

United Nations Global Compact Communication on Progress 2019

About this document

Kolb Distribution Ltd. (thereafter Kolb), since 2015, is a participant of the United Nations Global Compact (UNGC) initiative that has developed the Ten Principles of Responsible Business Conduct in the areas of human rights, labour standards, the environment, and anti-corruption. The UN Global Compact's Ten Principles are derived from: The Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The UNGC is a strategic policy initiative for corporations and non-business organisations that are committed to aligning their operations and strategies with ten universally accepted principles of responsible business conduct. The initiative is set up as a multi-stakeholder platform whose aim is to team up actors from the business environment, civil and labour society, and United Nations agencies. The UNGC seeks to build cooperation and promote partnership between business and actors in order to support corporations to respect and support a set of core values.

The UNGC is organised in Local Networks as intermediaries between its members and the UN Global Compact Office in New York. The Global Compact Network Switzerland (GCNS) serves as official platform for the Global Compact in Switzerland bringing together Swiss signatories of the UN Global Compact Initiative. Kolb participates in the board of GCNS to show its support of the UNGC as a medium-sized enterprise.

One way to communicate its commitment to the UNGC organization and society is the annual submission of a Communication on Progress (COP) Report. Due to the worldwide Covid-19 pandemic later than usual, Kolb submits its fifth COP Report beginning of 2021, covering general aspects of our commitment and featuring activities throughout 2019, to demonstrate Kolb's ongoing and advancing accountability for the Ten Principles of the UNGC.

Letter from the CEO

New concepts and policies to further improve our sustainability performance

Kolb has a long-standing tradition in aligning its strategies and operations with quality, health, safety, and environmental standards and in 2015, we signed the United Nations Global Compact (UNGC) and joined the Swiss local network of the UNGC. By doing so, we became an active part of a strong network dedicated to jointly advance societal goals in the areas of human and labour rights, the environment and anti-corruption. In 2019 we decided to include Delden in addition to Hedingen and Moerdijk to our Report in order to give you an overview about all managed sites of Kolb in Switzerland and the Netherlands.

As a medium-sized enterprise whose current success is based on our expertise in developing and producing high-quality non-ionic surfactants, we understand that our future success depends on a sustainable business model. Therefore, we want our product solutions to be part of a global economy that benefits all people and the environment, and the UNGC initiative provides the framework for achieving this goal.

In 2019, we continued to improve our sustainability performance. Thanks to our CIP-Process we were able to make a huge progress in best practise. We did not only plan new projects for the coming year, but also realized projects such as a review of the SDG-Analysis and a review of the process to fulfil the *Modern Slavery Act* for the sites Hedingen and Mordijk. Therefore, our buyers have a “country risk-based analysis” where the most relevant factors and issues of the bought and sold goods of Kolb can be checked. That country risk-based analysis has been updated for the site of Hedingen and Mordijk. It’s planned to implement the same process and tool in Delden for 2020/21.

In 2019, Kolb was again able to realize the gold standard in Ecovadis at the site of Hedingen and Moerdijk. The site of Delden was able to realize the silver standard in Ecovadis. For the first time, we also participated in the CDP-Climate-Change -and CDP-Water-Security program and reached on both objects the Score of C. As for our stakeholders, at the site of Hedingen, we are in contact with our neighbours to inform them about our new construction project “Kiwi”. We are also looking forward to yearly meetings with other industrial companies in Hedingen and the local government. Further, we have concentrated on increasing the training of our employees regarding health and safety as well as communicated the importance of work life balance throughout the entire staff. We successfully kept the number of incidents and suffered no significant accidents on a low level at all sites.

Aside from our workers we have aimed to contribute to projects within our local community.

We are pleased with our accomplishments so far, but we are aware that there are still many possibilities for further improvement. As Kolb, we fully support the UNGC’s Ten Principles and are committed to align our operations accordingly.

Hedingen, 23.09.2020

Uwe Halder, Managing Director Kolb

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure they are not complicit in human rights abuses.

