is the first of our employees to move from a MEA position to an EMEA role, demonstrating the global mobility opportunities that are open to our people.

How we ensure diversity and inclusivity

To track our progress in diversity, we monitor a series of indicators, including KPIs related to nationality, gender and age.

Our workforce currently consists of 52% women and 48% men, with a similar ratio for the last five years. We intend to safeguard this balance in the future as part of our *Action 2025* sustainability strategy.



23.5% of senior management positions are held by women



98.9% of line managers are trained in diversity and inclusive leadership within the framework of the Knowledge Review

In 2021, we increased the proportion of women on our senior management team to 23.5% from 21.9% in 2020. This improvement by 1.6 percentage points is mainly the combined result of hirings, internal promotions, the impact of acquisitions made in the previous financial year and the adoption of more stringent criteria for the definition of senior management roles.

As part of *Action 2025*, our objective is to increase the proportion of women on our senior management team to 30%. In 2021, the Board of Directors appointed Ipek Ozsuer as our second female non-executive, independent director. Of the total of eight members of the Board of Directors, two are now female and six are male.

A multicultural workforce of all ages

We operate across five continents and 57 countries, with a global workforce that consists of 71 different nationalities.

Our senior management team includes 68 men and

women from many different cultures, ethnic origins and ages. A total of 26 different nationalities are represented in this team. Our corporate service center in Belgium fully embodies our international culture, with colleagues from 20 different nationalities.

Across our group, 13.6% of our employees are younger than 30. We also value the expertise and experience of our older staff members: 28.8% of our employees are aged 50 and above and 7.7% of our workforce are over 60.

As part of *Action 2025*, we will train 100% of our line managers in diversity and inclusive leadership to minimize any form of bias. This training will focus on the entire employee life cycle.

We successfully met this target in 2021 when diversity and inclusion formed part of the annual knowledge review together with ethical and fair business practices. Going forward, we will establish a separate training program for line managers, completely dedicated to diversity and inclusion.

“At Azelis we believe passionately that the diversity of our employees is a competitive advantage for our business and helps us create long-term sustainable value for our stakeholders. Our ambition to be a company with a diverse and inclusive culture will help us make a positive contribution to society, attract top talent, enhance customer relationships, improve decision making and increase levels of employee satisfaction.”

Frank Bergonzi, Azelis Americas CEO & President



Standard bearers for diversity



As we acquire businesses around the world, we are enabling talent mobility and introducing best practices in diversity and inclusion into new markets. In 2021, following our acquisition of Orkila, Rym Sassi moved from Tunisia to become the company's first female sales person in Saudi Arabia. Elsewhere in the region, we are seizing opportunities to reinforce diversity and help our employees develop their skills.

We are also advancing in countries where we have been present for a long time. In 2021, our Spanish company approved the creation of a gender equality plan that will have far-reaching consequences across the organization. In line with Spanish legislation, the equality plan will lead to concrete measures to promote the employment of women and ensure equal opportunities for men and women. Azelis Spain will develop and implement the plan in close cooperation with the workforce over the course of 2022.

In New Zealand we made two weeks of Paid Partners Leave available to the spouse or partner of a person who has given birth to a child, or who intends to become the primary carer in respect of a child. We believe this leave entitlement enables the family unit to bond while eliminating the requirement to take annual leave or leave without pay at a time which should be celebrated. This is a gender neutral policy and is a reflection of the many different families which make up New Zealand society.

In Canada, we have intensified our efforts to increase the diversity of our customer services team to reflect the diverse population of Canada. A total of five nationalities are now represented on the team.

Ensuring fair treatment for all

Our Code of Conduct and our Group Recruitment Policy make it crystal clear: Azelis is opposed to all forms of discrimination. We believe in supporting equal opportunities, regardless of gender, sexual orientation, ethnic origin, age, religious beliefs or physical impairments. We will not tolerate discrimination or harassment in any shape or form.

We take a proactive approach to preventing and tackling any form of discrimination and harassment. We believe this to be an important driver of a successful, diverse and inclusive work environment.

Eliminating unconscious bias

During every stage of our employee journey, we take wide-ranging measures to prevent discrimination and protect our inclusive workplace culture. Whether we are recruiting candidates, welcoming new joiners, assessing an employee's performance or developing their skills, we prioritize anti-discrimination. For example, when attracting and recruiting potential employees, we use online psychometric assessment tests to measure and benchmark applicants' skills, competencies and personality characteristics. These tests aim to eliminate conscious and unconscious biases from our recruitment processes. They are also designed to predict performance. We believe they help make Azelis recruitment more accurate, reliable, fact-based and objective.

Our focus on anti-discrimination continues when a candidate is invited to join Azelis. We measure employee compensation against market benchmarks.

This not only ensures a competitive level of employee remuneration but also helps avoid the risk of unconscious bias during the salary review process.

In 2021 these external benchmarks covered 16 countries, accounting for 74.8% of our global workforce. Our goal is to cover our 20 largest countries by 2025.

Our annual knowledge review, mandatory for all employees, includes a focus on the prevention of discrimination and harassment. The review checks employees' understanding of Azelis' internal policies and procedures on ethical business conduct and compliance, including regulations to prevent discrimination and harassment.

Protecting the health and safety of our people

A healthy and safe work environment is a strategic priority for Azelis. We are committed to developing a culture of safety that protects human health and prevents hazards and accidents which could harm our people and cause disruption to our business, reputational damage and higher costs.

The Azelis Code of Conduct includes a non-negotiable commitment to maintaining a safe working environment at all times. We strive to ensure safe and healthy conditions for all our employees and all stakeholders affected by our operations.

We regularly conduct health and safety risk assessments in our warehouses and manufacturing sites and provide training in health and safety, to both employees and contractors as well as subcontractors and visitors. We have implemented Responsible Care® or Responsible Distribution® management systems in all regions to manage health and safety risks.

A new focus on accident prevention

Azelis developed and launched a new Group Safety, Health and Environment (SHE) policy in 2021 which sets out a series of basic principles that must be followed in all our entities.

The policy is based on the International Chemical Trade Association's (ICTA) 14 Safety Golden Rules and provides an overview of the SHE aspects that must be considered at all sites and offices.

The SHE Policy covers a wide variety of safety considerations, including the importance of a safety-first culture and the requirement to report any accidents and near-misses, as well as the need for rigorous SHE risk assessments, risk management processes and individual control measures. The policy also contains guidelines covering the use of equipment and machinery, chemical handling and storage, ergonomics, driving, and how to prevent slips, trips and falls.

In accordance with the SHE Policy, all our sites are required to have an emergency response plan and practice good housekeeping. They must also promote communication among employees to raise awareness about issues related to SHE and act on any constructive suggestions to improve our SHE performance.

In 2021, we reported an increase in the number of lost time accidents (six in 2021 compared with two in 2020). We believe that this was a result of more people working in offices and operational sites than in 2020, when our workforce was smaller and many operations were restricted by the Covid-19 pandemic. Whatever the causes, Azelis is disappointed by this increase. Our target under *Action 2025* is to reduce the number of workplace accidents with lost time to zero by 2025.

We also launched a new Group Loss Prevention Management System (GLPMS) consisting of a series of rules for safety, implementation guidelines and training. These guidelines apply in all regions where we operate, with no exceptions.

Azelis in action

Expanding healthcare coverage

We offer healthcare plans in many of the countries in which we operate. These plans provide a wide range of benefits and frequently go beyond the statutory benefits in the relevant countries. Many of them are contribution-free for our employees.

In 2021 Azelis UK introduced a new benefit – Help@Hand by UNUM. This offers a range of valuable medical and practical support services to all UK employees including unlimited remote access to medical services around the clock, 365 days a year. Other benefits include physiotherapy services, mental health support and a 24/7 helpline for support on a range of issues related to life, work and wellbeing.

In Australia we renewed our Employee Assistance Program (EAP). This forms a strategic component of our workplace wellbeing program, which engages and empowers employees, encourages early intervention when issues arise and increases individual resilience through a raft of services on offer for all employees.

To mark “R U O.K. Day?” Azelis Australia sent care packages to all employees’ homes.



Promoting a healthy work-life balance



Quynh Mai Chu and Bert Moons,
Azelis Corporate

Promoting a healthy work-life balance is a core part of the social commitments of our Corporate Social Responsibility policy. We believe that keeping our employees motivated, engaged and happy is not only good for our business but is also part of our responsibility as a leading player in our industry.

Across Azelis, many of our offices have introduced measures that are designed to respond to the individual needs of our employees with regards to flexibility at work, parental and childcare leave and initiatives such as the right to disconnect from work. We believe that these measures are helping to improve the work-life balance at Azelis. According to the results of the latest Employee Satisfaction Survey (from 2020), our colleagues agree. The statement "It is easy to combine a career and my personal life in my company" received a score of 75/100, an increase of five points since 2018.

At the same time, we run a high number of local initiatives promoting a healthy lifestyle, such as sponsoring employee participation in sports events including the Women's Race in Barcelona, Spain and the Warmathon in multiple cities across Belgium. In Turkey, we launched eight social clubs for our employees. More than 50 employees are now members of clubs dedicated to topics such as music, nature, books and food, helping colleagues socialize with each other and share common interests. In China, we organized weekly sports activities – including badminton, table tennis, and basketball – for all employees, enabling our colleagues to take an hour off work (during working hours) to keep fit.

Azelis in action

The right to disconnect in Ireland

In April 2021, Azelis Ireland adopted a 'Right to Disconnect' company policy, which includes best practice guidance around wellbeing, working hours and more.

As well as giving all employees the right to disconnect, Azelis Ireland encourages employees working from home to schedule post-work leisure activity, in order to create separation between their workday and the beginning of their personal time. Our staff, including those engaging in flexible working arrangements or remote working, are reminded to switch off from work.

At a time when the boundaries between work and private life are changing rapidly, the policy is designed to help our colleagues maintain separation between their workday and their personal time.



Embracing hybrid working at Azelis

The Covid-19 pandemic was the catalyst for our adoption of new working practices such as flexible working hours and remote working. In a major step forward into the future of work, in November 2021 we launched our Hybrid Working Guidelines, accelerating our journey towards this new paradigm for work-life balance.

At Azelis, the structured adoption of hybrid working has positively impacted our business and productivity, improving the work-life balance of our colleagues and shrinking our environmental footprint by reducing the need to commute.

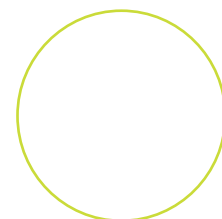
A flexible work environment has long been a key component of the Azelis culture. Our work is not anchored to one place and time and is focused on outcomes instead. Hybrid working will be a positive permanent addition to our company's culture and practices. At the same time, we recognize that there is no substitute for the added value brought to the business by real life collaboration and human interaction. Teamwork and creativity benefit significantly from working in the same physical environment with colleagues.

The new guidelines establish that remote work is an option rather than an obligation. Employees have

the option of working remotely for up to 50% of their monthly working time. Employees working remotely are subject to the same work hours as when working on the company premises, in full compliance with local employment laws and regulations. The guidelines include best practice and ground rules for productive remote working, such as advice on how to maintain security and wellbeing.

The guidelines apply to all full-time employees and contingent workers and to all part-time employees working at least eight days per month. Certain roles are not eligible, due to technological or security restraints, or because they require a physical presence on site.

Each company in the Azelis group will roll out its local policy for hybrid working in compliance with these guidelines and with local laws and regulations.



Azelis in action

Investing in our new colleagues

When we acquire and integrate a business, one of our main priorities is to make our new colleagues feel at home at Azelis and to give them new opportunities to advance in their careers with us.

In Mexico, we have incorporated new training courses focused on English language learning to help local employees develop their communications skills and feel more confident when meeting with colleagues from other countries. At recent acquisitions we have also focused on the rapid rollout of Workday, which will take performance evaluation to another level for our new colleagues.

Cultural integration is another key priority at Azelis after completing an acquisition. In Turkey, following the integration of Ekin Kimya, we rolled out a special program to help develop a unified team and culture that benefits from the best of the people who work at them. Across the combined team, employees participated in a series of workshops and projects devoted to discussing company values and bringing colleagues together from across our Turkish operations.

Community outreach

Reaching out to talented youngsters

Engaging with the technical students of local universities enables our new US acquisition Vigon International to raise awareness of all the opportunities of a career in one of the more specialized branches of chemical manufacturing.

After Vigon's most recent visit to the chemistry club of the East Stroudsburg University of Pennsylvania, the flavors and fragrances company received two job applications from senior club members.

This continues our long tradition of attracting and hiring local university students and introducing them to a career in the specialty chemicals industry. Since the skills needed in this business are not as mainstream as some other areas of chemical manufacturing, Vigon works closely with universities and schools to raise awareness of the industry and encourage young talents to join Azelis.



Fostering engagement

Azelis India formed an Employee Engagement committee which organized various employee engagement activities such as conducting yoga sessions and cricket matches and organizing talks held by qualified practitioners on topics such as how to maintain healthy nutrition habits and mental health during Covid-19.

Protecting human rights wherever we operate

We are prioritizing the integration of ethical business conduct into all our activities. We follow international best practice in making sure that none of our activities are in breach of fundamental human rights.

Our SpeakUp! Policy and SpeakUp! Line provide a safe and retaliation-free environment for employees from anywhere in Azelis to report their concerns about suspected violations of human and labor rights. For more information, please see our Governance section on page 81.

We are committed to respecting the eight fundamental conventions of the International Labor Organization (ILO) on child labor, forced labor, freedom of association, minimum legal wages, working and resting time, respect of diversity and rejection of discrimination. In our Code of Conduct we summarize the main principles which embody the "way we act at Azelis". One of these principles states that we oppose any form of exploitation of workers and child labor and a special section of the code is dedicated to this.

In our Corporate Social Responsibility policy, we commit ourselves to following the UN Global Compact's key pillars of Corporate Social Responsibility, which include human rights.

Our Anti-slavery and Human Trafficking Statement 2021 sets out the steps that we have taken to prevent slavery and human trafficking, both within our business and within our extended supply chains. In all the countries where we are active we comply strictly with all requirements on the minimum working age. In full compliance with local laws and regulations, relevant collective bargaining agreements and company work regulations, we guarantee labor rights to all our employees.

Our annual knowledge review tests our employees' awareness of the policies and procedures we have implemented to guarantee ethical business conduct and to comply with all legislation on labor rights and human rights.

Lief Bleyen, Azelis EMEA and Hilde Peeters, Azelis Corporate



Azelis in action




Celebrating with saplings

Whenever an Azelis colleague in Turkey celebrates a birthday, we mark the milestone by donating five saplings to TEMA, the Turkish Foundation for Combating Soil Erosion for Reforestation and the Protection of Natural Habitats.

In this way we are contributing to the sustainability of Turkey's biodiversity and creating a lasting legacy for generations to come.



Our contribution to the SDGs

UN SDG	People	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
<p>3. Good health and well-being Ensure healthy lives and promote well-being for all at all ages.</p> 	<ul style="list-style-type: none"> We offer healthcare plans in many of the countries in which we operate. We have introduced structural hybrid working across the group, allowing our people to work remotely up to 50% of the time. 	<ul style="list-style-type: none"> Leverage the 2022 Employee Satisfaction Survey to gather inputs and feedback from our employees on further initiatives to improve wellbeing and a healthy work-life balance.
<p>4. Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> 	<ul style="list-style-type: none"> The average number of training hours per employee per year increased by nearly 65% in the period 2018 - 2021, from 8.2 to 13.5 hours. The Azelis Americas University: Target: focus on young talent acquisition and securing the succession pipeline in sales. The Sales Academy EMEA: Target: improve the professional skills and form a network of Azelis sales professionals across all countries and market segments. 	<ul style="list-style-type: none"> Average number of training hours per employee per year to increase to 24 by 2025. Leverage our HCM system Workday® by implementing a learning module in 2022 to expand the offer of web-based digital training to all employees.
<p>5. Gender equality Achieve gender equality and empower all women and girls.</p> 	<ul style="list-style-type: none"> Ratio of women to men in Azelis: 52.2% women vs. 47.6% men in 2021 (0.2% of our employees chose not to self-identify). This ratio has consistently been above 50% in the past five years. Percentage of women in senior management positions: 23.5%. Percentage of women promoted vs. number of internal promotions: 64.8%. 	<ul style="list-style-type: none"> The Azelis Diversity & Inclusion Policy will be rolled out in 2022. Training in diversity and inclusion to be rolled out starting in 2022. Percentage of women in senior management positions by 2025: 30%. Equal participation of women in training and professional education initiatives. Compensation benchmarks to cover 20 countries with the most employees and no less than 80% of our global workforce to minimize gender bias during the recruitment and salary review process.
<p>8. Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> 	<ul style="list-style-type: none"> Our organization is committed to ensuring that modern slavery does not take place within our business or supply chains. The Azelis Anti-slavery and Human Trafficking Statement sets out the steps that the Azelis group has taken. In addition, we have due diligence procedures in place for the evaluation of the CSR practices of our suppliers thanks to our TfS membership and assessments/audits. 	<ul style="list-style-type: none"> By 2025, 80% of our revenue will come from suppliers that have been assessed through the TfS framework.



