

UN Global Compact Yearly Report

Introduction

AOC AG is working continuously on improving its performance in Environmental, Social and Governance (ESG). The company joined UN Global Compact in November 2016, and ever since has confirmed its support for the ten UN Global Compact principles on human rights, labour, environment and anti-corruption.

As a result of its policies, actions and performance, AOC AG has received from EcoVadis a Gold rating for its ESG performance in January 2021 (ranking AOC AG in the top 5 % quartile of chemical companies around the world). AOC AG is committed to further improve its performance and obtain an even stronger external recognition for its efforts.



In this report we communicate about our progress and newly implemented actions for integrating the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

I am pleased to share with you our updated report.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Theeuwes", is written over a light blue horizontal line.

Franciscus Theeuwes
VP Finance EMEA

AOC Company Summary

AOC is a leading global supplier of specialty resins and solutions which enable customers to create robust, durable, and versatile products and components for applications in Coatings and Protective Barriers, Colorants and Visual Effects, Adhesives and Specialties, and Composite resins. With strong capabilities worldwide in manufacturing and science, the company works closely with customers to deliver unrivalled quality, service, and reliability for today and create innovative solutions for tomorrow.

AOC is a global company with approximately 1,200 employees and 1 billion € in turnover, with a strong presence in the Americas, Europe and Asia.

AOC AG is the European subsidiary of the AOC Group of Companies and is dedicated to serving the EMEA region. European headquarters are based in Schaffhausen (Switzerland). AOC is operating four manufacturing sites in Europe, including Filago (Italy), Compiègne (France), Schoonebeek (Netherlands), and Usti nad Labem (Czech Republic). In addition, the company has two R&D centres in Zwolle (Netherlands) and in Filago (Italy).

Human Rights

UNGC Principle 1

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

UNGC Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

Policy and Commitment

- AOC ensures its workers are provided safe, suitable and sanitary work facilities.
- Consequently, the company provides safe and healthy working conditions, by taking measures to eliminate elements that could harm or threaten human life and health during the manufacture or disposal of products.
- The company protects workers from workplace harassment, including physical, sexual, verbal or psychological harassment, abuse or threats.
- Ensures non-discrimination in personnel practices.
- Respects international guidelines and standards.
- AOC understands its customers' markets and business drives. Committed to mutual commercial success, we work together in creating value and materializing composites innovations. We provide excellent service, running our operations in a smooth and flawless way. We stand for teamwork and collaboration, bringing out the best in our people across all functions and regions. We treat others with dignity and respect, communicate openly and promptly, and take care of safety and the environment.

- Provides the possibility to work from home or with a proper Health & Safety concept in the office during a worldwide pandemic.
- AOC puts in staff regulations regarding anti-bullying, anti-harassment, equality and a general duty of care apply.
- AOC commits all suppliers to follow AOC's Supplier Code of Conduct to ensure the protection of human rights.

Implementation

AOC AG has taken the following measures to prevent human rights violations and to provide a safe working environment for its employees:

- Defined and implemented a clear company culture for all staff, promoting employees to respect each other and to take care of a healthy and safe work environment.
- AOC has put in place a Code of Business Conduct and associated training for all staff to be done annually, as well as other, regular trainings on Ethics, Anti-Bribery and Whistleblower Policy.
- Engagement to the company culture is reviewed on a regular basis. Since 2017 it is an important part of the yearly Performance and Development Review and linked to specific yearly goals allocated to each and every employee.
- Regular audited safety of operations, regular reviewed of safety performance of employees, and dedicated safety reviews to identify potential improvements in processes and behaviours.
- Safety reviews are held regularly across locations and manufacturing plants.
- AOC has put a GDPR policy in place to protect the data privacy of its employees. AOC is maintaining a mailbox to report incidents.
- AOC has put in place a Purchase Code of Business Conduct asks suppliers to sign.
- Any contravention of human rights by suppliers will be documented and continued non-compliance will result in the termination of the business relationship.
- AOC is supporting its employees to live the company culture continually and to address undesirable situations.
- AOC has rolled out a EMEA Whistleblower policy, which all employees have read.
- AOC has put in place a preregistration system on its web site, enabling production site visitors to see a safety video for understanding safety measures and risks.

Labour

UNGC Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

UNGC Principle 4

The elimination of discrimination in respect of employment and occupation.

UNGC Principle 5

The effective abolition of child labor.

UNGC Principle 6

The elimination of discrimination in respect of employment and occupation

Policy and Commitment

- AOC ensures that its operations do not rely on forced labour.
- The company ensures that there is no discrimination in the recruitment process, remuneration, hours of work and paid holidays, job assignments, training and opportunities, social security.
- AOC complies with the minimum wage standards and adheres to minimum age provisions of national labour laws and regulations.

Implementation

AOC AG has taken the following measures to support labour principles in its work locations:

- AOC allows for flexible working hours and home office agreements where appropriate.
- AOC measures long term illnesses and have taken actions to improve on country level.
- AOC drafts employment contracts in languages easily understood by all employees, and states clearly the termination provisions and procedures that need to be followed.
- AOC has put in place human resources policies and procedures supporting these labour principles.
- AOC prevents discrimination of all kinds, including hiring women in managerial positions.
- Has introduced the Myers-Brigg-Type Indicator (MBTI) to allow employees to better assess different personalities and characters, for a better cooperation between the teams.
- Dedicated employees per AOC site are participating in a first aid course/ follow up courses on a regular basis.
- Established health and safety practices for preventing accidents (including definition and roll out of the so-called "12 Life Saving Rules").
- Provided medical insurance for all employees during business travels.