Our contribution to the implementation of the UNGC Principles on human rights

As Kolb, we support the UNGC's principles on human rights through legal compliance and our own internal guidelines and policies, which lay down our established values and high ethical standards as a responsible company. Kolb operates three production sites, one in Switzerland (Headquarter Hedingen) and two in The Netherlands (Moerdijk and Delden). At all sites, we strive to strictly comply with all applicable national and supranational laws and regulations, which implement international regulations on the protection of human rights. According to our "Sustainability Policy Statement for Kolb Group", if national law and international human rights standards differ, Kolb, will follow the higher standard. Where they are in conflict, Kolb will adhere to national law, and simultaneously pursue ways to respect the international human rights to the greatest extent possible.

The development of our "Human Rights Policy Statement for Kolb Group" was a first step to better understand, and prioritize Kolb's human rights risks – on this basis we developed our approach to human rights further. As we take our responsibility seriously, also beyond our own operations, we refrain from cooperating with any business partners who violate our high ethical business standards. At the end of the business year 2018/19, 44 out of 102 business partner have signed the Kolb Code of Conduct or have an own equal code. 58 business partners have not answered yet the request to accept the Code of Conduct. The "Code of Business Conduct for Kolb Suppliers" covers environmental protection as well as compliance with human and labour rights in particular, and antidiscrimination and anticorruption policies. Kolb seeks to establish relationships with suppliers that share the same principles and values. Therefore in 2018 we have conducted a "country risk based analysis" which gives any customer and our organisation itself detailed description of the risks regarding environmental and social rights violations in production countries. We have used this analysis to make even more sustainable choices and to increase transparency throughout our supply chain. The country risk based analysis will eventually being implemented at the site of Delden.

Kolb has implemented a new policy about modern slavery. The company has set up a Compliance Hotline (compliance@kolb.ch) answering all questions regarding Kolb's sustainability compliance and has received numerous suggestions for improvement through the year. We see high value in these reports and we have taken them seriously. In the next years we will further improve our sustainability compliance and aim to integrate these suggestions.

We are aware of our responsibility to human rights aspects along the palm oil supply chain and therefore continue to engage in the Roundtable on Sustainable Palm Oil (RSPO), an international multi-stakeholder organisation and certification scheme for sustainable palm oil. Kolb's production sites in Hedingen (CH), Moerdijk (NL) and Delden (NL) are RSPO certified, which means we are able to verify sustainable palm oil, according to RSPO, at every step of the supply chain (using the segregation and mass balance supply chain model). Our suppliers of palm and kernel oil are asked to fully comply with the RSPO "Principles & Criteria for Sustainable Palm Oil Production" and abide to the "Code of Business Conduct for Kolb Suppliers". Land tenure rights and the rights of indigenous and local communities shall be respected, and smallholder farmers shall be integrated into the supply chain and provided access to education. Grievance and remedy mechanisms shall also be provided for.

The Agenda 2030 is closely related to numerous human rights principles, such as living in dignity, having access to appropriate and sufficient food, having access to water and sanitation, or the right to education. Therefore, there are many ways how the SDGs cover human rights. In the SDG analysis, which was conducted at the end of 2019, Kolb compared its company goals for 2018/2019 with the 17 SDGs and their 169 targets. The analysis showed where we are already working according to the SDGs and according to the UNGC Human Rights Principle. The following relevant conclusions were made:

- Kolb's direct influence in the SDGs-Human Rights-nexus is the transparency of its production and supply chain through the Code of Conduct assuring a fair and socially sustainable development, also in southern countries (SDG 8).
- Other relevant SDGs that directly influence human rights and which are important for Kolb are SDG 3, 6, 12 and 13. Kolb's commitment for these SDGs helps to create a better environment for human life in dignity and safety.

In 2019 we have worked on improving our impact on society and the environment. Kolb has reached the goals set for this year. We will further aim to improve our SDG compliance through 2020.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Our contribution to the implementation of the UNGC Principles on labour

Kolb strictly complies with all applicable laws and regulations on labour standards at our three production sites in Switzerland and The Netherlands. Swiss, Dutch and EU laws and regulations guarantee the freedom of association and the right to collective bargaining, and prohibit forced and compulsory labour, child labour and discrimination in respect of employment and occupation. Our internal system to deal with all compliance issues is continuously being improved.