Innovation
through
formulation

Products and Innovation

Innovation in action



A leader in sustainable products and innovation



Building on our track record of excellence, we aim to be a world leader in the distribution of sustainable, innovative and safe chemicals. To bring our expertise to our global client base, we operate more than 60 application laboratories around the world, as well as a growing range of innovation centers, customer portals and e-Labs. In this way we help our customers and principals respond to the fast-changing demands of today’s marketplace. With our strong formulation and application expertise, we enable our partners to enhance existing formulations and create new, more sustainable formulations.



25 innovation awards (2015-2021)

“We assist customers with our application expertise to develop sustainable products for the market and to meet their own sustainability ambitions. We continue to explore ways to measure the contribution of our innovations to sustainability and to help our partners achieve their goals.”



Ron Rosenberg, Group Technical Innovation Director

“Thanks to the expansion of the Azelis e-Labs – a milestone development in 2021 – we can support our customers in a timely manner, whether they are creating a new formulation, enhancing an existing formulation or fixing a performance challenge of a product. The e-Labs allow our customers to benefit from all of Azelis’ outstanding capabilities for innovation through formulation.”



Matt Nancekivell, Group Digital Solutions Director

Key performance indicators and targets – Products and Innovation

GRI	Key performance indicator	2021	2020	2025 Target
	Baseline of sustainable products i.e. # sustainable products in product portfolio	On-going	Not measured	To be agreed in 2022
	% of revenue covered with ESG assessed suppliers (assessment by EcoVadis®)	55.8%	52%	80%

Our main risks

Our 2021 annual enterprise risk management process confirmed the following priority risks associated with Products and Innovation.

Product stewardship and quality management

In the jurisdictions where we operate, our business is subject to a wide range of rapidly evolving regulatory requirements.

Mitigation:

Advanced product stewardship policies: To reduce the risks of non-compliance with SHEQ standards, laws and regulations, and to ensure the safety and reliability of our products and services, the group has developed and implemented wide-ranging product stewardship policies. We have a network of SHEQ regional officers and local managers who ensure compliance with product regulations and product certifications. Our corporate SHEQ team monitors global regulatory developments. It also audits regulatory compliance, based on the work of the Group SHEQ support center in Mumbai.

Product and master data management: Our strong data governance, standardized processes and robust procedures, supported by extensive investments in centralized, fully connected IT systems, guarantee the efficient extraction, recording and maintenance of the regulatory information required.

A global network of SHEQ experts: Azelis has a global SHEQ network of officers who have the final responsibility for implementing all controls to ensure compliance with regulations for their geographical area. Our centralized SHEQ support center in Mumbai is responsible for creating, enhancing and maintaining all product information and documentation related to the safe use of products.

Certified quality management systems: Azelis has moved globally towards ISO 9001:2015, the international standard that specifies requirements for a quality management system (QMS). ISO 9001 is fully established within EMEA, and Asia Pacific and the Americas are planning for a regional certified QMS by 2023. Our QMS is externally verified and audited by SGS, a leading inspection, verification, testing and certification company. In addition, the Azelis entities that distribute certain categories of products have the necessary certifications (ISO 22000, Organic, Bio, Cosmos, FCA, GDP, GMP, etc.).

Keeping up with market trends and needs

In rapidly changing and innovative specialty chemicals markets, it is important to effectively identify potential changes in the market as well as ways to stay ahead of the competition.

Mitigation:

Acceleration of marketing, technical innovation and digitalization: At Azelis, marketers identify customer needs. Our marketing and sales teams are increasingly supported by real-time data that allows us to generate insights about customer interests and market trends. Our market insights help our principals identify new commercial and R&D opportunities.

Supply chain ESG risks

With a complex supply chain, we source products from many countries. This exposes us to ESG (environment, social and governance) risks, such as natural resource depletion, human rights abuses and corruption. Other risks include pandemics and global supply chain disruption. These issues could damage our reputation, operations and financial performance.

Mitigation: In order to manage ESG risks in our supply chain, we have established a Sustainable Procurement Policy. Through our membership of Together for Sustainability® (TfS), we also have access to strong due diligence procedures and tools which minimize these risks.






Please see page 69 for more information on our Sustainable Procurement Policy.

Our key markets and products

Azelis represents principals that are strongly committed to the sustainability agenda. We support our customers' sustainability aspirations by working with them to develop sustainable formulations. The following table provides an overview of our market segments and their main end-market characteristics.

Market	Categories		Market characteristics
 Agricultural & Environmental Solutions	<ul style="list-style-type: none"> • Crop protection • Fertilizers • Forestry • Vegetation mgt • Aquatic • Weed control 	<ul style="list-style-type: none"> • Seed coating • Vector control • Fertilizer and biostimulants • Fertilizer efficacy enhancers 	<ul style="list-style-type: none"> • Very technical industry • Need for formulation work • Focus on performance, health and environmental benefits
 Animal Nutrition	<ul style="list-style-type: none"> • Monogastric • Ruminant • Pet • Aqua 	<ul style="list-style-type: none"> • Equine • Feed hygiene • Feed preservation • Biosecurity 	<ul style="list-style-type: none"> • Focused on sustainable food production • Reduction of reliance on antibiotics • Market driven by multinationals and local champions • Regulated product and companies
 CASE	<ul style="list-style-type: none"> • Coatings (paints and varnishes) • Adhesives and sealants • Elastomers 	<ul style="list-style-type: none"> • Inks • Building and construction 	<ul style="list-style-type: none"> • Price-driven end-markets and niche, specialty subsegments with product properties and features allowing differentiation and sophistication through formulation enhancements • Gradual to slow, yet consistent trend supporting more sustainable offerings (water-based formulations and biobased feeds/green products)
 Electronics	<ul style="list-style-type: none"> • High-purity metals • Equipment and tooling 	<ul style="list-style-type: none"> • Precursors for chemical deposition • High-purity substrates • SN100C® lead-free alloys for assembling industry 	<ul style="list-style-type: none"> • Focus on increasing performance • Fragmented and regionally organized • Very technical industries, requiring product and service specialists
 Essential & Fine Chemicals	<ul style="list-style-type: none"> • Chemical synthesis • De-icing 	<ul style="list-style-type: none"> • Process aids 	
 Food & Nutrition	<ul style="list-style-type: none"> • Bakery and sweet snacks • Beverage • Confectionary • Dairy and non-dairy • Flavors 	<ul style="list-style-type: none"> • Meat, fish, and poultry • Meat substitutes • Savory (sauces, soups, ready meals) • Seasonings • Special nutrition 	<ul style="list-style-type: none"> • Increased focus on health regulations • Increasing demand for plant-based food • Increased consumer demand for taste, health and sustainability (healthy indulgence/dairy and meat alternatives)
 Home Care & Industrial Cleaning	<ul style="list-style-type: none"> • Air care • Automotive • Fragrances • Cleaning 	<ul style="list-style-type: none"> • Disinfection • Laundry • Animal care • Surface maintenance 	<ul style="list-style-type: none"> • Increased regulation triggers new developments • Strong focus on sustainability but market cost sensitive • Biodegradability and renewable feedstocks important • Trend for concentrates, refills and returnable packaging • Fragmented



Market	Categories		Market characteristics
 Lubricants & Metalworking Fluids	<ul style="list-style-type: none"> Additives Base oils Thickeners Amines 	<ul style="list-style-type: none"> Packages for automotive and industrial oils, VII, emulsifiers and surfactants 	<ul style="list-style-type: none"> Very technical industry Large exposure to automotive and industrial manufacturing Innovation driven by emissions and efficiency regulations
 Personal Care	<ul style="list-style-type: none"> Hair care Skin care Oral care Bath and shower 	<ul style="list-style-type: none"> Sun care Decorative cosmetics Fragrance and ingredients 	<ul style="list-style-type: none"> Personal Care market moving quickly to higher degree of sustainability Natural ingredients and conscious beauty (e.g. vegan) on the rise Smaller independent brands drive innovation
 Pharma & Healthcare	<ul style="list-style-type: none"> Pharmaceutical excipients APIs Medical devices Nutraceutical actives and excipients 	<ul style="list-style-type: none"> Veterinary medicine Wound care Biologicals and process aids 	<ul style="list-style-type: none"> Highly regulated Products require iterations of development, testing and approvals NPD protected by long patent period to justify the investment. Generics market growing faster than Branded NPD Increased focus on dietary supplements and food that provide medical or health benefits
 Rubber & Plastic Additives	<ul style="list-style-type: none"> Rubber Plastic additives 	<ul style="list-style-type: none"> Flooring Wire and cables 	<ul style="list-style-type: none"> Governed by regulations Green innovation (carbon footprint reduction, biodegradable plastics) Automotive trends to improved life-cycle, weight and cost efficiency Increased use of recycling and recycled materials Change in material requirements due to electrification of cars
 Textiles, Leather & Paper	<ul style="list-style-type: none"> Pulp and paper production 	<ul style="list-style-type: none"> Textile and leather production 	<ul style="list-style-type: none"> Focus on increasing performance Fragmented and regionally organized Very technical industries, requiring product and service specialists



Ed Caballero, Azelis US

Innovating for sustainable value



“We intend to be the leading provider of innovation services in support of sustainability among global distributors of specialty chemicals and food ingredients. We continue to grow both our physical labs and our digital e-Lab capabilities to deepen our collaboration with our customers and principals.”

Dr. Jessica Silva, Director of Labs, Americas

Our global network of application laboratories, innovation centers and e-Labs is a major driver of value creation at Azelis. We create and test formulations for our customers at application laboratories in 28 different countries, drawing on the different ingredients available from our many principals. We make our physical and digital resources available to help customers identify and develop sustainable solutions and innovations that serve the needs of the market and of society in general.

The list below illustrates examples of sustainability trends in Personal Care, CASE (coatings, adhesives, sealants and elastomers), and Food & Nutrition.



Personal Care

- Biotechnology and fermentation (food waste or sugar/starch/natural feedstocks)
- Reduce, reuse, recycle – both at the ingredient level and also the packaging level (e.g. refill station in supermarkets)
- Waterless or even water-free formulas
- Cold process for emulsions (mostly focused on energy reduction during production)
- Buying local to shorten distances that products travel
- Conscious beauty trends with a focus on vegan, natural, shorter ingredient lists, ethical, sustainable concepts
- Upcycling (products made from waste streams)



CASE

- Environmentally friendly solvents (bio-solvents), derived from the processing of agricultural crops
- In adhesives and sealants, the development of renewable resources as an alternative to petroleum-derived chemicals
- In construction additives, trends and regulations are increasing demand for sustainable packaging which meets waste-efficient packaging standards
- In construction additives, technology advances in sustainability and lowering of carbon footprint and reducing resource intensity
- Light-weighting, smart coatings (fewer layers, reduced film size, use of microspheres)
- Continuing shift away from formulations based on organic solvents toward waterborne formulations



Food & Nutrition

- Conscious consumption with natural, organic, and plant-based foods (e.g. dairy alternatives: vegan milk alternatives, cheese analogues and vegan cheese)
- Substitution of traditional flavors and colors by foodstuffs providing color or flavor (fruit and veg powders, juices, etc.)
- Fair trade sourcing (in flavor industry e.g. vanilla, cocoa, RSPO palm oil)
- Natural preservation, Clean Label, organic solutions
- Buying local to shorten distances that products travel
- Focus on sustainable packaging (plastic-free, Tetrapak, UHT, aseptic)

Our pioneering innovation centers

In 2021, we launched the first of our innovation centers. Complementing the work of our multiple local networks of application laboratories, Azelis' innovation centers are equipped with advanced testing capabilities and will serve entire regions.

After opening our first innovation center in Mexico City in 2021, serving all of the Americas in Rubber & Plastics Additives and Mexico in four more market segments, we will establish a center in Singapore serving Asia Pacific in Food & Nutrition and another in the US serving the Americas CASE markets in 2022.

We believe this global and highly accessible network of physical and digital labs is at the forefront in our industry. By making our platforms available to our stakeholders, we are helping our customers and principals respond to growing demand for more sustainable solutions and develop new products and ingredients. Our customer portals make information about thousands of ingredients from a vast number of principals available to customers. Azelis helps

customers develop formulations that perform, using the right products from multiple principals together.

Across all the industries that we serve, sustainability is an increasingly important market trend for our customers. We are proud to support our principals and customers in improving existing formulations and developing more sustainable formulations. Together, we are responding to the urgent demands of the world today and helping to steer the chemicals industry toward a more sustainable future.

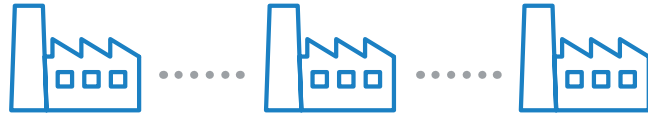
Launched in July 2021, the Azelis state-of-the-art innovation center in Mexico City will be home to five different application laboratories for Food & Nutrition, Pharma & Healthcare, Personal Care, CASE, and Rubber & Plastic Additives. Pictured, Oscar Sánchez, Andrea Castellanos, Claudia Barrera, Valentin Medina, Axel Flores



The advanced capabilities of the R&PA lab will serve all of the Americas.

Innovation through formulation

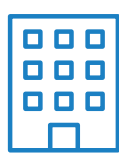
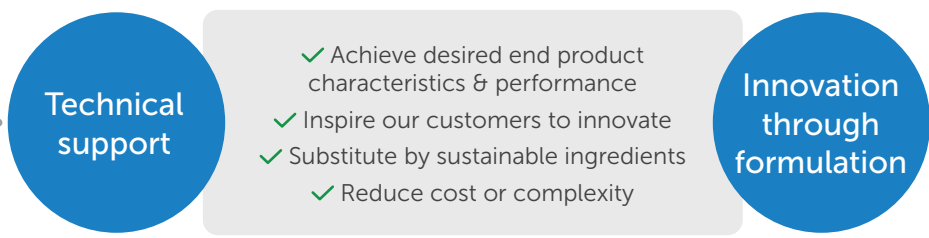
Combining products from multiple principals...



... Azelis leverages its labs to create and enhance both new and existing formulations...



... to support customers throughout the product development process until commercial launch.



Products and formulations to our customers

Identifying sustainable products in our portfolio



Via a multi-channel approach we promote a growing range of sustainable products offered to the market by our world-leading principals. Azelis provides key product information to our customers, including sharing the latest assessments from our principals about the sustainability characteristics of each product and formulation.

We monitor our progress in sustainable products through a KPI that measures the number of sustainable products in our portfolio.

During 2021, and in cooperation with our principals, we identified the first set of sustainable products in our portfolio. A product is marked as sustainable in our systems when a certificate linked to sustainability (RSPO, Cosmos, Bio, Organic, etc.), a company statement (ISO 16128 natural ingredients, etc.) or any other company document that substantiates the sustainable claim, is shared with us by our business partners. A due diligence documentation check is carried out by our Group SHEQ support center.

As a result of these efforts, in 2021 we were able to establish a sustainable product baseline. Using this baseline, we will determine our sustainable product development objectives for 2025.

Furthermore, we are closely monitoring regulatory developments at EU level and in particular the discussions around the concept of safe-and-sustainable by design for chemicals, materials and products. This is part of the Chemical Sustainability Strategy of the European Commission. We are preparing our processes and systems for future criteria and we have initiated an impact assessment.

Our impact on sustainability extends well beyond our core business of creating new formulations from sustainable ingredients. For example, by improving the performance of reflective coatings for the roofs of buildings, we help end-users of our formulations reduce their energy consumption and greenhouse gas emissions. In the future we aim to disclose new data and indicators that will help us record such contributions to sustainability.

Customer collaboration through our digital platforms

Digitalization is a vital pillar in our strategy for the creation of sustainable value and for innovation through formulation. To make our customers aware of the sustainable attributes of innovative products from our principals, we have developed customer portals and digital e-Labs. These digital platforms help our customers become inspired by new opportunities to create value and provide easy access to high quality technical information on products and formulations. They make it easy to reach our technical experts, all with the goal to create value and reduce innovation time to market.

