



Azelis

Communication on progress 2021

To our stakeholders

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, listed our shares on Euronext Brussels in a successful Initial Public Offering (IPO) and 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.

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 teams continue to be fully focused on formulation and application expertise so that we have a meaningful impact.

Our strong focus on sustainability takes this innovation one step further as we pay particular attention to sustainable innovations. For example, in the UK personal care market our 'beauty box' solutions use natural ingredients such as sugar-based surfactants that are readily biodegradable and sulphate-free. Our commitment to provide innovative solutions has frequently been recognized with innovation awards, such as the Coup de Coeur award at e-Cosmet'Agora 2021, the Bronze Sensory Bar award at in-cosmetics Global 2022 for 'IN and OUT gummies' and the two Ringier Technology Innovation Awards, one in Food & Beverage and another one in Personal Care, we obtained in August 2022.

Alongside sustainability and innovation, digitalization is a third pillar of Azelis' strategy for creating value. Our investments in innovation centers, application laboratories, e-Labs, supplier 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.

In 2021, we made solid progress in all four priority areas of *Action 2025*. The proportion of senior management positions held by women has increased to 23.5% (vs. 21.9% in 2020). Furthermore, 55.8% of our revenue 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 tCO₂ e/€mn sales (vs. 3.75 in 2020). Finally, and 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.

In August 2022, we obtained the highest ESG ranking (lowest risk) in our industry from Sustainalytics, with a score of 12.4. This places Azelis in the top 5th percentile of more than 14,500 companies and almost 180 peers rated by the firm worldwide. Sustainalytics' ESG ratings evaluate a company's exposure to material industry-specific ESG risks and how well a company manages those risks. The assessment confirms Azelis' strong performance across a broad range of ESG metrics and considers the group to be at low risk of experiencing material financial impact from ESG factors. In addition



Innovation
through
formulation

to our EcoVadis® Platinum rating, the ranking from Sustainalytics reflects Azelis' commitment and relentless efforts to contribute to a sustainable future. For principals and customers alike, our leadership in sustainability differentiates Azelis and helps them meet their own sustainability ambitions.

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

Azelis Group Chief Executive Officer

[Taking action together: leadership in Sustainability](#)

Sustainability is a critical part of our business model. In March 2021, Azelis launched Action 2025, a new sustainability strategy. Action 2025 reinforces our commitment to become the world's leading provider of sustainable solutions and services for the specialty chemicals and food ingredients distribution industry.

2022 has been the year where we have consolidated Action 2025 and ensured that sustainability is an integral part of all our business processes and a pillar of our corporate strategy.

At Azelis, we play an important role in helping our suppliers and customers achieve their own sustainability objectives. We are continuously assessing our full portfolio to identify sustainable products and formulations that will enable our customers to develop more environmentally friendly products. We will continue to assess the sustainability protocols of our suppliers and help them develop their own sustainability practices, improve sustainability standards across the value chain, and enhance the reputation of the chemical industry.

Risk management is a fundamental feature of the Azelis business model that strengthens our performance. Our Enterprise Risk Management (ERM) framework includes a global risk management approach, fully integrated with our strategy and operations. This approach offers a comprehensive view on effectively aligning the interests of our business with those of our investors and society, using a risk-based approach towards our ESG performance. Azelis' robust culture of compliance and risk management is the cornerstone of our sustainability strategy.

[Action 2025, a new sustainability strategy, and our non-financial targets](#)

Action 2025, our Sustainability strategy, is based on insights gained from in-depth interviews with employees, principals and customers, input from Azelis business representatives, and the results of the materiality assessment. Our Sustainability strategy is structured around four pillars: People, Products and Innovation, Governance, and Environment, committing Azelis to achieving a series of ambitious targets by 2025 across all these areas. Under each of these commitments, Azelis has a framework to measure and monitor performance and develop action plans, as appropriate, to ensure continuous improvement.

Azelis' Sustainability Policy ensures that we conduct our business in a way that aligns our values and behavior with the expectations and needs of our stakeholders and of society in general.