- Supports good, fresh and natural food in the office by using a supplier offering daily fresh meals or canteens, and fresh fruit weekly.
- AOC AG is 100% compliant with approved working contracts.
- It is AOC's goal to have a high rate of employee satisfaction, low sickness absenteeism and no work accidents.
- Several of AOC AG manufacturing sites have reached impressive milestones of injury-free operations in 2021: Schoonebeek (15 years), Usti nad Labem (5 years).

Environment

UNGC Principle 7

Businesses should support a precautionary approach to environmental challenges

UNGC Principle 8

Undertake initiatives to promote greater environmental responsibility

UNGC Principle 9

Encourage the development and diffusion of environmentally friendly technologies

Policy and Commitment

AOC ensures its organization, working processes and operations are well managed in order to manufacture high quality products for our customers, while minimizing the environmental impact for our planet.

Implementation

- AOC avoids environmental damage through regular maintenance of production processes and environmental protection systems.
- Ensures safe handling and storage of chemical and other dangerous substances in line with REACH and application country legislation.
- In order to improve the quality of its SDSs, AOC has put in place regular audits by an external party. This has helped to identify areas for further improvement and help our customers to better handle our products.
- Developed a code of conduct for its operations and products, confirming the company's commitment to care for the environment and responsible environmental performance.
- Put in place a dashboard for continuous monitoring of energy usage, water usage, GHG emissions, etc.
- Maximizes reuse of materials on site.
- Optimizes and adapts processes and manufacturing techniques.
- Changes product components for minimizing environmental impact.
- Develops strategic product development project-clusters around environmentally friendly solutions, with the intent to improve the environmental quality of its portfolio over time.

- AOC is supporting customers in better understanding health and safety of processing AOC products, and support in implementation of best working practices and more environmentally preferred product alternatives.
- AOC has implemented all relevant REACH regulations in its procedures and operations. The company is on top of 5 REACH dossiers (two as lead registrant) and active member of the UPR/VE REACH Consortium.
- AOC has prepared in detail all dossiers required for UK-REACH and KKDIK (Turkey) pre-registrations, and successfully pre-registered the substances used in its products.
- In 2021 the company reached another safety record, with the Schoonebeek operation running already 15 years injury free, and the Usti operation 5 years injury free.
- In 2021, AOC has been able to renew the ISO 14001 certification for its European manufacturing plants.
- AOC invested for installing a new Co-generator in the Filago operation in 2020. This unit was optimized in 2021, yielding significant energy savings.
- AOC actively participated and contributed to the Cefic UPR Styrene Emissions Survey held in 2021 among the users of UPR and VE resins in Europe. The survey collected input from over 500 downstream users for the full range of UPR/VE transformation processes and helped to pinpoint processes where improvements are desired in process health and safety. As a result from this assessment, Cefic UPR and AOC are developing education tools and HSE training programs to be rolled out in 2022.
- AOC is an active member of the Working Group Sustainability of EuCIA (European Composites Industry Association). As part of this WG activities, AOC has been promoting solutions for increasing composites recycling and product circularity.

Ethics

UNGC Principle 10

Businesses should work against corruption in all its forms, including extortion bribery, anti-competitive practices. Furthermore, AOC will do its best efforts to keep private information safe

Policy and Commitment

- AOC AG is compliant with all relevant laws, including laws associated with anti-corruption, anti-bribery and anti-trust.
- AOC AG handles personal information with care and has appropriate information security measurements in place
- The company has its own Code of Business Conduct and zero tolerance of corruption in any form. Any violations of our anti-bribery and corruption standards are treated

seriously, and may lead to disciplinary measures, including a reprimand, demotion, forfeiture of bonuses, suspension and/or dismissal.

- AOC will assess its Suppliers and Distributors on a continuous basis, reviewing their performance in ethics and ESG.
- If Suppliers/ Distributors are not meeting AOC company standards, improvement programs will be initiated.
- If after several attempts no significant improvements are made by Suppliers/ Distributors, the collaboration may be discontinued.

Implementation

AOC AG has taken the following measures:

- AOC has introduced an anti-bribery and anti-corruption policy and associated procedures, such as a limit on the acceptance of gifts to 100 €, mentioned in the staff regulations.
- For tracking purposes, AOC has developed an Overview of Compliance trainings and Policies which will be updated on newest regulations (defining who should do which training at which frequency).
- The company endeavours to implement effective communications channels (e.g., AOC has a Whistleblower Policy in place)
- Supports recurring training, including an anti-bribery, anti-corruption, anti-competitive practices, and information security.
- Yearly training of most affected AOC employees on Anti-Competition Practices (Antitrust & Competition Law), Anti-Corruption Practices (Bribery & Corruption)
- Bi-yearly training of most affected AOC employees on Information Security (GDPR)
- Bi-yearly training of Distributors on Ethics
- Yearly commitment of most affected AOC Employees for adhesion to AOC Code of Conduct
- AOC AG has finalized the implementation of compliance policies and procedures at company and group level. No bribery or corrupt behaviour was reported in 2021.
- AOC AG has not been involved in any legal cases, rulings or incidents related to bribery, corruption, anti-competition practices in the current period.
- Our books and accounts are subject to statutory external audit annually. These audits are used as one of the methods of identifying suspicious payments that could be related to bribery or corrupt behaviour. There has been no such incident reported in the current period.
- AOC AG has implemented a process to apply the Mandatory Disclosure Rules (MDR) and works together with its tax advisors to report any applicable transaction.