We use these platforms to showcase the latest developments in sustainability, highlight product portfolios, provide complete regulatory information and certifications, and offer samples to our customers.

Wherever possible, we aim to help our customers choose more sustainable alternatives by sharing the sustainability assessments of our principals and by using the more sustainable products as we develop new formulations.

Specialist e-Labs to create unique formulations in real-time

Azelis e-Labs offer our customers a one-of-a-kind digital experience that helps them create and adapt formulations online. Azelis e-Labs provide our customers with instant inspiration and facilitate new ways of collaboration by providing access to our technical experts globally. This supports our customers in their product development throughout the product life cycle.

We continue to roll out the customer portals and e-Labs around the world. Following the initial rollouts in Personal Care and Food & Nutrition, in 2022 we will launch new e-Labs tailored to the needs of customers in new market segments.

Sustainability is one of the most important drivers of new growth and new trends in all segments of the markets that we serve. Thanks to our e-Labs and our customer portals, at Azelis we make sure that principals and customers can respond to these trends, capture new growth opportunities and make steady progress in sustainability.

50

customer portals

in Agricultural & Environmental Solutions, Food & Nutrition, Home Care & Industrial Cleaning, Personal Care and Pharma & Healthcare

10

e-Labs

in the Personal Care and Food & Nutrition segments

Azelis in action

Vegan innovation

The hybrid meat and meat replacement market is one of the fastest growing parts of our Food & Nutrition business. Azelis Nordics has developed an innovative product portfolio that responds to the rapidly changing needs of this market.

We formed a small team which developed a new concept of ambient vegan ready meals based on well-known recipes such as chili con carne, bolognese sauce and lasagna. In total, we invented five different dishes for retailers and the brands were immediately listed in one of the retailer's stores.

As a result, we created an entirely new category in food retail: ambient vegan ready meals for busy families and young people who want to reduce their consumption of meat.

Switching our packaging in the smoke flavors factory

At our smoke production plant in Denmark, which is one of the few facilities in the world producing highly concentrated smoke flavors for food applications, we have worked with our packaging supplier to save costs and reduce our impact on the environment.

Instead of using unwieldy plastic buckets for transporting the ingredients for producing our smoke flavors, we have switched to a combination of cardboard and plastic packaging. This allows us to put a greater volume of products on a pallet, saving on transport costs, cutting expenses by c. 50% and reducing our environmental footprint.



Innovating with our cosmetics customers

Personal Care consumers are becoming more conscious about the ingredients in their products. They want to know about the safety of the ingredients and are looking for ways to limit their impact on the environment. In turn, retailers are setting their own standards for products to win their seal of approval. Azelis' customers are making personal care products that meet the retailers' standards along with other sustainability claims.

In this evolving market, the US Care Lab team created a set of simple and easy to make formulations to help our customers respond to these demands. Each formulation contains 15 or fewer ingredients, which makes them easily customizable. The Azelis team worked closely with our principals and focused the selection of ingredients on natural and responsibly sourced materials. The prototype formulations were presented to customers along with a presentation highlighting the sustainability claims and retailer standards for each formulation.

These prototype formulations provided a launching point for customers to develop formulations that respond to the changing demands of cosmetics consumers today. They highlight the ability of Azelis Care labs to assist them with their formulations.

"The collaborative process of working with a customer to launch new products is all part and parcel of the Azelis promise of innovation through formulation. Our goal is wherever possible to deliver the added value of new product development or reformulation."

Ali Witwit, Vice President of Innovation and Product Development, Azelis Americas Personal Care



A natural skin lotion in China

In China, our Personal Care team developed an emulsifier combination from natural sources for use in skin lotions produced by the cosmetics industry. While most emulsifiers are manufactured using synthetic chemical components, consumers are increasingly requesting skin lotions that contain natural ingredients.

Our China team demonstrated that an all-natural mixture of xanthan gum, pectin and carrageenan worked well as an emulsifier. These ingredients are certified by Ecocert and Cosmos. No polyethylene glycol (PEG) was used. Azelis also used only natural oils such as nigella sativa seed oil for the anti-aging and anti-microbial properties of this stable, sustainable and natural lotion.

Raising awareness of sustainability in the UK

In the UK, our Personal Care team has been developing new ways of communicating with their customer base on the topic of sustainability.

In January 2021, a customer webinar was organized with presentations by speakers from Azelis, our principals and external consultants. The event focused on issues such as eco-design and traceability, green preservation challenges and techniques, bio-fermentation and how brands can achieve authentic sustainability.

The team had two key goals: to demonstrate sustainable products within the portfolio and to assist customers in meeting their sustainability goals. A large number of industry experts from more than 30 companies attended the webinar.

Water-free cosmetics in Italy

Demand for formulations that contain either less water or no water is rising steadily as sustainable cosmetics enter the mainstream.

Azelis Italy has created several solid formulations that have a reduced water content or are even water-free. These formulations are used to demonstrate how such novel application formats can be obtained, and they serve as an inspiration and starting point for our customers to help reduce their time to market.

One of the solid formulation concepts is in the form of a tablet, with which 30g of solid tablet can be dissolved into 70g of water to create an attractive shampoo of medium viscosity. All important and relevant parameters, such as the preservative level and the pH value of the formulation, are pre-calibrated through the tablet and the right dosage of water. This formulation also minimizes the volumes of plastic waste since consumers can dissolve the product in water in a recyclable bottle.

These inspiring formulations from Azelis are just as effective and cost-efficient as standard cosmetics, while respecting the environment and reducing waste.



A sustainable concealer stick

By using Cosmos-certified pigments such as titanium oxide and iron oxides, our Personal Care team in China has been able to develop a sustainable concealer stick that uses no water, talcum powder or parabens.

The anhydrous make-up product developed by the team disperses well, with a high level of oil flexibility plus all the stability needed. Our colleagues modified the ratio of oils, pigments and waxes and tested a wide range of sensory modifiers. They created a truly sustainable concealer stick that has all the stability and moisturizing capability of conventional products.

CASE

A smart solution for roofing

The liquid applied roofing industry, which is responsible for waterproofing roofs, is keen to increase its addressable market by expanding into solutions for repairing existing roofs and not just carrying out new roof installations. Our new multi-purpose primer makes it easier for contractors to apply energy-saving reflective white top coatings as waterproofing on old roofs and sloped roofs in warm regions. The reflective coating reduces the need for air conditioning and so contributes to energy conservation and reduced greenhouse gas emissions.

The new easy-to-use multi-purpose primer (MPP) will help the roofing industry overcome the technical challenges of achieving high levels of adhesion to membranes since it delivers an excellent adhesive performance over an unusually broad range of aged roofing materials, including the difficult material TPO. One other benefit of the Azelis' MPP solution is that it eliminates the need to remove old roofing material, so it significantly reduces the volume of waste that is sent to landfill.



“We work with customers and principals to demonstrate new opportunities to promote sustainability. Our know-how from our broad lateral value chain of products and suppliers enables us to develop sustainable products and solutions with our customers.”

Dr. Matthias Hofmann, EMEA Innovation Director and Managing Director DACH

Helping a Pharma & Healthcare customer eliminate harmful solvents

Our Pharma & Healthcare experts in India assisted a customer in replacing the environmentally harmful solvents dichloromethane and isopropyl alcohol with water in a coating process. The old process used these solvents to apply a polymer-based coating to a pharmaceutical product. The solvents would then evaporate from the polymer film. We recommended a different polymer that could be applied instead from water.

Initially, the customer was skeptical about this change because the new Azelis polymer cost more. However, with our encouragement, the customer was able to verify that this change actually brings two benefits. First, eliminating the two solvents reduces the customer's overall costs. Second, eliminating the solvents benefits the environment.

Animal Nutrition

Safer feed for animals

Staying ahead of the curve, the Azelis Animal Nutrition team is innovating to bring safer, more sustainable, antibiotic-free animal feed to their customers – even in countries where there is no legislation to restrict or ban the use of antibiotics in livestock and poultry feed.

Our team worked with customers to develop probiotic feed as a replacement for antibiotic use in preventing disease in the poultry industry. This means that antibiotics can be reserved for treating any cases of active disease. Our scientists are working alongside customers, nutritionists and consultants to ensure that the safest and most beneficial feeds are being used in these important roles.



Supporting sustainability with R&PA solutions

Our Rubber & Plastic Additives (R&PA) team helped a plastic additives customer replace a fossil fuel-derived wax with a bio-based, renewable and non-food-competing rice bran wax.

Our customer was approached by a plastic processing company that was having an issue with mold release while using a polylactic acid biopolymer, increasing the risk of surface defects, production line stops and slow cycle times. The alternative designed by Azelis solves the mold release problem and is more sustainable, thanks to a bio-based and renewable ingredient.

Home Care & Industrial Cleaning

Bio-based rice bran wax for homecare applications

In the UK, Azelis has developed a sustainable water-based emulsion of bio-based rice bran wax and entered into a collaboration with a third party which is experienced in the production of wax emulsions.

Our emulsion formulation has all the stability, physical characteristics and performance of conventional solid bran waxes. Rice bran wax is used in many different applications in the homecare and industrial cleaning market, including furniture, leather and car polishes. Unlike traditional solid, high-melting rice bran wax, our waterborne emulsion can be handled easily at room temperature in a liquid state. This enables customers to convert it to liquid car wax formulations, for example, without a need for heating equipment and so conserving energy. The wax does not compete with food uses as it is a byproduct of bran oil production.

Recognition of our award-winning products and innovation



Coup de Coeur award from the French Society of Cosmetology for our Time Dilution formulation – a water-free, natural-based cream cube



Ringier Technology Innovation Award for Food & Beverage in China for its ground-breaking hop-based beverage formulation

Focused on a sustainable supply chain

Our sustainable procurement policy

Our relationships with our principals are key to the Azelis strategy for creating sustainable value. We have a Sustainable Procurement policy that focuses on a wide range of key issues, including people, resources and the environment, and due diligence on conflict minerals. We assess our principals and suppliers against the standards that are established in the Sustainable Procurement policy.

[Click here to view our commitment to sustainable procurement.](#)

Continuous sustainability assessments of our suppliers

We have embedded sustainable sourcing into our sourcing procedures. When we select and onboard suppliers, sustainability is an important criterion in our decision-making.

As a member of Together for Sustainability® (TfS), we roll out TfS assessments and audits to evaluate our supply chain, develop closer relationships and improve the performance of our suppliers. The TfS framework helps us monitor the performance of selected suppliers in key areas such as the environment, labor practices and human rights.

Our due diligence procedure incorporates TfS (EcoVadis®) assessments and helps us to identify and prevent violations of human rights (workers' health and safety, working hours, freedom of association, child and forced labor, etc.) across our supplier's operations. In addition, EcoVadis® assesses the supplier's environmental certifications such as ISO 14001 and Responsible Care, which enables us to address environmental issues and risks in our supply chain.

In 2021 we continued assessing our suppliers on their sustainability policies and practices. Assessed suppliers covered 55.8% of our total annual 2021 revenue, excluding the revenue generated by the newly acquired entities in 2021. An assessed supplier is defined as a supplier that has been invited to an assessment by TfS partner EcoVadis® during 2021, has accepted our invitation and by the end of 2021 their scorecard has either been published or is under evaluation by EcoVadis®.

Results of the 2021 TfS campaign

In 2021 Azelis launched its second TfS assessment campaign of its suppliers. In total, we invited 240 suppliers to an EcoVadis® assessment. Of the invited suppliers, 68% accepted our invitation. This compares with 158 suppliers invited in 2020 and an acceptance rate of 65%.

In 2022 we are inviting those suppliers with low EcoVadis® assessment scores to participate in an on-site audit of the company's sustainability practices, to be carried out by an independent auditor.

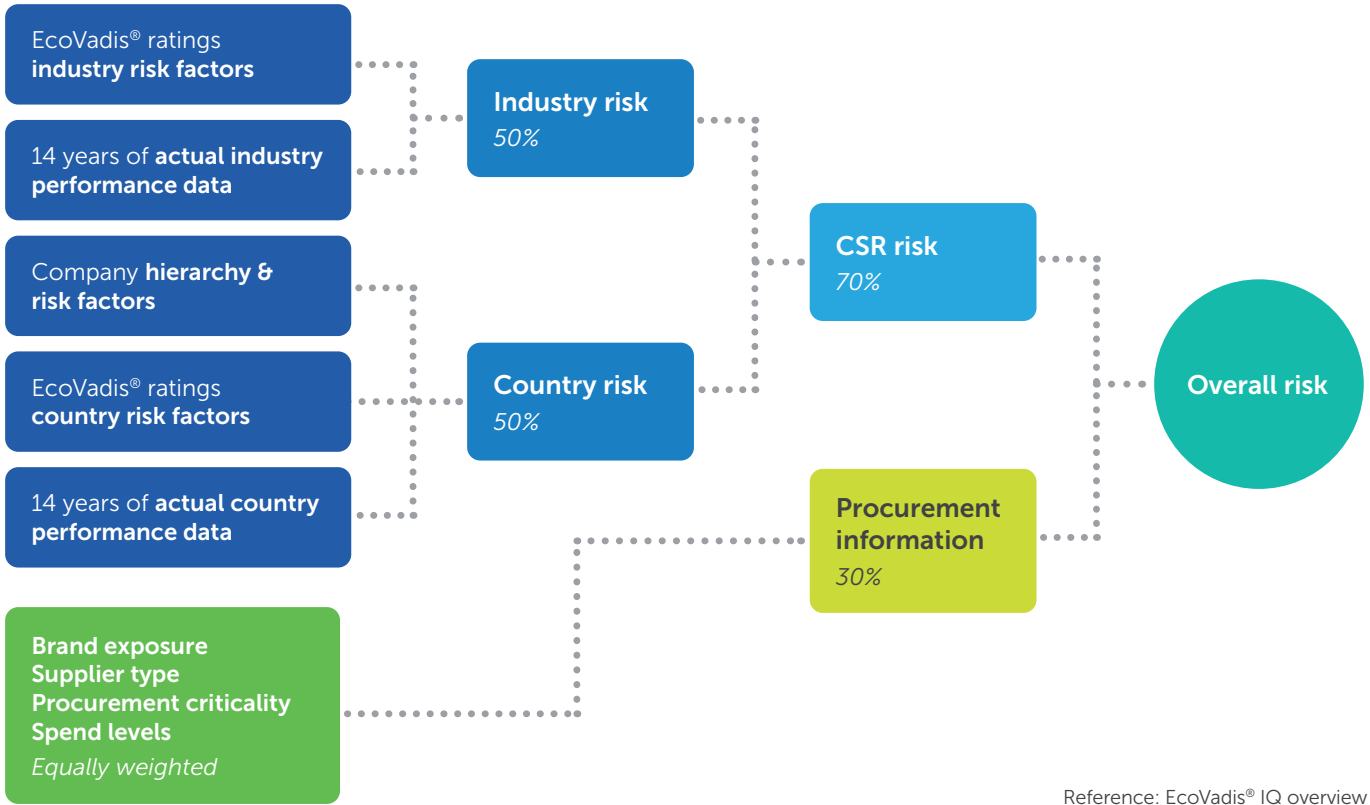
We have also deepened our partnership with EcoVadis® to improve our monitoring of the sustainability risks in our supply chain and to help prioritize which suppliers we assess or audit. This dashboard combines ESG risk with our own information from procurement to estimate a final overall risk for our suppliers.



55.8%
ESG assessed
turnover



Proactively assessing supply chain risk





A vital link in the sustainable palm oil supply chain


Azelis plays a key role in the global palm oil supply chain. While we do not produce palm oil or palm oil derivatives, we are involved in their distribution in both the life science and industrial chemicals markets.

As a responsible distributor we aim to source products with the lowest possible impact on the environment. By sourcing from sustainable plantations we help prevent the destruction of high-value conservation forests, particularly in South East Asia, to protect biodiversity and the livelihoods of local communities. Our Azelis Corporate Palm and Palm Kernel Oil Policy was approved by Azelis senior management in 2018.

[Click here to view the Policy.](#)

We are a member of the RSPO (Roundtable on Sustainable Palm Oil), a non-profit organization that develops global standards for sustainable palm oil through the supply chain to minimize the negative impact on the environment and communities in palm-oil production regions. Our RSPO membership now includes more than 40 entities with distribution licenses in EMEA, the Americas and Asia-Pacific, all committed to produce, source and/or use sustainable palm oil certified by the RSPO and with guaranteed traceability.