Furthermore, as Azelis has been a member of the United Nations Global Compact initiative since December 2016, Action 2025 incorporates the ten principles of the United Nations Global Compact in areas such as human rights, labor, environment and anti-corruption, and the principles of ISO 26000 and the Global Reporting Initiative (GRI).

The materiality assessment played a major part in the formation of *Action 2025*: we assessed the ESG risks we face, identifying material sustainability topics and integrating them in our strategy.

The United Nations Sustainable Development Goals also form a significant reference point as we map our contributions and progress in *Action 2025*.

We also set the targets for 2025 for all four pillars of our sustainability strategy, People, Products and Innovation, Governance and Environment, as well as for our Environment, Social and Governance (ESG) reporting based on the Global Reporting Initiative (GRI). We assessed our impact on the United Nations Sustainable Development Goals (UN SDGs) and identified the goals where we can contribute most with our business practices. In 2022 we were externally audited (limited assurance) on a selected number of KPIs of our Sustainability strategy.

The four pillars of *Action 2025*

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 are the leader in the distribution of 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 which 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 embeds sound governance and fair business practices into 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 hence reduce pollution. To achieve our objectives, we will develop closer partnerships with our principals and external service providers.

With *Action 2025* we have developed a sustainability strategy that embeds sustainability in everything we do, including a special focus on the Products and Innovation pillar and especially on sustainable sourcing.

Action 2025 commits us to achieving a series of ambitious targets by 2025. We will measure our progress in all four pillars using KPIs and other metrics. The Action 2025 targets and KPIs are under continuous review as our ambitions continue to grow moving forward:

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 will continue to accelerate the development of sustainable solutions and create the baseline for establishing targets for sustainable formulations from 2022 onwards. <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 Azellis 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"> • Create an inventory of our GHG emissions and identify carbon reduction measures. • 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.
SDG			
			

Table 1. Action 2025 and its non-financial targets

Towards integrated reporting

To monitor our progress towards the ambitions of Action 2025 and the forthcoming regulatory requirements, 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.

To enhance the credibility of our sustainability reporting, and ahead of the regulatory requirements, in 2022 (FY 2021) for two KPIs of our Sustainability strategy relating to diversity and carbon intensity, we obtained limited assurance from our independent auditor. In 2022 we have increased the number of KPIs in scope that will be audited in the beginning of 2023.

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.

In 2021-2022, we made significant progress across each of the four pillars of our sustainability strategy:

In the **People** area, thanks to the extensive improvement actions put in place across the entire organization following the last surveys, we have already succeeded in reaching the 2025 goals for loyalty and working conditions and are very close to the goal for engagement. As we aim to continuously improve, in 2022 we have reviewed the goals and will be disclosed in our next Sustainability report 2022 (published in 2023).

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.

Table 2. People pillar - KPIs and targets

At Azelis we recognize that our people are fundamental to our success. We aim to make the Azelis brand more visible and attractive to potential candidates and current employees by offering competitive levels of remuneration and benefits, excellent working conditions and rewarding development and career opportunities.

Azelis is a highly diverse and international company: as we continue to grow, we are able to offer an increasing number of local and international career and professional growth opportunities to our employees and applicants alike.

The purpose of our yearly performance and talent review process is to improve employee performance, professional skills and functional competencies, and ensure the development of all our employees. It also enables the early identification of potential: talents are identified and assigned to talent pools. Our goal is to reduce the dependency on key people by fostering and developing a sustainable talent pipeline. The performance and talent review process and talent pools are seamlessly linked with succession planning, as our talents will feed the succession plans of management roles across the whole group.

At Azelis we believe that the diversity of our employees creates significant value and additional competitive advantage for our business. Diversity does not only mean gender diversity, but it also includes differences in culture, age, sexual orientation, physical impairments, work experience and many other forms of variety.

We are convinced that diverse companies are better at attracting talent, have a better customer orientation, higher employee satisfaction and enhanced decision-making processes. Ultimately, a diverse company will also perform better financially.

One of the key principles of our Code of Conduct is our commitment to maintaining a working environment in which safety is upheld at all times. We continuously strive to create safe and healthy conditions for our employees, as well as for our stakeholders who are affected by our operations.

The management of health and safety risks is addressed by local health and safety policies, which form part of our Responsible Care® and Responsible Distribution® management systems. These systems are in place in all regions.