As a small organisation with a lived speak-up culture and short ways and flat organizational structure, we are dedicated to provide a safe and respectful working environment for all our employees. We offer equal employment opportunities and foster the diversity of our workforce. To stipulate our habitual values with regard to labour standards, we have laid down employment regulations which specifically address issues such as prohibition of discrimination on grounds of gender, religion, nationality or other criteria, as well as harassment or abuse of power. Our documented employment regulations also define the framework of working hours and shift work, wages, absences, and continued payment in case of illness. Last year we have focused on improving the workplace experience. We pushed ourselves to achieve a friendly workspace. Our employees responded positively to our efforts and welcomed the support to reach a good work-life balance.

In 2018 the Kolb site in Switzerland (Hedingen) was certified according to ISO 45001. Currently we are working on implementing the ISO norm for sustainable procurement (ISO 20400) as well as the norm for data security (ISO 27001). All of these efforts are done to achieve a better workplace and better business practice.

All sites are certified to the following certifications: ISO 9001, ISO 14001, GMP+B1/B3, RSPO, Kosher and Halal for selected products. The site of Hedingen is also certified to ISO 45001 and has a Swissmedic licence.

Our “Sustainability Policy Statement for Kolb Group” determines our company values in terms of employment and is complemented by several topic-specific policies, such as the “Code of Business Conduct for Kolb Employees” and the “Code of Business Conduct for Kolb Suppliers” both dealing with aspects of labour standards.

We are dedicated to ensure the safety of our employees in the workplace by applying a range of advanced safety regulations and measures, also included in our company targets. This includes personal safety, safe driving, site safety and control of work. We strive for the full reporting and documentation of all accidents and near misses at our sites to continuously improve the safety conditions in our facilities and to prevent accidents or injuries of our employees.

In 2019, six lost time accidents occurred at our three sites together, which were thoroughly investigated and corrective actions took place. In total there was only one lost time accident more compared to last year, although the entire site Delden was included in the reporting. There has not been a single serious accident at all three sites.

To emphasise our commitment, we interchange with other responsible organisations and actively shape the development of sustainable business. Kolb is a member of the board of the Global Compact Network Switzerland (GCNS, the local network of the UN Global compact).

We closely work together with our different stakeholders to continuously improve our performance on health and safety. In reward of our longstanding efforts to improve the sustainability performance in business relations along our supply chain, Kolb has again received the Gold Medal from Ecovadis, a rating organisation for global supply chains.

In the SDG analysis, which was conducted at the beginning of last year, we compared our company goals for 2018/2019 with the 17 SDGs and their 169 targets. The analysis showed where Kolb is already working according to the SDGs and for the UNGC Labour Principle, the following relevant conclusion was made:

- Kolb is concerned about the work safety of its employees and takes measures to avoid accidents at the work place (SDG 8.8).

Environment

Principle 7: Business should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Our contribution to the implementation of the UNGC Principles on the environment

As a chemical company with a wide range of products at the output side and numerous production substances at the input side, we as Kolb recognize our considerable responsibility for the environment both during our operations, along our supply chain and in the context of our products. With this in mind, we are dedicated to continuously improving the environmental performance of our production sites, the ecological value proposition of our products and actively engage in maintaining high ecological standards for the procurement of our resources. This includes compliance with all applicable laws and regulations with regard to the environment at our production sites in Switzerland and The Netherlands and to our own guidelines addressing the environment, a safe handling of chemicals in particular. In line with the Major Accidents Ordinance Kolb also implemented strategic goals such as “No Soil and Groundwater Pollution” and “No Wastewater Contamination”.

In our “Sustainability Policy Statement” we declare to continuously improve the environmental, health and safety knowledge about, and performance of, applied technologies, and our own processes and solutions during their life cycles to mitigate any significant adverse negative environmental, safety or health risks and impacts to people and the environment. This includes the safe handling, storage, recycling, reuse and disposal of hazardous materials, chemicals and substances along our supply chains. Besides health and safety of our employees, neighbours, visitors, suppliers, customers and consumers, our HSE policy specifies protection of the environment as our priority concern. We strive to develop responsible, innovative products and solutions through ecologically optimised production methods with reduced resource use and emission outputs.