Our contribution to the UN SDGs

UN SDG		Products and Innovation	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives	
<p>3. Good health and well-being</p> <p>Ensure healthy lives and promote well-being for all at all ages.</p> 	<ul style="list-style-type: none"> In cooperation with our principals, we are identifying the products that contribute to sustainability, for instance by reducing their carbon footprint, and we are promoting safer chemicals. Innovation through formulation: developing sustainable solutions and formulations in our network of laboratories. 	<ul style="list-style-type: none"> Establish sustainable products development targets for 2025. Further align with our principals to obtain information on the carbon footprint of the products we distribute. Further develop local application laboratories in every region we serve to assist local customers in achieving suitable local formulations. Shift to the use of less hazardous chemicals in new formulations developed in Azelis laboratories. 	
<p>9. Industry, innovation and infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.</p> 	<ul style="list-style-type: none"> Azelis operates more than 60 application laboratories. The first innovation center opened in 2021 in Mexico. 	<ul style="list-style-type: none"> Continue growing its network of application laboratories, and additionally establish advanced Innovation Centers to further strengthen the ability to give conceptual guidance of innovation potential across Azelis' laboratories network. 	
<p>12. Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns.</p> 	<ul style="list-style-type: none"> Azelis group CSR and Sustainable Procurement policy establishes our commitment to respect the environment and natural resources. <i>Action 2025</i>, our sustainability strategy, reflects our commitment to reduce the impact on the environment of our operations. Due diligence procedures are in place through our membership of Together for Sustainability®, to evaluate our suppliers and their environmental practices. Product certifications are in place to ensure efficient use of natural resources and respect of biodiversity, such as those from the RSPO – the Roundtable on Sustainable Palm Oil. Azelis operates 18 Food & Nutrition Applications Laboratories in 17 countries to support local needs. By assisting many local producers of food formulations, including small producers, we help reduce waste associated with delays in shipping. 	<ul style="list-style-type: none"> Expand our baseline of assessed suppliers with the aim of reaching our goal of 80% of our total revenue coming from assessed suppliers by 2025. Further develop the offer of sustainable product certifications. Roll out plan for <i>Action 2025</i>, to make sure we achieve our targets by 2025. Increase the number of countries in which we operate Food & Nutrition Applications Laboratories. We will also establish at least one advanced Innovation Center to support this network of laboratories. Establish sustainable product development targets for 2025 in alignment with our principals. 	

Products and Innovation

UN SDG	Products and Innovation	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
<p>12. Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns.</p> 	<ul style="list-style-type: none"> • Through our network of SHEQ experts we monitor the global conventions and international frameworks that affect product stewardship and the impact on the environment of our products. In addition, the reduction of waste and pollution forms part of our environmental commitments for 2025. • The Azelis application laboratories work with principals and customers to develop formulations with more sustainable ingredients. • <i>Action 2025</i>: target to reduce waste generation in our operations by 2025. • Alignment with our principals to obtain sustainability information relating to their products. 	<ul style="list-style-type: none"> • Increase the number of countries in which we operate application laboratories to support the needs of local customers. We will work with principals and customers to increase the use of sustainable chemicals in the formulations that our laboratories create. • Improve our waste management systems to reduce waste generation at our sites. • Develop innovative solutions that support the circular economy and reduce waste. • Further align with our principals to obtain sustainability information about their products, for instance GHG emissions that impact our Scope 3 emissions and those of our customers.
<p>13. Climate Change</p> <p>Take urgent action to combat climate change and its impacts.</p> 	<ul style="list-style-type: none"> • Azelis has developed for our customers many suggested starting point formulations for their products. These formulations help end-users to limit climate change and adapt to the effects of climate change. • Azelis helps smaller customers to be aware of the many ingredients and formulation technologies that our suppliers have developed and that Azelis has advanced. Often a formulation must be modified to be useful under local conditions in different countries. For this purpose Azelis has already established application laboratories in 28 different countries. 	<ul style="list-style-type: none"> • Increasingly promote the use of ingredients that our principals identify as sustainable. We will preferentially use these ingredients in lab formulations that we develop for our customers. • Increase communication with our customers regarding our ingredients and suggested formulations that can help to mitigate climate change. We will establish more customer portals and e-Labs so that customers can easily access this information. We are also improving communication within Azelis so that the know-how we develop in one country can be shared for the benefit of customers and end-users in other countries.
<p>17. Partnerships for the goals</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</p> 	<ul style="list-style-type: none"> • We have developed partnerships with principals, customers, and associations (e.g. Together for Sustainability®) for the implementation of sustainability in our businesses. • The 60+ Azelis application laboratories work in partnership with principals and customers to enable customers to produce useful and sustainable formulations by combining ingredients from many principals. • Rollout of Azelis customer portals and e-Labs to help our customers access high quality information on sustainable products and innovations, and get access to our technical experts globally. 	<ul style="list-style-type: none"> • Continue to develop and strengthen existing partnerships. • Continue to roll out our customer portals globally and scale up the rollout of our e-Labs in five different market segments globally.



Innovation
through
formulation

Governance

Compliance in action



Cristina Cao, Azelis Corporate,
and Carlo Ravera, Azelis Asia Pacific

Generating trust through sound governance

Azelis is committed to maintaining high standards of governance.

Becoming a listed company in 2021 made our commitment to high standards of governance all the more important as we took on new regulatory responsibilities. We seek to continuously strengthen our corporate governance practices and disclosure requirements, emphasizing transparency and promoting a culture of sustainable long-term value creation.

Governance is one of the four pillars of *Action 2025*. Our ambition is at all times to be fair in business practices and compliant with all laws and regulations, embedding trust and ethics into the foundation of our operations.

Key Performance Indicators and targets – Governance

GRI	Key Performance Indicator	2021	2020	Target 2025
419-1	Number of material breaches in laws and regulations*	0	0	0
205-3	% of employees trained in ethical and fair business practices**	98.9%	99.4%	100%
205-2	Number of material breaches of ethical and fair business practices***	0	1	0
413-1	% of sites with crisis management and business continuity plans in place	To be disclosed in our 2022 sustainability reporting	Not reported	100%

*In 2022, this target was further defined in terms of materiality and has been translated into the following KPI: Number of reported breaches of applicable laws and regulations in any country in which Azelis operates which resulted in a total aggregate liability, damage, loss, cost or expense of €500k or more.

**This target has been translated in 2022 into the following KPI: Number of directors, officers and employees who have been invited to and have completed the annual knowledge review on the Azelis Code of Conduct and ethical business behavior.

***In 2022 this target has been translated into the following underlying KPI: Number of breaches of policies and procedures related to Azelis' ethics and fair business practices, which have been reported within Azelis' "Case Management System" and resulted in disciplinary action by Azelis against the relevant director, officer, employee or consultant. For the purpose of the aforesaid KPI, "disciplinary action" includes among other things a formal warning letter and suspension or termination of a mandate or employment or service relationship and/or termination of a mandate, employment or service contract (for cause or otherwise).



"Azelis has continuously invested in resources and tools and created a culture that aims to ensure compliance with a fast-changing regulatory environment. The investments we have made in the area of compliance provide us with a significant competitive advantage. Azelis has an unwavering commitment to meet high standards of ethics and governance and to extend these standards throughout our value chain."

Gerrit De Vos, Group General Counsel and Chief Compliance Officer

Our main risks

Azelis is committed to acting in full compliance with applicable laws and regulations and fair business practices. We have identified the following main risks associated with this commitment:

Rapidly growing regulatory framework

As a newly listed and fast expanding company (both organically and through M&A), Azelis must comply with a new and fast-changing series of regulations, ranging from disclosure requirements and market abuse regulations to export controls and sanctions.

Mitigation: We closely monitor regulatory changes in all material areas of our business and operations. Azelis ensures that it strives to remain fully compliant with a very rapidly changing regulatory environment and invests in the necessary internal resources and tools. We are working closely with a strong panel of both local and international law firms to help us navigate the changed regulatory landscape we face as a publicly traded company.

Non-compliance with ethics and compliance policies

Azelis is growing rapidly and closed a record number of acquisitions in 2021. These business expansions, some of which are located in countries which are particularly vulnerable to malpractices, have increased our exposure to the risk of unethical behavior and non-compliance with our policies.

Mitigation: We have developed a well-tested governance framework for internal control and compliance which involves many separate functions within Azelis. Regional compliance counsels, group compliance and our internal audit department all strive to ensure full compliance with our ethical policies.

In 2021, we increased our screening capabilities of business partners, developed a new internal control assessment tool, added a range of corporate compliance controls and intensified our monitoring efforts. We also brought in a new regional legal counsel dedicated to at-risk regions. As our principals expand into new markets, our robust compliance framework is a source of significant competitive advantage for Azelis, which allows us to operate in a sustainable way to our mutual benefit.

Increased exposure to bribery and fraud

We are expanding into new jurisdictions where the risk of fraud and bribery is higher than in more developed markets.

Mitigation: To prevent malpractice we have carried out a wide range of actions, including publishing a dedicated anti-bribery and fraud prevention policy and organizing regular in-depth trainings for all staff. Whenever we acquire a business, we make sure that our ethical values and policies are a focus point in the integration process, translating all key policies into the local languages and training new employees in this topic.

Cybersecurity threats

In recent years, businesses around the world have become more exposed to cybersecurity threats. These can result in systems failure and business interruption as well as in the loss of data and unauthorized access to confidential and sensitive information.

Mitigation: Azelis maintains a group-wide cybersecurity program. We have a dedicated organization in place to manage cybersecurity threats headed by our Group Information Security & Compliance Officer. We have installed the necessary systems and infrastructure to protect against such risks.

Inadequate crisis management and business continuity planning

We rely on extended supply chains and on a large number of sites needed to operate our global business. This exposes us to the risk of business interruption caused by a number of external factors beyond our control (e.g. natural disasters, pandemics and armed conflicts).

Mitigation: Crisis management and business continuity are one of the priority targets and KPIs of *Action 2025*. We are preparing to roll out a group-wide program to implement crisis management and business continuity planning at all Azelis sites by 2025. Working closely with our insurance broker, our risk management department and local management teams, we will develop business continuity plans for all our different categories of sites.

The Azelis Code of Conduct – our cornerstone

Our Code of Conduct embodies the way we act at Azelis. It outlines the behaviors that form our business practices and guide our relations with colleagues, shareholders, customers, principals, suppliers and communities across the globe as well as with governments and the environment.




Our Code of Conduct opens up new opportunities to Azelis with blue-chip principals that share our commitment to compliance, giving us a competitive advantage, particularly in jurisdictions around the world where a robust compliance framework cannot be taken for granted.

Published in 2010 and updated regularly, the Code of Conduct forms a core part of our mandatory training in business ethics and has been made available in 23 different languages. This ensures that employees in new jurisdictions fully understand our values and ethical principles. As we expand around the world, our commitment to ethics and compliance is non-negotiable.

A series of ethics policies complement the Code of Conduct. These cover topics such as anti-bribery and fraud prevention, export control, data protection, antitrust and a set of internal rules of procedure.

In addition, a separate whistleblowing or SpeakUp! Policy was launched in 2020, which provides clear guidance on how to report any malpractice, including a third-party operated SpeakUp! Line. The most recent addition was our policy on dawn raids, published in early 2022. For more information, please see page 82.

Every year, as part of our comprehensive compliance program, we run a rigorous review of one or more of these policies to determine that they are fit for purpose. In 2021 we ran a wide-ranging fitness check of our data protection policy. During 2022 we will examine other policies, including those related to anti-bribery and export control, and conduct an extensive review of our internal rules of procedure.

 **[Click here to consult the full Code of Conduct.](#)**

Azelis in action

Our mandatory annual ethics review for employees

Training at Azelis is key to maintaining a culture of compliance. In 2021 we organized our sixth mandatory annual review to test and refresh our employees' knowledge of our ethical principles.

As part of this review, we require our colleagues to respond to a series of ten different compliance scenarios that cover a wide range of issues set out in our Code of Conduct and ancillary policies. In 2021, 98.9% of employees completed this comprehensive online test. This includes employees from our newly acquired businesses.

In 2022 we are adding new capabilities to Workday®, our HCM system. This will enable us to design focused compliance training for each area of our company and monitor what training each colleague has completed. We intend to continue to create specialized compliance programs for each category of employee to ensure our directors, officers and employees receive appropriate and regular training on ethical business behavior. For example, we will be able to design training sessions in competition law for those categories of employee who deal regularly with our customers and principals.



"The annual online knowledge review on our Code of Conduct and ethical business behavior is a very helpful and effective way of refreshing my understanding of the key compliance policies and ethical principles that Azelis stands for."

Miguel Angel Sandoval, Technical Sales Representative CASE – Azelis Mexico



2,714 employees completed the online knowledge review of ethics and compliance in 2021



98.9% of people trained in ethical and fair business practices

Meeting new responsibilities following our IPO

Following the listing of its shares on Euronext Brussels in September 2021, Azelis has become a publicly traded company. The listing has triggered a duty of compliance with regulatory rules and obligations which are new for Azelis.

On the foundations of a robust framework of corporate governance and compliance, we have risen to the challenge of going public. We have enhanced our governance systems to reflect new requirements in areas such as disclosure, transparency and market abuse.

Working in partnership with our legal advisors, we are complying with a significantly more complex regulatory burden. Additionally, new internal resources with relevant experience are being hired to give us the capacity to navigate the new compliance landscape that we face as a listed company.

As well as providing us with new financial resources, new shareholders and new opportunities to grow and create value, our listing has reshaped our relations with our stakeholders and has taken our governance system to the next level.

Monetary contributions policy

Azelis does not make any direct or indirect contributions to political parties, organizations or individuals engaged in politics. We only permit charitable contributions and sponsorships when internal information and approval requirements are respected and once due diligence about the charitable cause or sponsorship in question has been followed.

Fighting fraud and corruption

Our Action 2025 sustainability strategy highlights our dedication to combatting and preventing any form of fraud, bribery and other forms of corruption.

This focus has become especially important to Azelis as we expand our global presence by M&A and organic growth. Our due diligence and post-merger integration processes include a major focus on combatting fraud and corruption. By translating all key compliance policies and procedures into local languages and training employees of newly acquired businesses in our ethical standards, we make sure that they fully understand our principles and commitments.

In 2015, within the framework of the Code of Conduct, we launched an anti-bribery and fraud prevention policy which focuses on the following key topics:

- How to respond to and deal with a request for a bribe or facilitation payment
- Performance of due diligence on associated persons (agents, service providers, etc.)
- Restrictions on receiving and giving of gifts and hospitality
- Prohibition of political contributions and approval of charitable contributions and sponsorships

The policy is supported by a dedicated training program. For all new joiners, training in this policy is an integral part of their induction process.

Stronger screening measures for uncertain times

At a time of increased sanctions and measures designed to target parties of concern, Azelis has intensified its capacities for implementing export controls and screening third parties. This has become even more relevant with the recent armed conflict in Ukraine, which triggered increased sanctions regimes across the globe.

We are continuously investing in increasing our internal resources and acquiring the right tools to respond to these challenging developments in the regulatory environment. Azelis' solution for screening third parties – which is linked to our ERP system – automatically allows us to screen not only our (potential) partners but also their management and beneficial owners as well as politically exposed persons (PEPs). We completed a fitness review of our higher screening standards in 2021. A further increase of our third-party screening capabilities – for example on negative media attention – is anticipated at the beginning of 2023. This will coincide with an overall system upgrade of our current third-party screening tool.



“With our strengthened screening capabilities we are able to provide assurance to our customers and principals that Azelis complies with complex and rapidly changing international trade control regulations.”

**Christophe Verstappen, General Counsel,
Asia Pacific**

Governance of compliance

Intensifying our monitoring of compliance

In 2021, we enhanced Azelis' compliance framework by moving to a new customized governance risk and compliance platform. This helped us improve our internal processes from planning and assessments to reporting.

After more than a decade of developing a robust compliance program we now have a full set of policies and training actions in place. Our compliance and internal audit teams are working even closer together to monitor adherence to our compliance program and we intend to dedicate more resources to identify areas where we may improve our policies and tighten our program.

The Chief Compliance Officer manages our corporate compliance program at group level. In all the jurisdictions where we operate, regional legal counsels support the implementation of business ethics initiatives and help monitor compliance with the Code of Conduct and its ancillary policies. Group and local HR teams also share responsibility with the Compliance department for ensuring compliance with our Code of Conduct and ethical business principles.

This framework includes a structured monitoring and internal audit function. The internal auditor focuses on auditing compliance with Azelis' compliance policies and procedures, including the Code of Conduct and the anti-bribery and fraud prevention policy. The internal audit department oversees the controlled self-assessment process by management and in 2021 increased corporate controls across the group.