Employee Health and Safety risk assessments are conducted on a regular basis in our warehouses and manufacturing sites. Additionally, training in Health and Safety is provided to employees, contractors, subcontractors and visitors.

UN SDG	People	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
3. Good health and well-being Ensure healthy lives and promote well-being for all at all ages. 	<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.
4. Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. 	<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.
5. Gender equality Achieve gender equality and empower all women and girls. 	<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.
8. Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. 	<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.

Table 3. People pillar - our contribution to the UN SDGs

In the area of **Products and Innovation**, we continued to identify sustainable products and formulations to create increased value for our customers and suppliers. We are focused on products with a minimal impact on the environment and that minimize or eliminate the use and generation of hazardous substances. We aim to design

new formulations and product stewardship practices that provide increased performance and increased value, while meeting the goals of protecting and enhancing human health and the environment.

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%

Table 4. Products and Innovation pillar - KPIs and targets

Certified Quality Management Systems

Azelis has moved globally towards ISO 9001 - the international standard that specifies requirements for a quality management system (QMS) - to demonstrate our ability to consistently provide products and services that meet customer and regulatory requirements. ISO 9001 is fully established within EMEA, and Asia-Pacific and the Americas are planning for a regional certified QMS by 2023.

In addition, the entities that distribute certain categories of products have the necessary certifications (ISO 22000, Organic, Bio, Cosmos, FCA, GDP, GMP, etc.). Risk management procedures ensure that the products we are distributing are safe, and all external warehouses and transport companies are accredited to store these products. Before engaging with these companies, we perform in-depth audits of their premises. Once they are approved, they are all included in our internal audit plans.

Sustainable sourcing

We also intensified our due diligence of sustainable sourcing, supported by our membership of Together for Sustainability®, a joint initiative and global network of 40 chemical companies that is based on the UN Global Compact and Responsible Care® principles.

Sustainable sourcing is embedded in our existing sourcing procedures. Sustainability is an additional parameter that is added to our selection of principals and suppliers, as well as our supplier onboarding processes. With the roll-out of TfS assessments and audits we are not only committed to evaluating our supply chain, but also to helping to improve the performance of our suppliers in their sustainability efforts. It is not a 'pass or fail' system but a collaborative approach which fosters the development of new partnerships.

TfS is a flagship global initiative which provides worldwide support for assessing and auditing the sustainability performance of supply chains for chemical companies, their distributors and their suppliers. Our use of the TfS framework allows Azelis to measure the environmental, labor, and human rights, ethical and sustainable procurement performance of selected suppliers.

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®.

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. Action 2025, 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 Action 2025, 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.

Table 5. Products and Innovation pillar - 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>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. Action 2025: 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.

Table 6. Products and Innovation pillar (continued) - our contribution to the UN SDGs

Moving to the **Governance** pillar, becoming a listed company in 2021 made our commitment to high standards of governance 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 always 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).

Table 7. Governance pillar - KPIs and targets

Our Code of Conduct forms the cornerstone policy of Azelis' compliance program. Since its inception in 2010, the Code of Conduct has been revised and updated multiple times. The following are its main principles:

- Support the principle of equal opportunity for our employees and oppose all forms of discrimination
- Oppose any form of exploitation of workers and child labor
- Commit to maintain a working environment where safety, dignity, respect and privacy are upheld at all times
- Attach great value to our resources and ensure the protection of Azelis' intellectual property rights and confidential information
- Communicate with all our stakeholders in an open and transparent manner while considering the interest of the Azelis group
- Maintain high ethical standards in dealing with our customers, principals, suppliers and governmental authorities
- Respect local values, traditions and cultures in each of the countries and regions where we operate
- Avoid entering into any situation in which our personal or financial interests may conflict with those of the Azelis group
- Comply at all times with all applicable laws and regulations as well as our internal policies and procedures regarding the conduct of our business
- Commit to integrating environmental best practices into all our business activities and recognize our obligation to reduce the impact of business activities on the environment

In 2020 we launched the SpeakUp! Policy and SpeakUp! Line for employees and any third-party stakeholder to report malpractices. We will do everything it takes to maintain a culture where employees are encouraged to report wrongdoing without fear of victimization or retaliation.