In this context, we ensure that palm oil used by us is produced in a manner that is environmentally sustainable, in line with the RSPO guidelines and beyond. We promote the RSPO “Principles & Criteria for Sustainable Palm Oil Production” throughout our supply chain and expect from our suppliers to abide to the “Code of Business Conduct for Kolb Suppliers” (implemented in 2017). In particular, suppliers shall protect and conserve High Carbon Stock (HCS) and High Conservation Value Areas (CVA) and peat areas. A broad portfolio of our products can be bought as RSPO certified.

In principle, we seek to consolidate and foster certification of our product portfolio through different appropriate eco-labels (mostly Ecocert, EU Ecolabel, Nordic Swan, Bra Miljöval, Blauer Engel), which independently affirm product sustainability and environmental friendliness. As a manufacturer and importer of chemicals, we register and classify all chemical substances used and produced by us according to international regulations, such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals; Regulation (EC) No 1907/2006) and CLP (Classification, Labelling and Packaging; Regulation (EC) No 1272/2008) of the European Union. Kolb is committed to comply with the REACH and CLP regulations of the EU. Measures include the formal appointment of a REACH Coordinator and active participation in the Alcohol Ethoxylates Consortium since its beginning in 2008. Kolb preregistered all

relevant substances manufactured in our plants in Switzerland and the Netherlands as well as a large number of substances purchased from our suppliers. Until 2017, 23 substances were registered under REACH. Also, 80% of the product information documents of the active portfolio of paper process chemicals were updated.

Based on the requirements from the Swiss Seveso authorities, a risk assessment for earthquakes must be established. Kolb is one of only a few companies in Europe who have considerable experience in regularly handling ethylene oxide, a hazardous substance. As member of a network of ethylene oxide (EO) users, we support disaster management services in case of (transport) accidents with ethylene oxide. An audit about EO handling was performed by one of our suppliers in 2017; no major findings were reported. Ethylene oxide/propylene oxide (EO/PO) emissions from our production facilities are measured continuously and results are reported to the management.

To emphasise the management approach applied to our environmental protection measures and to underline our commitment to the precautionary principle in all our operations, we run a management system which is certified according to ISO 9001 and ISO 14001 and newly ISO 45001 for the site of Hedingen (CH) and the Responsible Care Program. Our management system, addressing various aspects of quality and product features, health and safety, the environment, corporate social responsibility and risks, constitutes the documented structural framework that Kolb employs when setting group wide and local objectives, and manages its activities and programs. Kolb continually improves and efficiently manages its natural resource consumption, reduces waste and emissions to air, land and water preferably at the source, and treats any waste appropriately before discharge or disposal. In this context, we annually formulate and review our HSE targets and closely work together with our different stakeholders.

Together with the Energy Agency of the Swiss Private Sector (EnAW) we monitor our CO₂ emissions annually and define the most appropriate measures to reduce them. The measures are categorized by pay-back time, such that we can implement the most cost-effective measures to reduce our risks associated with high CO₂ emissions. Kolb has changed the produced categories of products and is more into GMP and Medical products. Due to a higher number of products for pharmaceutical applications the cleaning effort of the production process has increased. Due to the implementation of the Delden site, a direct comparison over all sites is not possible this year. For the sites Hedingen and Moerdijk the energy intensity per ton product increased by 2.7% compared to last year (2017/2018). Because less volume was produced, direct CO₂-emissions in Hedingen decreased by 15.5% compared to the reporting period (2017/2018).

Kolb had no chemical accident with soil pollution during the reporting period of (2018/2019). The amount of waste was successfully decreased. In the reporting period of (2018/2019) the amount of waste in relation with produced units decreased by 40.9% compared to last year (2017/2018).

In 2018 we started the so called " We Act Challenge" at the site in Hedingen (CH). Therefore four teams, with a total of 25 employees, started to manage daily challenges in order to safe GHG-Emissions as well as to strengthen the team spirit. The challenge itself was a huge success and a good way to strengthen the team spirit as well as to support the sustainable awareness of the employees. The taken actions saved in total an amount of 12.76 t CO₂ emissions during the four week challenge.