Azelis in action

New faces in compliance

We are expanding our legal and compliance capacity in regions where Azelis is growing fast.

In 2021, we welcomed Kelly Zhang as a new regional legal counsel for Asia Pacific. At the beginning of 2022, Jennifer Abi Abdallah was appointed as a dedicated regional legal counsel for the Middle East and Africa region. These new hires will help increase our control of compliance with ethical policies and regulations in regions of high strategic importance for Azelis.



SpeakUp! line for whistleblowers

Our SpeakUp! Policy aims to ensure a safe working environment for all our employees and to drive a culture in which all colleagues act with honesty, integrity and mutual respect. Launched in April 2020, the policy includes a mechanism for reporting alleged violations of our ethical principles.

As part of this policy, we have also installed a whistleblowing solution, the Azelis SpeakUp! Line, for anyone at Azelis who wants to report an alleged malpractice when other reporting channels are unsuitable. The SpeakUp! Line is also available for our partners and other stakeholders who want to report a malpractice contrary to the Azelis group's ethical values.

The solution, which is hosted by a third-party, facilitates the anonymous and secure exchange of information between whistleblowers and trusted company professionals within Azelis. Anonymous reporting can be carried out using the internet or phone, at any time, and in the native language of the person reporting the alleged malpractice.

In 2021, we received one report through the SpeakUp! Line which related to an alleged unfair dismissal in France. Following an investigation, the report was determined to be without merit and the matter was closed without any further action.

We intend to report as an additional KPI for 2022 on the "Number of reports received through the SpeakUp! Line". The sustainability report for 2022 will report this KPI and will include an overview setting out the type, status and actions taken for each case.

Protecting the continuity of our operations

Our business relies on extended supply chains and on offices, warehouses, manufacturing facilities and laboratories spread around the world. Since we are exposed to the risk of business interruption caused by various external factors, such as pandemics, natural disasters and armed conflicts, business continuity is a strategic priority of *Action 2025*.

Action 2025 commits us to implementing effective crisis management and business continuity plans at all our sites. This will allow us to avoid major disruptions to our operations in the event of the risk of business interruption materializing.

In compliance with this target, we are currently working closely with our insurance broker and with regional managers to develop effective, local crisis management and business continuity plans for all our sites. We believe that a successful business continuity plan will require strong interaction between corporate and local management. In a first phase we intend to develop boilerplate plans for several categories of sites. These templates will subsequently serve as a basis for regional and local management to develop business continuity and crisis management plans that reflect local circumstances, operational conditions and other requirements.

Our rules for dawn raids

Enforcement authorities have the power to carry out unannounced on-site inspections to investigate possible infringements of laws and regulations.

Because these inspections tend to happen in the morning, they are often referred to as “dawn raids”. They are usually organized by authorities in the areas of competition, tax, labor, environmental or data protection regulations. They are conducted with a warrant to search a company’s premises, inspect its books and examine data stored digitally.

In 2021, Azelis published a policy specifically aimed at providing guidance to Azelis’ employees who might be confronted with a dawn raid. Azelis is committed to fully cooperating with any competent authority in their investigations while at the same time preserving its genuine interests. Our dawn raid policy includes a set of golden rules for employees to follow in the event of a surprise investigation, which include the strict requirement of Azelis’ employees to fully cooperate with the competent authorities.

We have accompanied the publication of the dawn raid policy with in-depth training for employees who may be affected.

A worldwide information security baseline with ISO 27001

As businesses become more exposed to cyber threats, managing cybersecurity risks and data protection is a key priority for Azelis. We run a group-wide cybersecurity program, Security@Azelis, designed to protect the confidentiality, integrity and availability of all our data and IT systems. The program focuses on four areas of action:



The core mission of Security@Azelis is to support our growth ambitions and ensure a safe digital transformation journey. In 2021 Azelis obtained the ISO 27001 certificate, setting a strong worldwide information security baseline. The certificate demonstrates that we are effective in protecting our data, minimizing risk exposure and fostering a culture of information security. The certificate also acts as a business enabler and generates a competitive advantage, as it helps Azelis gain credibility with customers, shareholders, principals and other business partners.

Azelis has adopted a multi-layered approach against cybersecurity threats. These include the use of cloud-based systems, managed detection and response systems and 24/7 services, secure software-defined networks and services, multiple server locations, advanced threat protection, the implementation of cybersecurity policies and the appointment of a dedicated Group Information Security & Compliance Officer.

Covid-19 has been a catalyst for digital transformation. As part of this journey, and fully aligned with the Security@Azelis program, we have drawn up a roadmap for replacing our on-premises infrastructure with secured-by-design cloud alternatives, with priority being given to cloud systems powered by renewable energy. By the end of 2022, Azelis will be a fully cloud-enabled enterprise which not only increases cybersecurity but is also 93% more energy-efficient and 98% more carbon-efficient than on-premises solutions.

Azelis in action



Giving back to our communities

Wherever Azelis is present, our colleagues play a vital role in their local communities. We are strong believers in giving back to the communities where we operate, whether raising funds to research diseases, organizing charitable sports competitions, or being actively involved in building schools and playgrounds in developing countries.

Employees from all levels of our company throughout the world work together on charitable projects across a broad range of areas, often teaming up with our major principals or customers to increase the impact of charitable initiatives. Taking action together is an important part of Azelis' culture of empowerment and responsibility.

Here is a small selection of some of the charitable initiatives we were involved in during 2021.

Improving school facilities in Vietnam

In Vietnam, we partner regularly with one of our key principals BASF to provide local school children with a better learning environment and a higher quality of life. Whether renovating classrooms at a kindergarten in Dong Nai or repairing playgrounds at primary schools in Hau Giang and An Giang, we are working together to make a real difference to local communities and improve access to education for Vietnamese children.

Our contribution in Vietnam goes much further than providing financial assistance. Working alongside our BASF colleagues, Azelis employees have participated actively in painting and constructing these classrooms and playgrounds. For all those involved, the day's work may be demanding but it is also extremely fulfilling, with incredible results for children in local communities across Vietnam.

Helping families in need

After two years of the pandemic, our colleagues at our new acquisition Vigon in the USA were eager to help give back to families in need. In 2021, employees raised welcome funds for the Salvation Army Toys for Joy initiative that provides holiday gifts for families in need. The employee donations were matched by contributions from the leadership team. In total, the team raised more than \$7,000 for the charity.

Disaster relief in India and Turkey

When a village in India was devastated by floods and severe landslides, the Azelis India team sprang into action to contribute kits to help the affected villagers recover and keep them in good health. The kits included blankets, snacks and multivitamins. Azelis colleagues put the bundles together themselves and in total sent 100 kits to the affected villagers.

Azelis employees also helped out when Turkey was hit by major flooding in 2021. Members of the charity club purchased critical products and clothing. Family members of employees visited the villages in need to distribute these items and participate in the aid efforts in the flooded regions.

Raising funds through sport

Sporting competitions are a rewarding way of raising money for good causes wherever Azelis operates.

Members of the Azelis Personal Care team on the West Coast of the USA participated in a golf tournament to support the local Make a Wish Foundation. The charity raises funds for children with critical illnesses. Throughout the competition golfers and their supporters discovered different ways to donate at each hole on the course.

In Spain and in France, keen runners from Azelis joined charity races to raise funds for the fight against cancer. We have already confirmed our participation in the 2022 version of the Paris race, which contains two courses of 7 and 10 kilometers. All proceeds go to breast cancer research.

Our contribution to the UN Sustainable Development Goals

UN SDG	Governance	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
<p>11. Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient, and sustainable.</p> 	<ul style="list-style-type: none"> In 2021, Azelis contributed to local communities through a variety of charitable initiatives, making both monetary donations and donations in kind to the private non-profit sector as well as sponsorships. 	<ul style="list-style-type: none"> In 2022, our annual donation from Azelis' global charity fund "Because giving back matters" will be increased.
<p>16. Peace, justice and strong institutions Promote just, peaceful and inclusive societies.</p> 	<ul style="list-style-type: none"> In April 2020 we launched the SpeakUp! Policy and a third-party SpeakUp! Line as part of Azelis' anti-bribery and fraud prevention program. In 2022 we launched a dawn raid policy in order to make Azelis' compliance program even more robust. 	<ul style="list-style-type: none"> We will continue to further strengthen our training efforts throughout the group, with a special focus on those countries which are particularly vulnerable to corruption and bribery. Furthermore, we will perform a fitness check on some of our key compliance policies, such as the anti-bribery & fraud prevention policy as well as the export control policy.



Innovation
through
formulation

Environment

Protection in action



Protecting the environment, fighting climate change

As part of our mission to create sustainable and shared value, we are working with our supply chain and other partners to reduce Scope 3 emissions and support environmental best practices across the specialty chemicals sector.

Azelis is committed to continually reducing the environmental impact of our operations. Our material risks are associated with the impacts of climate change, pollution and waste disposal. Through our *Action 2025* sustainability program, we have established ambitious targets for reducing our carbon intensity (Scope 1 and Scope 2), decreasing waste and eliminating environmental accidents.

Key Performance Indicators and targets – Environment

GRI	KPI	2021	2020	Target 2025
305-4	Carbon emission intensity, Scopes 1 & 2 t CO ₂ (tCO ₂ e/€mn sales)	3.58* (B)	3.75	3.57
306-2	Total waste (hazardous + non hazardous) per employee (t/employee)	0.9	4.8	To be confirmed in 2022
307-1	# Environmental accidents	0	0	0

*This figure differs from the figure in the Azelis 2021 Annual Report for the reasons explained in the footnote on page 25.

(B) relates to KPIs on which PwC has provided ISAE 3000 limited assurance, see page 104 for our assurance report.



"Azelis is on a mission to be the world-leading distributor of sustainable products and services in our industry. We take pride in converting the sustainability aspirations of our principals and customers into innovative sustainable solutions. By pursuing our environmental priorities, we aspire to meet ambitious targets, raising our own standards and those of our partners."

Rahul Khanvilkar
Group SHEQ Support Center Manager



Our main risks

We have identified two environmental risks as material to Azelis considering both the expectations of our stakeholders and the impact on our business.

Impact of climate change

Climate change risks include those related to extreme weather events and natural disasters, as well as social transitions in response to climate change. The need to reduce carbon emissions and the global transition to green energy are leading to the implementation of stricter environmental regulations.

Mitigation: We are responding to these regulatory developments, evolving our market position and implementing new technologies to mitigate the risks of climate change for Azelis.

Our network of SHEQ experts monitors the impact of future stricter environmental regulations, supported by a third-party supplier which provides up-to-date information on current and future global legislation. These commitments are expressed in our global, regional and local SHE policies.

We have long been committed to Responsible Care® (RC) or Responsible Distribution® (RD) programs, voluntary initiatives from the global chemical industry for the continuous improvement of Health, Safety and Environment (HSE). We align our environmental

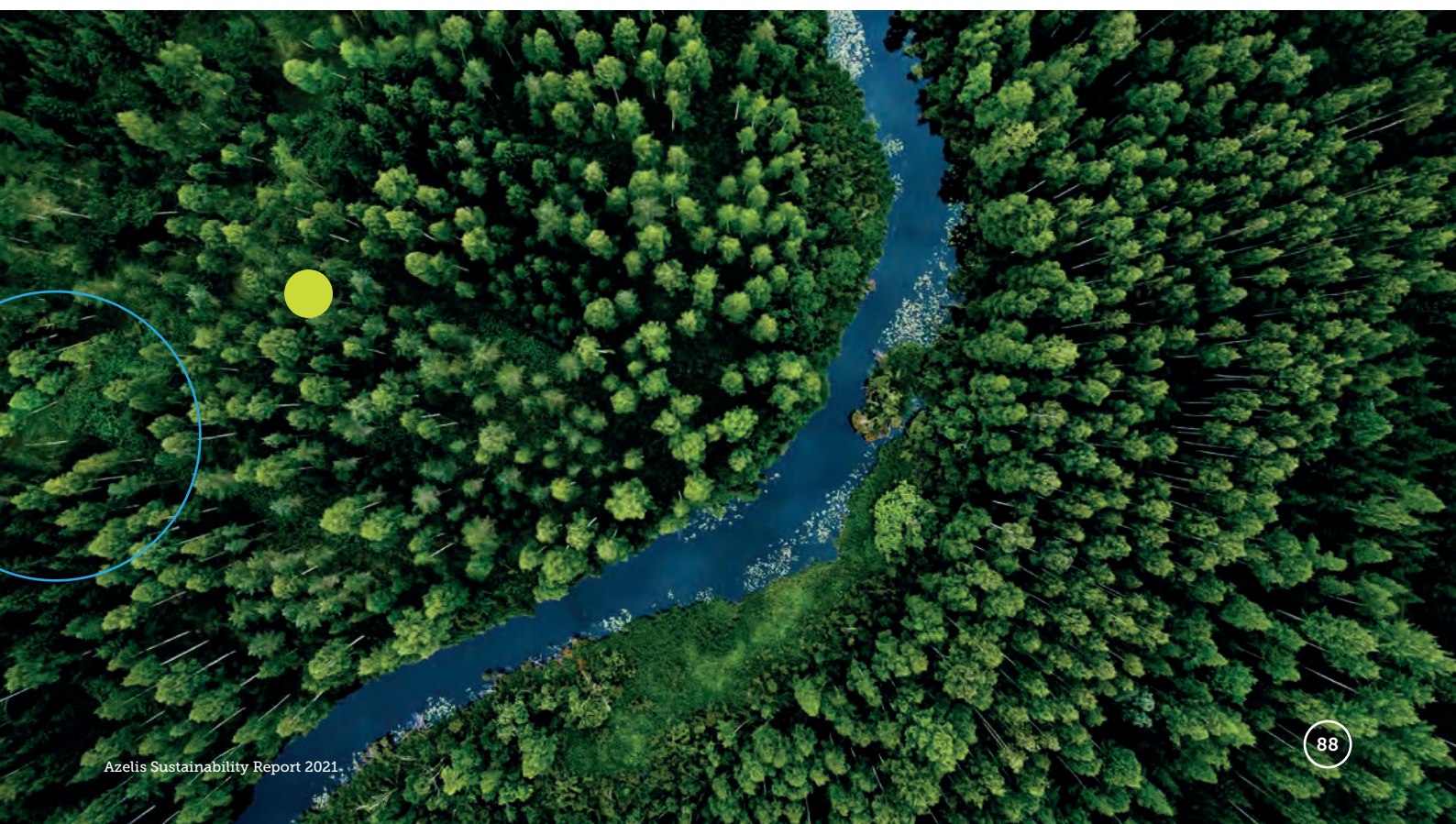
management strategy with the RC or RD programs sponsored by national associations to ensure that resources are used sustainably. Most of our entities are certified for RC or RD, except for those entities in countries where no chemical distributor association exists, and where there is no RC or RD program available for chemical distributors.

Among the steps taken to mitigate environmental risks, we are integrating climate risk into our decision-making and decarbonizing our own operations and our supply chain.

Pollution and disposal of waste

Given the nature of our operations and the waste that is generated throughout our value chain, pollution and waste disposal are key risks for Azelis.

Mitigation: We take preventive measures as well as ensure we have a water-tight methodology and rigorous reporting processes in place. Our *Action 2025* program addresses how we will achieve these ambitions. For more information, please see page 96.



Energy management and climate change

In 2021 we took firm steps towards our ambition to reduce our carbon emission intensity by 25% by 2025.

The first important step was to create an inventory of our greenhouse gas emissions and we are already implementing a series of actions to reduce them. Using the methodology in our inventory plan we are able to track our emissions, monitor our progress towards the targets of *Action 2025*, and follow a roadmap for reducing emissions.

The reporting scope for carbon intensity (Scope 1 and Scope 2) is global. The only exclusion is newly acquired entities which are integrated in the reporting 12 months after acquisition. The acquired company is not consolidated for non-financial reporting in the year of acquisition but is consolidated in the subsequent year. This does not apply to asset deals that are directly integrated in our ERP systems. 2020 M&A activity (Orkila – MEA, Cosbond – South-Korea, Orokia – Israel, B&J – China, Megafarma – Mexico, Zhaveri – India and Primaditha – Indonesia) has been integrated into the 2021 reporting exercise as

of January 2021. For more information, please see the Methodology section on page 108.

In 2021, we almost achieved our carbon intensity target for 2025. To ensure continuous improvement in this important area, in 2022 we will consider reviewing this target. Our target for 2030 is to reduce our carbon intensity by half compared to 2019, to 2.38 tCO₂e per €mn of sales.

Scopes 1 and 2 CO₂ emissions 2019-2021

In tCO ₂ e	2021	2020	2019
Scope 1	6661.4	5658.3	6465.7
Scope 2	2490.4	2683.0	3497.1
Scopes 1 + 2	9151.8	8341.3	9962.8

Note: figures for 2019 and 2020 have been restated based upon an internal validation process.

Revised emissions data for 2020 and 2019

As of Q2 2021 we have been monitoring our Scopes 1 and 2 emissions (which are largely under our operational control) on a monthly basis and our Scope 3 emissions (indirect emissions which relate to our upstream and downstream activities) every quarter. On an annual basis we report on the emissions related to purchased goods and services and the end-of-life treatment of sold products.

This new reporting process is in addition to our annual reporting and involves three layers of control (local contributor, local validator, and regional SHEQ)

before data is consolidated at group level. The revised methodology and processes for calculating our carbon emissions intensity ensure greater accuracy of data with fewer estimates and facilitate more frequent reporting.

As a result, we have recalculated our Scope 1 and Scope 2 carbon emissions for 2019 and 2020. Our baseline year of 2019 has been consequently adjusted but our targets for reducing our carbon emission intensity for 2025 and 2030 remain the same.

Key Performance Indicators and targets – Energy management and climate change

GRI	KPI	Unit	2021 intensity	2020 intensity	2019 intensity	Target 2025 (25% 2019)	Target 2030 (50% 2019)
305-4	Carbon emission intensity, Scopes 1 & 2 tCO ₂ e/€mn sales	tCO ₂ e/€mn	3.58 (B)	3.75	4.76	3.57	2.38

(B) relates to KPIs on which PwC has provided ISAE 3000 limited assurance, see page 104 for our assurance report.



Our renewable energy roadmap

Our strategy for minimizing our carbon emissions is based on reducing energy consumption by implementing energy efficiency measures, replacing conventional electricity consumption with renewable energy, and engaging with our business partners and suppliers to tackle Scope 3 emissions. We will also make strategic use of carbon offsets to balance and compensate for our residual greenhouse gas emissions.

In 2021, we made major progress in increasing our use of renewable energy, with a material impact on our emissions. In 2022 we will continue to move away from carbon-intensive energy and increase our consumption of low carbon energy sources.

Azelis in action

Energy efficiency investments in Germany

2021 saw a successful upgrading of the lighting systems of our offices and warehouse in Sankt Augustin, Germany. We also replaced halogen lights with LEDs, which consume less energy over their lifetime. We estimate this action will lead to electricity savings of around 20,000 kWh per year.

An energy audit of our facilities in Sankt Augustin in 2021 has identified further potential actions that we can take to optimize our energy consumption, such as reducing the gas consumption of our heating boiler in the warehouse.

We are also planning to install photovoltaic panels on the roof of our facilities in order to reduce our electricity consumption and become more self-sufficient in energy. The installation will take place in 2022-2023. We are currently analyzing the commercial proposals that we have received before proceeding with the implementation.

In addition, we will install new windows in the facility to reduce noise and reduce our energy consumption. We estimate that the windows will deliver potential energy savings of 2-3%. The windows will be installed in the second half of 2022.



Azelis in action

Keeping track of our carbon footprint

Most of our emissions are related to Scope 3 indirect emissions. We are increasing our engagement with principals and business partners to improve our understanding of the sources of these emissions and find ways to reduce them.

We measure and manage our greenhouse gas emissions in line with the Greenhouse Gas (GHG) Protocol global standard. An analysis of our Scope 3 emissions shows that the majority of emissions (80%) are in the following two categories of the GHG Protocol:

- 1 Purchased goods and services
- 12 End-of-life treatment of sold products

To a lesser extent, our emissions are also attributable to the following GHG Protocol categories:

- 4 Upstream transportation and distribution
- 9 Downstream transportation and distribution

With regard to these two categories, the regions are working on programs to minimize the overall GHG impact of outsourced transport activities.

CO₂ emissions

In tCO ₂ e	2021	2020
Total CO ₂ emissions Scope 3	3,351,856.16	3,034,182



A renewed focus on Scope 3

Through our membership of Together for Sustainability® (TfS), we are playing a proactive part in international efforts to measure and reduce the Scope 3 emissions of our industry.

We are a member of a TfS Scope 3 workstream that is dedicated to developing a methodology for calculating the carbon footprint of chemical products.

Currently, there is no harmonized and specific approach available to the chemical industry for calculating product carbon footprints (PCF). The TfS guidelines will allow chemical companies to calculate PCF and share this information with the supply chain. This will increase transparency across the supply chain and meet the expectations of stakeholders.

We have invited selected principals to test the TfS measurement methodology. We will share the findings with other members of the TfS community in 2022.

Supported by the 30+ chemical companies who are members of TfS, the TfS solution builds on existing standards and functions as a drop-in solution for popular services that measure carbon footprints.

Our Scope 3 emissions are derived mainly from the products we source. We are also working with logistics companies to reduce Scope 3 emissions from our transport activities. In addition, we are engaging with employees to find ways to reduce business travel and commuting, for example by implementing new rules for working from home (see page 48 for more information).

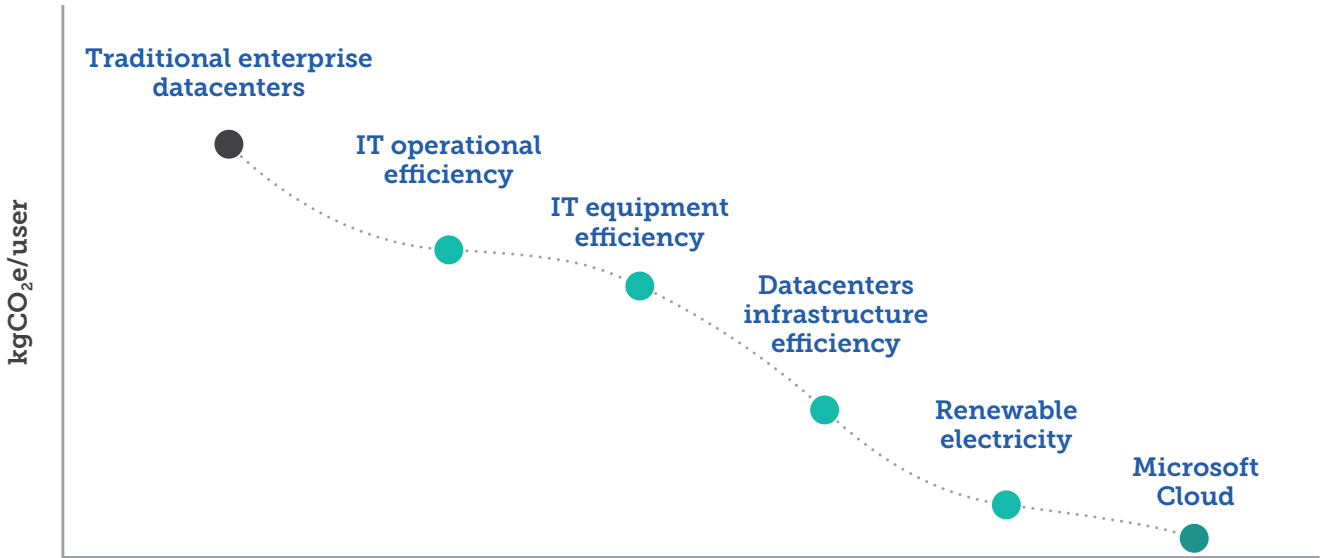
"TfS is, with its more than 30 member companies, taking the lead for the chemical industry and is developing a sector guideline of Scope 3 GHG emissions PCF calculation for chemical materials, which will be used as a drop-in solution for other initiatives."

Dr. Gabriele Unger, General Manager, Together for Sustainability®



Migrating towards a greener Cloud

The four features of the Microsoft Cloud that reduce environmental impact*



*kgCO₂e = kilograms of carbon dioxide equivalent

Source; The carbon benefits of cloud computing: A study on the Microsoft Cloud in partnership with WSP (Updated 2020)
<https://www.microsoft.com/en-us/download/details.aspx?id=56950>

Accelerating carbon progress through cloud migration

In 2018 we began migrating our IT landscape away from traditional data centers and on-premises servers and towards cloud-based infrastructure. Moving to cloud-enabled global platforms has enabled us to roll out leading innovations such as our customer portals, principal portals and e-Labs.

The migration to cloud also improves the energy efficiency of our digital activities. Our two main cloud providers are Microsoft Azure and Google Cloud. Thanks to their scale and flexibility, these global powerhouses achieve energy efficiency levels far beyond what we could reach with our own dedicated infrastructure.

For example, Google estimates that a Google data center is twice as energy efficient as a typical enterprise data center. Making the environmental case for cloud even more compelling, Microsoft has said that Azure will be powered 100% by renewable energy by 2025.

In 2021 we began using Azure's Virtual Wide Area Network (WAN) operations. With more than 160 Points of Presence worldwide, this high-speed global

Our investments in digitalization are turning Azelis into a truly connected enterprise. They are also helping to reduce the carbon footprint of our IT operations and supporting our ambitions for environmental sustainability in our industry.

backbone makes our communications faster and more powerful than ever before. Thanks to this 'any-to-any connectivity' cloud architecture and related services, we have simplified our environment. We can now integrate new companies faster, connect more securely and easily with third parties, and be more energy-efficient.

Nearly all our IT landscape is now cloud-enabled such as customer relationship management (CRM), product information management (PIM) and our portal platform. In 2022, we will complete the migration to the cloud infrastructure by upgrading our ERP system. The cloud infrastructure will help us develop new digital services while minimizing our carbon footprint.



Moving on-premises workloads to Microsoft Cloud can reduce your carbon footprint by up to **98%**

"Our journey towards becoming a cloud-native company is delivering clear benefits in terms of decarbonization and sustainability. It is a win-win for everyone."

Pepijn Karsmakers, Group IT Director

Pollution and the disposal of waste are a material environmental risk for Azelis. Waste management is one of the three priority areas for action in the environmental pillar of Action 2025.

New ambitions for waste management

We are implementing a robust strategy to improve our waste management policy and reduce the volume of non-recoverable waste from our operations. In 2021, we focused on consolidating the data that we collect on a regular basis from across our operations. Every month, we receive detailed information about the hazardous and non-hazardous waste generated in our offices, labs and operational sites.

As a result of our new reporting capabilities, we are able to detect trends and patterns in waste generation across Azelis and to develop waste reduction plans.

Establishing a waste reporting baseline

Using the data on hazardous and non-hazardous waste generated, we are developing a baseline for our waste generation footprint and we will implement a series of waste management targets to be achieved in the future. We will organize international workshops to develop this strategy. We intend to establish the reporting baseline, identify the sites that generate the most waste, agree on actions to reduce waste generation and/or increase recycling before establishing annual objectives and a target for 2025.

Even though a baseline and targets have not yet been established, we are striving to reduce the amount of waste that we generate in our operations and minimize the volumes of untreated waste sent to landfill.

In 2021, we reported a significant decrease in the volume of waste per employee, from 4.8 ton/employee to 0.9. We attribute this decrease to the improvement in our reporting methodology. In 2020, most of the reported data for waste management was based on estimates whereas in 2021 we had more real-world data and were able to make more accurate estimates.

In terms of pollution, our materiality assessment has concluded that our impact on biodiversity is moderate. Our operations are not located in biodiverse areas and do not pose a material risk to biodiversity.

Although our operations do not have a significant impact on biodiversity, we are committed to protecting biodiversity and helping to preserve the variety of life on Earth. In the value chain we encourage our stakeholders, such as principals, customers or employees, to respect biodiversity at all times. For example, we are increasing our sourcing of products from sustainable sources such as RSPO Palm Oil.

We are not a major consumer of water. While we have not identified water scarcity as a risk in our operations, we measure our consumption and monitor trends. According to our assessments, we do not have a significant impact on local ecosystems.

Our water consumption is reported in the Appendix section on page 123 (GRI indicators).

Azelis in action

Taking action on electronic waste in China

Azelis China has signed an electronic product waste disposal agreement with a major supplier of office equipment, to ensure that our waste electronic equipment is disposed of in an environmentally responsible way.

Once it comes to the end of its useful life, our equipment will be divided in terms of qualified and non-qualified equipment. Under the agreement qualified equipment can be resold, while non-qualified equipment will be disposed of in ways that are compliant with Chinese legislation and protect the environment.

Going paperless in our offices

Azelis companies around the world are reducing their consumption of paper in their offices and making significant savings in paper usage.

In China, we have implemented a new paperless payment process for operations in our shared services center for accounting. This new payment process has resulted in a saving of at least 600 pages of paper per month.

In the USA, our Azelis Environmental Solutions business has instituted a digital filing system to improve access to documentation and reduce paper use. As a result, all customer documents (such as invoices, purchase orders and shipping records) as well as principal documents are now saved in these shared folders and are no longer printed. This action has also reduced the shredding cost in this business unit and created other cost savings.

In our Benelux operations in Europe, after batch invoicing we no longer print sales invoices every day for auditing by tax authorities. We now store these invoices digitally on Sharepoint, resulting in significantly lower paper usage at our office in Merelbeke near Gent.

Protecting biodiversity

At our facilities in Sankt Augustin in Germany, we are transforming 3,000m² of our industrial site into a wildflower meadow to support biodiversity.

We intend to complete this project in 2022, partnering with a local gardening firm. We expect that the rewilding process will also enable us to offset some of our carbon emissions.

Meanwhile, our colleagues in the USA participated in a special initiative to collect trash to mark World Clean Up Day in September 2021. In wooded areas around our site in Oak Creek, Wisconsin, Azelis employees removed a total of 140 pounds (63 kg) of refuse, helping preserve the beauty of nature and protect the local environment.

Increasing our use of RSPO Palm Oil

Our Personal Care team in Canada has switched multiple products to using palm oil that is RSPO-certified using the Mass Balance (MB) supply chain model.

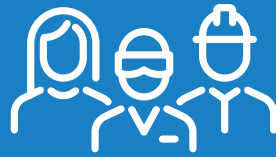
As a reflection of our commitment to using RSPO-certified sustainable palm oil, since 2020 we have switched a total volume of 30,908 kg and a total of 48 products to MB grades in Canada. For more information about our supply chain in this area, please see page 71 of the Products & Innovation section.

Key Performance Indicators and targets – Waste management & reduction of pollution

GRI	KPI	Unit	2021	2020	Target 2025
306-2	Total waste per employee	t/employee	0.9	4.8	To be agreed in 2022



2,561.4t
total waste



2,844 total
employees
(excl. M&A 2021)



Total waste
(t)/employee

Kim Braun, Azelis Germany



Eliminating environmental accidents

To ensure our continued excellence in this area, we have approved a new group policy for Safety, Health and the Environment (SHE). The policy is based on the International Chemical Trade Association’s (ICTA) 14 Safety Golden Rules. The Azelis CSR reporting protocol defines an environmental accident as follows: “An environmental accident is an event that may cause harm or potential harm to air, water, land, wildlife or local habitat. For instance, it could be: air pollution, black smoke, chemical spill, oil spill, fly tipping, waste issue, sewage leak, fire on chemical products etc.”

The new Azelis policy underscores our requirement for our employees to be mindful of the environment, to reduce the use of natural resources and to minimize waste generation. Employees must comply with all waste management requirements, including proper labeling, the disposal of hazardous waste, recycling/reuse programs and energy efficiency measures. In 2022 we will focus on implementation of the policy, which was approved by ExCom in early 2022.

The new SHE policy reiterates that:

- All sites should implement a waste management program in accordance with established procedures, instructions, and control measures.
- Chemical waste should be disposed of in compliance with local, national, or international law while ensuring that disposal sites have the correct licenses to carry out such operations.
- Energy savings and energy efficiency measures should be considered to reduce our impact on the environment and our carbon footprint (CO₂ emissions).



Action 2025 commits Azelis to reporting zero environment accidents. In 2021, as in 2020 and in recent years, we successfully complied with this objective.

Prepared for emergency responses

With strong policies and procedures at group and local level, an emergency response system, and Responsible Care® or Responsible Distribution® programs, we will do everything we can to maintain the number of environmental accidents at zero.

Globally, Azelis has appointed the National Chemical Emergency Centre (NCEC) as its first response emergency service provider. We use its Carechem 24 program to provide 24/7 coverage for any accidents involving Azelis products. Carechem 24 is a multilingual service which covers the languages of all the areas where Azelis has an office. It provides a range of contact numbers which can be used depending on the country or region. Azelis includes these numbers in all our own branded safety data sheets. When the NCEC is contacted by an external party, it provides Azelis with an incident report detailing the nature of the issue and the actions taken to resolve it.