Kolb has established an animal free policy for raw and process materials which is mandatory for all production sites. With this new policy, Kolb has implemented a Halal certification for the Hedingen and Moerdijk sites. The additional goal for 2019, to implement an EU vegan label, was not realised. There is no real demand yet.

In the SDG analysis, which was conducted in 2019, we compared our company goals for 2018/2019 with the 17 SDGs and their 169 targets. The analysis showed we are already working according to the SDGs and according to the UNGC Human Rights Principle. The following relevant conclusions were made:

- Kolb already defined environmentally relevant targets in its 2018/2019 company goals, such as CO₂-reduction, protection of soil and groundwater, wastewater treatment (SDG 6.3, 6.6, 9.4, 13.2, 15.1). For these targets, measurements are currently developed.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our contribution to the implementation of the UNGC Principle on anti-corruption

As Kolb, we are dedicated to a high standard of legal, ethical and moral business principles. This includes a strict condemnation of bribery and corruption in our internal guidelines and compliance with all anti-corruption and anti-bribery laws. Kolb employees are expected to share these ethical values and act accordingly in all business dealings. Our employment regulations prohibit the acceptance of gifts in connection with business relationships. According to our “Code of Business Conduct for Kolb Employees”, employees shall not take any actions to violate, or cause its business partners to violate, any applicable anti-bribery laws and regulations. Our “Code of Business Conduct for Kolb Suppliers” specifically states that Kolb suppliers shall comply with all anti-corruption and anti-bribery laws. Their employees shall not engage in any form of active or passive corruption, extortion, fraud, or bribery neither with public (officials) nor private parties. All 175 employees had an anti-corruption training in line with the Code of Conduct training (see chapter “Human Rights”). Again there were no corruption cases during the reporting period.

A new donation policy (Discretionary Donation Policy) was implemented. Employees that were most affected by this were trained. Additionally, there was an information event for all employees to inform them about the new policy. Also, all employees have the chance to make suggestions for possible donations.

In the SDG analysis, which was conducted in 2019, we compared our company goals for 2018/2019 with the 17 SDGs and their 169 targets. The analysis showed we are already working according to the SDGs and according to the UNGC Human Rights Principle. The following relevant conclusions were made:

- With its anti-corruption policy and trainings, Kolb works to reduce corruption and bribery in the company and in all relevant supply and production chains (SDG 16.5).

Indicators

Our relevant indicators to measure the progress and the outcomes regarding the 10 Principles.

As part of the SDG analysis of our company principles, we developed several indicators to measure the compliance and the progress of our actions with the SDGs standards. For this report, we included data from the site Delden for the first time. Therefore no direct comparison to previous reports can be made. The indicators are measured for every business year, which in Kolb's case is from 01.10.yyyy to 30.09.yyyy.

Human Rights	Labour	Environment	Anti-Corruption
Number of suppliers who agreed to and signed the Code of Conduct Signed and accepted: 9.8% Own equal code: 33.3 % Rejected: 0 % No Answer yet. 56.9%	Number of men, women, and young people employed compared to total employees Men: 78.8% Women: 21.2%	Annual water usage in relation of product unit (compared to last year) 7.12 m ³ /t (no comparison to last year possible)	Number of employees trained in anti-corruption policies compared to total number of employees 98%
	Number of accidents at the work place (compared to last year) 6 (-0%)	Annual amount of treated waste water in relation of product unit (compared to last year) 2.48m ³ /t (no comparison to last year possible)	
	Number of apprentices and trainees compared to the number of total employees: 20 (4.3%)	Amount of resources used in relation of product unit (compared to last year) 0.92 t/t (no comparison to previous year possible)	
		Reduction of CO ₂ emissions (compared to projected goal of EnAV, Hedingen site only) -1.0%	
		Reduction of energy use in relation to product unit (compared to last year) 316 kWh/t (no comparison to previous year possible)	
		Number of chemical accidents with soil pollution (should be < 1): 0	
		Amount of waste reduction in relation with product unit (compared to last year) 15.97 kg/t (no comparison to previous year possible)	