Azelis is a global company with more than 100 offices in 57 countries across three geographic regions. Preparation for emergencies within our offices reflects local circumstances, while remaining in full compliance with guidelines defined at group level.

Key Performance Indicators and targets – Environmental accidents

GRI	KPI	2020	2021	Target 2025
307-1	# environmental accidents in owned warehouses	0	0	0
307-1	# environmental accidents in external warehouses	0	0	0
307-1	# environmental accidents during transportation	0	0	0



Steve Somers (Jr.) – Azelis US, Frank Bergonzi – Azelis Americas, Steve Somers (Sr.) – Azelis US

In 2021, Azelis completed 12 acquisitions, representing total annualized revenue of over €530m and strengthening our footprint in markets where we see exciting growth opportunities.

Creating sustainable value with our acquisitions

To generate extra value for our shareholders and stakeholders, we have developed significant expertise in post-merger integration. This allows us to extract financial synergies from our acquisitions and also to improve the ESG performance of our acquisitions, especially in the environmental area. Acquisitions are fully consolidated into our global reporting scope after 12 months.

Raising standards across our operations




As a first step, we integrate our new acquisitions into our global reporting for environmental and other data. This enables us to assess the environmental performance of these businesses and identify quick wins for improvement. For example, in mid-2021 we

completed the acquisition of Vigon, a leading specialty distributor of ingredients for the flavors, fragrances, and cosmetics market in the US. Vigon purchases carbon offsets and uses Renewable Energy Certificates (REC) to confirm that electricity that it consumes is generated from renewable energy sources. We are evaluating further efficiency measures that we can implement in this newly acquired business.


We monitor the environmental impact of our acquisitions just as closely as their financial performance and their compliance and governance systems. In less-developed regions of the world, which may lack the regulatory pressure of other jurisdictions, Azelis has the opportunity to implement best-in-class policies and practices at its new acquisitions to the benefit of the local industry and supply chain.

Our contribution to the UN SDGs

With our actions to protect the environment, we are contributing in the following ways to the achievement of four UN Sustainable Development Goals:

UN SDG		
Environment		
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
<p>7. Affordable and clean energy</p> 	<ul style="list-style-type: none"> Defined the strategy, methodology and approach for ongoing emissions reporting: Schneider Electric has supported Azelis in the identification of material emission sources across Scopes 1 & 2 and developed a process for measuring, monitoring and disclosing our carbon footprint. With this approach we measure our impact including emissions throughout the value chain, i.e. our direct and shared scopes of responsibility. We have set ambitious emissions reduction targets: carbon emission intensity reduction of 25% by 2025 and 50% by 2030 (Scope 1 & Scope 2) compared to baseline year 2019. 	<ul style="list-style-type: none"> Renewable energy sourcing plan for all our offices and sites. Decarbonization of our operations and supply chain by continuously improving energy efficiency, and developing partnerships with our principals to help reduce the carbon footprint of products, services and processes. Develop policies to achieve our 50% carbon emission intensity reduction target, including energy efficiency, improvements in our sites, actions in the car fleet and employee mobility.
<p>13. Climate action</p> 	<ul style="list-style-type: none"> We identified climate change as a risk in our materiality matrix and have included it in the environmental pillar of <i>Action 2025</i>. Through <i>Action 2025</i>, we are promoting environmental awareness and capacity building among our employees. 	<ul style="list-style-type: none"> Reduce the drivers of climate change by increasing energy efficiency and using renewable energy to reduce GHG emissions. Innovate to develop sustainable products and services which are less carbon-intensive or which enable carbon footprint reduction. Further develop capacity-building in our supply chain, including principals, customers and service providers.
<p>14. Life below water</p> 	<ul style="list-style-type: none"> As part of our sustainability strategy, we are committed to reducing our carbon emissions intensity by 25% by 2025 and 50% by 2030 compared to baseline year 2019 (Scope 1 & Scope 2) – see SDG 7 above. We are reviewing our target for 2025 after almost achieving the 25% reduction in 2021. 	<ul style="list-style-type: none"> With our commitment to reduce our emissions we are reducing the impact of CO₂ on 'life below water'. Renewable energy sourcing plan for all our offices and sites. Decarbonization of our operations and supply chain by continuously improving energy efficiency, developing partnerships with our principals to help reduce the carbon footprint of products, services and processes. Develop policies to achieve our 50% carbon emission intensity reduction target, including energy efficiency, improvements in our sites, actions in the car fleet and employee mobility.

Environment

UN SDG	Environment	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
<p>15. Life on land</p> 	<ul style="list-style-type: none"> Committed to and implemented responsible sourcing practices beyond compliance – applying environmental and social safeguards – for principals and products: by 2025, 80% of our revenue will come from assessed suppliers. In 2021 assessed suppliers represented 55.8% of the total revenue generated. We have reduced the amount of waste generated in our operations and reduced environmental pollution. We improved our methodology for collecting waste management information, which now includes offices, laboratories and sites such as warehouses. Azelis has a group membership of RSPO: our RSPO membership includes more than 40 entities with distribution licenses in EMEA, the Americas and Asia-Pacific. Additionally, our entities in the United Kingdom, Germany and Italy hold an RSPO certificate for repacking and relabeling. 	<ul style="list-style-type: none"> Further implementation of responsible sourcing actions through our membership of Together for Sustainability®. We will set waste management reduction targets in 2022 with the objective to reduce non-recoverable waste by 2025. Foster product and technology innovation to optimize resource efficiency, reduce impacts on ecosystems and lower carbon emissions. Expand markets for responsible forest products and thereby support sustainable forest management, e.g. RSPO certified products.



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Auditor's report





Independent Limited Assurance Report on the subject matter information of the Sustainability Report 2021 of Azelis Group NV

To the Board of Directors of Azelis Group NV

This report has been prepared in accordance with the terms of our engagement contract dated 16 May 2022 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability performance indicators, marked with a Greek small letter beta (β), included in the Sustainability Report as of and for the year ended 31 December 2021 (the "Report").

The Directors' responsibility

The Directors of Azelis Group NV ("the Company") are responsible for the preparation and presentation of the information and data in the selected sustainability performance indicators, marked with a Greek small letter beta (β) (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (hereafter the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria.



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria. The scope of our work comprised the following procedures:

- Assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2021 presented in the Report.
- Conducting interviews with responsible officers.
- Reviewing, on a limited test basis, relevant internal and external documentation.
- Performing an analytical review of the data and trends in the information submitted for consolidation.
- Considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the Subject Matter Information. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Our independence and quality control

Our engagement has been carried out in compliance with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Sustainability Report as of and for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the Criteria.

Other ESG related information

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Other matter - restriction on use and distribution of our report

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2021 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Diegem, 27 June 2022

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
Represented by

Marc Daelman
Registered auditor¹

¹ Marc Daelman BV, director, represented by its permanent representative Marc Daelman



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Our methodology

Guidelines in action

Stijn Vandevoorde, Azelis Corporate



This section describes the reporting framework that we use in Azelis, the guidelines on which it is based and the processes that are used to obtain the information and data presented in this report.

The selected financial information in this Sustainability Report 2021 has been derived from the 2021 Azelis Group NV Financial Statements, that were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Framework and standards of reporting

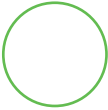
In 2018, Azelis launched a company-wide initiative to collect non-financial indicators across a wide range of areas. With the launch of our new sustainability strategy *Action 2025* these pillars have been renamed People, Products and Innovation, Governance and Environment. As a consequence of the new targets established for 2025, we reviewed our reporting indicators in 2020 and included new indicators that are fully aligned with our strategy.

Our reporting process aims to monitor our compliance with our ESG commitments. It ensures that we collect reliable data and use uniform procedures across all sites. In this way we will track our progress, identify areas for improvement and achieve the sustainability objectives that we have set for 2025.

The report is based on the United Nations Global Compact initiative principles, ISO 26000 and the Global Reporting Initiative (GRI) guidelines, the main international standard for sustainable development reporting.

The content of this report is also based on the requirements of the Belgian law regarding the disclosure of non-financial information (transposition of the European Non-Financial Reporting Directive (NFRD) 2014/95/EU).

This report includes a description of our business model, a presentation of our non-financial risks, a description of our policies to mitigate these risks and the results of these policies, including relevant KPIs.



Scope of reporting

The scope of our non-financial reporting is the entire group*, defined as all Azelis group entities, offices, sites (including warehouses) and laboratories that are at least 50%-owned by Azelis.

Environmental reporting covers all our entities, offices, sites (including warehouses) and laboratories in all the countries where we are present. Data is collected at a local level, fully third-party operations are not included within the reporting scope.

For the purpose of calculating the carbon intensity indicator, the reporting scope for total sales is global (2827.3 €mn sales in 2021 as presented on p. 111 of our Annual Report 2021). The only exclusion is newly acquired entities which are integrated in the sustainability reporting 12 months after acquisition (269.8 €mn sales from acquired companies in 2021). The acquired company is not consolidated for non-financial reporting in the year of acquisition but is consolidated in the subsequent year. This does also apply to asset deals that are directly integrated in our ERP systems, however these sales in 2021 amount to less than 1% of our total 2021 sales. For more information please see page 131 of the Azelis Annual Accounts report 2021.

2020 M&A activity (Orkila – MEA, Cosbond – South-Korea, Orokia – Israel, B&J – China, Megafarma – Mexico, Zhaveri – India and Primaditha – Indonesia) has been integrated into the 2021 reporting exercise as of January 2021.

For Human Resources indicators, our reporting covers all the countries where the group has operations. Data is collected at a country or regional level.

For governance and related topics, all countries are covered by the reporting scope, with data collected at group level.

There are no exclusions in this reporting exercise, other than those stated above.

*Countries in scope:

Americas	APAC	EMEA		
Canada	Australia	Algeria	Israel	Serbia
Mexico	China	Belgium	Italy	Slovakia
USA	India	Bulgaria	Ivory Coast	South Africa
	Indonesia	Croatia	Jordan	Spain
	Japan	Czech Republic	Kenya	Sweden
	Malaysia	Denmark	Lebanon	Switzerland
	New Zealand	Egypt	Luxembourg	The Netherlands
	Singapore	Finland	Morocco	Tunisia
	South Korea	France	Nigeria	Turkey
	Thailand	Germany	Norway	Ukraine
	Vietnam	Ghana	Poland	UAE
		Greece	Romania	UK
		Hungary	Russia	
		Ireland	Senegal	

Reporting period

The reporting frequency for Azelis is annual. For all the information reported, the reporting covers the period from January 1, 2021 until December 31, 2021.

Reporting process

To collect the non-financial indicators, Azelis uses dedicated online ESG software.

For the Human Resources indicators, data is collected in each site and country through a dedicated platform, and is integrated in the ESG software.

Azelis has defined a reporting protocol which specifies the scope of reporting, the list of indicators and the association of each indicator with the GRI standards, as well as the definitions of all indicators, the calculation methodology, the sources of information, and the supporting documentation needed. The protocol serves as a guideline for all the contributors of our non-financial reporting.

The Group SHEQ & Sustainability Director coordinates the collection and consolidation of the data in cooperation with the Group HR Director and the Group General Counsel & Chief Compliance Officer.

The reporting process at Azelis includes the following steps:

1. The Group SHEQ & Sustainability Director and the Group HR Director inform the local contributors of the data they need to collect and the planning of the annual campaign.
2. Data is entered using the ESG reporting software by the local contributors, the Regional SHEQ Officers and the Group SHEQ & Sustainability Director ensure that all data is collected for all ESG sections.
3. A process of analysis and verification of the consistency and accuracy of the data is carried out, leading to the validation of the data by the local and regional finance teams. The aim of this step is to verify the variations between periods of the quantitative data and to ensure that all the information and documents needed have been provided. Validation is carried out by the Group SHEQ & Sustainability Director, Group HR Director and the Group General Counsel & Chief Compliance Officer on the ESG indicators respectively.
4. Then, once the data is validated, Azelis consolidates the indicators and KPI that will be published in the Sustainability Report.

Specifications regarding the environmental reporting process

Scope 1, Scope 2 and part of Scope 3 emissions data is collected using online ESG software.

The emissions data reported in the 2021 Sustainability Report related to Scope 1, Scope 2 and Scope 3 are the results of the ESG software calculations.



Information about the methodology of the indicators



People

Employee Satisfaction Survey score

Since 2014, Azelis has systematically monitored the degree of engagement, motivation and loyalty of its employees using an anonymous Employee Satisfaction Survey which is rolled out with biennial frequency. The survey focuses on eight drivers of engagement, namely: reputation, Azelis ExCom, supervisors, collaboration, working conditions, job content, total remuneration, and learning and development.

The survey is managed by an independent third-party provider in order to guarantee full employee confidentiality. The engagement score is determined by the answers given to the 47 statements and questions, related to the eight drivers of engagement and to four specific engagement statements and questions.

The loyalty score is determined by the engagement results and by the answers given to four specific loyalty statements and questions. For working conditions, the score comes from the responses given to nine statements and questions.

The 2020 questionnaire

55 questions / statements, of which:

- 36 core questions / statements (common to all surveys of the third-party provider)
- 19 customized questions / statements

10 additional questions / statements related to Azelis-specific themes of which:

- 5 questions / statements related to the leadership skills of local management
- 5 Covid-19 questions / statements

1 open-ended comment question

% of employees in the company talent pools

The number of employees is defined as all employees at the end of the reporting period with a full or part-time contract, a permanent or fixed-term contract, or an apprenticeship contract. Contingent workers and interns are not included.

Company talents have been clustered in three groups (talent pools) depending on their performance, track record and degree of readiness to grow by at least one level within the relevant organization.

% of line managers trained in diversity and inclusive leadership

The number of line managers is defined as all employees having people management responsibility regardless of their level in the organization.

% of senior management positions held by women

Senior managers are defined as all employees who belong to the group GMT (General Management Team) because of their position / role.

The eligible roles in 2021 were:

- Members of the ExCom
- Regional COO and CFO
- Regional Director / VP of: Operations (Americas) / Business Development / HR
- All roles holding country / country cluster P&L responsibility (e.g. Managing Director, General Manager, Country Manager, etc.) if country / country cluster sales > €15mn
- Corporate Functional Heads
- Market Segment Directors APAC / EMEA if market segment sales > €50mn
- Group Principal Managers: only roles holding global Principal responsibility
- Other strategically significant roles upon invitation of the ExCom

Eligible roles due to M&A (transactions closed) in the reference year are not included.

Due to the rapid increase of roles potentially belonging to the GMT – increase generated by organic growth and acquisitions made in 2020 – financial thresholds were introduced in 2021 for the following roles:

- Roles holding country / country cluster P&L responsibility (e.g. Managing Director, General Manager, Country Manager, etc.)
- Market Segment Directors APAC / EMEA

These changes were necessary to streamline the number of senior managers reporting directly or indirectly to the ExCom, thus safeguarding the operational effectiveness of the senior management team.

If the above-mentioned thresholds had not been introduced, the percentage of women in the senior management team would have been equal to 25% (21 women out of 84 GMT members) instead of 23.5% (16 women out of 68 GMT members).

Azelis will continue to adapt the GMT eligibility criteria to maintain the size of the senior management team aligned with the evolving needs of the business.

Number of workplace accidents with lost time

An accident at work is defined as a discrete occurrence in the course of work which leads to physical or mental harm. The data is collected, for the entire workforce, for accidents at work resulting in three days or more of absence from work. Accidents occurring during business trips are counted as workplace accidents and are taken into account in this indicator, but accidents commuting to work and work-related illness are not included.



Products and Innovation

% of revenue covered with assessed suppliers through our Together for Sustainability® membership

An assessed supplier is defined as a supplier that has been invited to an assessment by TfS partner EcoVadis® during 2021, has accepted our invitation and by the end of 2021 their scorecard has either been published or is under evaluation by EcoVadis®.

The revenue generated by the suppliers assessed via EcoVadis® and with a valid scorecard, including those that are being audited, as a percentage of the total revenue generated by Azelis in the year.



Governance

Number of material breaches of laws and regulations in any country in which we operate

This indicator refers to the number of reported breaches of applicable laws and regulations in any country in which Azelis operates which resulted in a total aggregate liability, damage, loss, cost or expense of €500k or more.

% of employees trained in ethical behavior policies (code of conduct, anti-bribery, etc.)

This indicator relates to the ratio of the number of employees who have completed the annual online knowledge review about the Code of Conduct and ethical business behavior, as a proportion of the number of employees who were invited to participate in this review. The following employees are considered for the purpose of calculating this KPI: all employees at the end of the reporting period with a full or part-time contract, a permanent or fixed-term contract, a work/study contract or a training contract. Outsourced staff, agency workers and interns are excluded.

Number of material breaches of ethical behavior policies

This indicator refers to the number of breaches of policies and procedures related to Azelis' ethics and fair business practices, which have been reported within Azelis' "Case Management System" and resulted in disciplinary action by Azelis against the relevant director, officer, employee or consultant. For the purpose of the aforesaid KPI, "disciplinary action" includes among other things a formal warning letter and suspension or termination of a mandate or employment or service relationship and/or termination of mandate, employment or service contract (for cause or otherwise). These policies include the Code of Conduct, SpeakUp! Policy, anti-bribery and fraud prevention policy, competition and antitrust policies, export control policy, data protection policy and the internal rules of procedure.

% of Azelis sites that have effective crisis management and business continuity plans in place

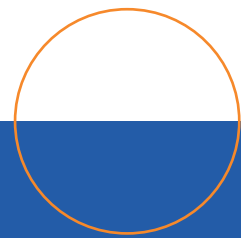
This indicator has been defined as part of *Action 2025* and will be used from 2022. It assesses whether a crisis management and business continuity plan is in place for each site where Azelis operates.



Environment

Number of environmental accidents

An environmental accident is an event that may cause harm or potential harm to the air, water, land, wildlife or the local habitat. It could include air pollution, black smoke, chemical spill, oil spill, fly tipping, a waste issue, a sewage leak, or a chemical fire in our premises.



Other indicators

For the Human Resources KPI, the number of employees is defined as all employees at the end of the reporting period with a full or part-time contract, a permanent or fixed-term contract, a work/study contract or an apprenticeship contract. Contingent workers and interns are not included.

Number of training hours per employee

At Azelis, training refers to:

- classroom training and remote training;
- all types of vocational, job-related training, e.g. product and technical training, sales training, etc.;
- any other training such as IT, languages and managerial skills;
- any educational, study and exam leave paid for by the company; and
- any external training and education attended and paid for – either totally or partially – by the company. Training does not include on-the-job training delivered by company employees.

% internal promotions vs. open job positions

Internal promotions include employees taking over a position of greater responsibility within the company. This indicator is the ratio of the total number of internal promotions during the reporting period compared to the number of vacancies for jobs/positions during the reporting period.

Number of women/men in the General Management Team (GMT)

The general management team is the Azelis group's senior management team. Please refer to the definition of the People KPI " % of senior management positions held by women " for details.



Carbon emission intensity (Scopes 1 and 2) per € million sales

The CO₂ emissions of Azelis are categorized in three Scopes: Scope 1 (direct emissions), Scope 2 (indirect emissions) and Scope 3 (other indirect emissions). Azelis follows the recommendations of the “GHG protocol” to measure and manage GHG emissions.

Scope 1 emissions are emissions from sources that are owned or controlled by Azelis directly. Activity data and emissions include on-site stationary combustion of fossil-fuel-burning equipment (e.g. heating boilers) or process-based emissions (e.g. back-up electricity generators) and natural gas. Emissions from company-owned or leased vehicles are also included, as Azelis is responsible for their fuel consumption.

Scope 2 emissions are emissions associated with the consumption of purchased electricity. Activity data and emissions include the purchase of electric power, steam, heating and cooling from the local utility.

Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 data was estimated for the purpose of materiality assessment using ESG software.

Refrigerant emissions and other fugitive emissions (e.g. from fire extinguishers) are excluded from the scope.

Fully third-party operations (i.e. fully externally operated warehouses) are not included within the reporting scope.

Where possible, actual consumption data has been used to calculate the respective emissions. Where this data was lacking, estimations have been made on the consumption amounts:

- Based on actual data of a prior reporting year, extrapolated to 2021;
- Based on monetary amounts, converted into estimated consumption amounts based on an average market price and/or provided invoice cost rate;
- Based on property value and/or surface area for offices; and
- Based on contractual terms (e.g. max. leasing company car mileage per year).

Market-based emissions are calculated when available, otherwise location-based emission factors are used (IEA, ADEME, DEFRA) to calculate the respective emissions. For additional information on the “sales” definition please see page 109.

Total waste per employee (offices, laboratories, operational sites including warehouses)

The waste included here is the waste produced by Azelis in offices, sites (including owned warehouses) and laboratories. These figures include non-hazardous and hazardous waste and sorted and unsorted waste (i.e. waste that is not recovered/sent to landfill).

For waste from offices, when the actual quantity was not available then the level was estimated using the current number of employees in the office and

an average of waste produced in the office by one employee. This average for waste generated is based on an estimate provided by the French agency for ecological transition (ADEME).

Number of social development actions (philanthropy)

This indicator refers to the number of philanthropic initiatives undertaken at both group and regional/local level, including a variety of charitable actions such as donations to a non-profit cause or Azelis employees volunteering their time during working hours.



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Appendix

Astrid Bodart, Azelis UK



Appendix

GRI	Key performance indicator	2021	2020	2025 Target
People				
	Engagement score (Employee Satisfaction Survey)	74	74	75
	Loyalty score (Employee Satisfaction Survey)	82	82	75
	% of employees in talent pools	11.4%	7.1%	>10%
405-1 404-1	% line managers trained in diversity and inclusive leadership	98.9% (part of annual knowledge review)	Not reported	100%
405-1	% senior management positions held by women	23.5% (β)	21.9%	30%
	Working conditions score (Employee Satisfaction Survey)	74	74	72
403-2	Workplace accidents with lost time	6	2	0
Products and Innovation				
	Baseline of sustainable products i.e. # sustainable products in product portfolio	Ongoing	Not measured	To be agreed in 2022
	% of revenue covered with ESG assessed* suppliers (*EcoVadis assessments)	55.8%	52%	80%
Governance				
	# material breaches in laws and regulations	0	0	0
	% employees trained in ethical and fair business practices	98.9%	99.4%	100%
	# material breaches of ethical and fair business practices policies	0	1	0
	% sites with a crisis management and business continuity plans in place	To be disclosed in the 2022 Sustainability Report	Not reported	100%
Environment				
305-4	Carbon emission intensity, Scopes 1 & 2 tCO ₂ e/€mn sales	3.58 (β)	3.75	3.57
306-2	Total waste (hazardous + non hazardous) per employee (t/FTE)	0.9	4.8	To be agreed in 2022
307-1	# environmental accidents in owned warehouses	0	0	0

Appendix

People

GRI	Key Performance Indicator	Unit	2021	2020
Social performance				
102-41	% of employees covered by collective bargaining agreements	%	24.3	26.0
Contracts				
102-7 401-1	Total number of employees (FTE) on 31st December	FTE	2,995.4	2,439.5
102-7 401-1	Total number of employees (FTE) on 31st December - Americas	FTE	772.4	586.6
102-7 401-1	Total number of employees (FTE) on 31st December - Asia-Pacific	FTE	660.8	451.2
102-7 401-1	Total number of employees (FTE) on 31st December - EMEA	FTE	1,562.2	1,401.7
102-7 401-1	Total headcount on 31st December	Head-count	3,040	2,513
102-7 401-1	Total average headcount in the period from 1st January to 31st December	Head-count	2,600.5	N/A
102-8	Total number of male employees (FTE) on permanent contracts and employment at-will on 31st December	FTE	1,361.3	1,088
102-8	Total number of female employees (FTE) on permanent contracts and employment at-will on 31st December	FTE	1,475.1	1,223.2
102-8	Total number of employees (FTE) on permanent contracts and employment at-will on 31st December - other + gender self-identification not available	FTE	5	N/A
102-8	Total number of employees (FTE) on permanent contracts and employment at-will on 31st December	FTE	2,841.4	2,311.2
102-8	Total number of male employees (FTE) on temporary / fixed term contracts on 31st December	FTE	66	53.7
102-8	Total number of female employees (FTE) on temporary / fixed term contracts on 31st December	FTE	87.1	74.6
102-8	Total number of employees (FTE) on temporary / fixed term contracts on 31st December - other + gender self-identification not available	FTE	1	N/A
102-8	Total number of employees (FTE) on temporary / fixed term contracts on 31st December	FTE	154.1	128.3

Appendix

People

GRI	Key Performance Indicator	Unit	2021	2020
Gender				
405-1	Number of male employees (FTE) on 31st December	FTE	1,427.3	1,141.7
405-1	Number of female employees (FTE) on 31st December	FTE	1,562.2	1,297.8
405-1	Number of employees (FTE) on 31st December - other + gender self-identification not available	FTE	6	N/A
405-1	% of female employees (FTE) on total number of employees (FTE) on 31st December	%	52.2	53.2
405-1	% of male employees (FTE) on total number of employees (FTE) on 31st December	%	47.6	46.8
405-1	% of employees (FTE) on total number of employees (FTE) on 31st December - other + gender self-identification not available	%	0.2	N/A
Age				
405-1	% of employees (FTE) between 20 and 29 years of age on 31st December	%	13.6	11.4
405-1	% of employees (FTE) between 30 and 39 years of age on 31st December	%	29.7	27.7
405-1	% of employees (FTE) between 40 and 49 years of age on 31st December	%	28.0	28.2
405-1	% of employees (FTE) between 50 and 59 years of age on 31st December	%	21.1	24
405-1	% of employees (FTE) 60 years of age and above on 31st December	%	7.7	8.8
Hiring				
401-1	Number of employees hired during the reporting period	Head-count	575	252
Internal promotion				
404-3	Total number of female employees promoted during the reporting period	Head-count	105	82
404-3	Total number of male employees promoted during the reporting period	Head-count	57	72
404-3	Total number of internal promotions during the reporting period	Head-count	162	154
404-3	Number of vacancies / open positions during the reporting period	Number	607	292
404-3	% of internal promotions vs. vacancies / open positions during the reporting period	%	26.7	53.1

Appendix

People

GRI	Key Performance Indicator	Unit	2021	2020
Training				
404-1	Number of employees who have attended at least 1 training during the reporting period	Head-count	2,455	1,732
404-1	Total number of training hours attended by employees during the reporting period	Hours	40,955.8	30,222.0
404-1	Average number of training hours by company employee during the reporting period	Hours/FTE	13.5	12.2
Departures and attrition				
404-1	Number of voluntary departures of employees during the reporting period	Head-count	241	150
404-1	Number of involuntary departures of employees during the reporting period	Head-count	76	70
404-1	Voluntary attrition	%	9.3	7.2
Annual appraisal				
404-3	Number of employees who have completed the Performance Review process during the reporting period	Head-count	2,155	2,060
404-3	% of eligible employees who have completed the Performance Review process	%	98	99
Vacation				
401-2	% of vacation days taken at year end vs. holiday entitlement	%	70.1	91.6
Origin				
405-1	Number of nationalities on 31st December	Number	71	65
Occupational injury and accident				
403-2	Number of workplace accidents with no lost time	Number	32	32
403-2	Number of workplace accidents with lost time	Number	6	2
403-2	Total number of lost days due to workplace accidents	Number	160	42.5
403-2	Workplace accident frequency rate	%	1.32	0.43
403-2	Workplace accident severity rate	%	0.04	0.01
403-2	Rate of sickness	%	1.17	1.2

Appendix

Governance

GRI	Key Performance Indicator	Unit	2021	2020
Business ethics				
	Number of employees who have participated in the annual on-line knowledge review on the Code of Conduct and ethical business behavior	Number	2,715	2,303
205-2	Number of employees having successfully completed the annual on-line knowledge review on the Code of Conduct and ethical business behavior	Number	2,714	2,299
205-2	% of employees who have successfully completed the annual on-line knowledge review on the Code of Conduct and ethical business behavior	%	99.96	99.83
	Number of material breaches in ethical behavior policies	Number	0	1
Cybersecurity				
	Number of sites* covered with the Azelis ISO 27001 (information security management system) certification	Number		72
	% of sites* covered with the Azelis ISO 27001 (information security management system) certification	%		70

* 2021 M&A activity excluded

Appendix

Environment

GRI	Key Performance Indicator	Unit	2021	2020
General environment				
307-1	Number of environmental accidents in owned warehouses	Number	0	0
307-1	Number of environmental accidents in external warehouses	Number	0	0
Energy consumption				
302-1	Consumption of non-renewable electricity	kWh	5,900,010.25	6,197,022.71
302-1	Consumption of renewable electricity (according to our contracts)	kWh	840,603.87	1,417,297
302-1	Total electricity consumption	kWh	6,740,614.12	7,614,319.71
302-1	Consumption of natural gas for buildings	kWh_ PCS	8,795,417.09	9,050,366.4
302-1	Consumption of heating oil for buildings	m ³	83.03	17.11
302-1	Consumption of diesel for buildings	m ³	12.74	
302-2	Quantity of petrol used for vehicles (cars, trucks, owned fleet, leasing cars...)	m ³	621.91	669.56
302-2	Quantity of diesel used for vehicles (cars, trucks, owned fleet, leasing cars...)	m ³	665.9	876.75
302-2	Quantity of LPG used for vehicles (cars, trucks, owned fleet, leasing cars...)	m ³	346.47	23.9
CO2 emissions				
305-1	Total CO ₂ emissions Scope 1	tCO ₂ e	6,661.44	6,681.11
305-2	Total CO ₂ emissions Scope 2	tCO ₂ e	2,490.39	2,943.25
305-3	Total CO ₂ emissions Scope 3 (upstream & downstream transport + purchase of goods/chemicals + end of life treatment of sold products)	tCO ₂ e	3,351,856.16	3,034,182
305-4	CO ₂ emission intensity	tCO ₂ e/ EUR	3.58 (β)	3.75

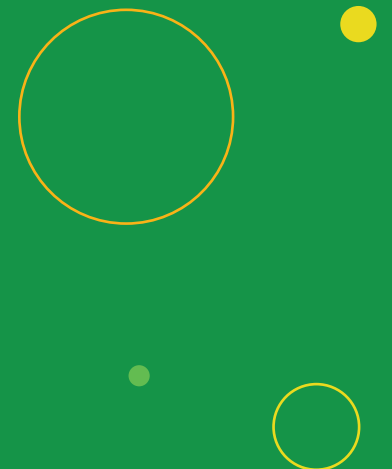
Appendix

Environment

GRI	Key Performance Indicator	Unit	2021	2020
Paper				
	Weight of total paper purchased (for internal & external use)	t	39.32	39.03
	% of recycled or certified paper purchased	%	35.9	42.32
Waste				
306-2	Offices – Weight of generated waste (hazardous & non hazardous)	t	36.83	30.34
306-2	Own warehouses – Weight of generated waste (hazardous & non hazardous)	t	681.65	659.38
306-2	Laboratories – Weight of generated waste (hazardous & non hazardous)	t	4.97	3.51
306-2	Production sites – Weight of generated waste (hazardous & non hazardous)	t	616.96	10,894.26
306-2	Weight of products disposed as waste (hazardous & non hazardous)	t	1,097.4	5,697.01
306-2	Total waste generated per employee	t/unit	0.95	4.78
306-2	Total waste generated	t	2,562.65	17,284.5
Water				
303-1	Quantity of water used	m ³	46,179.43	64,683.04

Glossary

ACs	Assessment and Development Centers
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRM	Customer Relationship Management
CSA	Control Self-Assessment
CSR	Corporate Social Responsibility
EAP	Employee Assistance Program
ERM	Enterprise Risk Management
ESG	Environment Social and Governance
ESS	Employee Satisfaction Survey
GHG	Greenhouse Gas
GLPMS	Group Loss Prevention Management System
GRC	Governance Risk and Compliance
GRI	Global Reporting Initiative
HCM	Human Capital Management
HSE	Health, Safety and Environment
ICTA	International Chemical Trade Association
ILO	International Labor Organization
IPO	Initial Public Offering
ISO	International Organization for Standardization
KPI	Key Performance Indicator
LTIP	Long-Term Incentive Plan
LVC	Lateral Value Chain
M&A	Mergers and Acquisitions
NCEC	National Chemical Emergency Centre
NPD	New Product Development
PCF	Product Carbon Footprint
PEPs	Politically Exposed Persons
PIM	Product Information Management
PwC	PricewaterhouseCoopers, independent auditor
QMS	Quality Management System
RC	Responsible Care®
RD	Responsible Distribution®
R&D	Research and Development
REC	Renewable Energy Certificates
RSPO	Roundtable on Sustainable Palm Oil
SASB	Sustainability Accounting Standards Board
SDGs	United Nations Sustainable Development Goals
SHEQ	Safety, Health, Environment and Quality
TfS	Together for Sustainability®



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