Fighting bribery with all parties associated with Azelis is an integral part of our sustainability strategy. In 2015, we launched an anti-bribery and fraud prevention policy. Within the framework of the Code of Conduct, the anti-bribery and fraud prevention policy is specifically dedicated to combatting and preventing any form of bribery or fraud associated with Azelis' business. As Azelis has developed an increased global presence in recent years in countries which are particularly vulnerable to corruption and bribery, this policy has become even more important.

UN SDG	Governance	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
11. Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient, and sustainable. 	<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.
16. Peace, justice and strong institutions Promote just, peaceful and inclusive societies. 	<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.

Table 8. Governance pillar - our contribution to the UN SDGs

In the domain of **Environment**, 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.

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.

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.

Table 9. Environment pillar - KPIs and targets

Waste management and the prevention of pollution are key priorities of our sustainability strategy. They form the second improvement area of the environmental pillar of *Action 2025*. At Azelis we are striving to reduce the amount of waste that we generate in our operations. We believe that the best way to deal with pollution is to prevent it from being created in the first place.

To preserve the environment and minimize waste, we believe in finding new efficiencies, in doing things smarter, and in valuing natural resources. For example, as pressure mounts on global water resources, we closely monitor the use of water in our offices, laboratories and other sites.

Responsible Care® and Responsible Distribution®

Azelis has long been committed to Responsible Care® and Responsible Distribution® programs, which are voluntary initiatives from the chemical industry for the continuous improvement of health, safety and environment standards and are a key part of its regulatory compliance for its sites and businesses. Specifically, as member companies of the different national associations, Azelis entities are subject to mandatory verification (either by the staff of the national association itself or by a third party) of its health, safety and environment performance and continuous improvement in every phase of chemical storage, handling, transportation and disposal.

In Europe, the vast majority of Azelis entities are Responsible Care® certified via their national association or through the European Association of Chemical Distributors (FECC). Similarly, Azelis entities in the Americas are subject to mandatory third-party verification as members of the National Association of Chemical Distributors in the United States and the Canadian Association of Chemical Distributors. In Asia-Pacific, Azelis is developing its Responsible Care® membership in the countries where a national association of chemical distributors exists (e.g., Malaysia).

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

Table 10. Environmental accidents - KPIs and targets

UN SDG	Environment	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
7. Affordable and clean energy 	<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.
13. Climate action 	<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.
14. Life below water 	<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.

UN SDG	Environment	
	What we have done so far: selected examples of implemented initiatives	What we plan to do: selected examples of planned initiatives
15. Life on land 	<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.

Table 11. Environment pillar - our contribution to the UN SDGs

In 2021, in recognition of all our sustainability efforts, EcoVadis® awarded Azelis its Platinum rating, a fantastic result which places us in the top 1% of the more than 75,000 companies assessed by EcoVadis®.

The achievements of 2021 put us in a strong position to make further progress in the future. As our industry adopts ever more demanding targets for sustainability, and as the expectations of our stakeholders increase, we will continue to challenge ourselves to do better. Action 2025 will inspire us to new achievements and new ambitions.

Azelis obtained #1 ESG industry ranking from Sustainalytics in 2022, among a peer list of 178 international traders and distributors, with a score of 12.4 (lowest risk). This places Azelis in the top 5th percentile of more than 14,500 companies rated by the firm worldwide. Sustainalytics ESG ratings evaluate a company's exposure to material industry specific ESG risks and how well a company manages those risks and considers the group to be at low risk of experiencing material financial impact from ESG factors.

Read more on Azelis' sustainability program and how our sustainability efforts are put into practice in the 2021 sustainability report: <https://www.azelis.com/en/sustdownloadsandcontacts>

About Azelis

Azelis is a leading global innovation service provider in the specialty chemicals and food ingredients industry present in 57 countries across the globe with + 3,000 employees. Our knowledgeable teams of industry, market and technical experts are each dedicated to a specific market within Life Sciences and Industrial Chemicals. We offer a lateral value chain of complementary products to more than +51,000 customers, supported by +2,300 principal relationships, creating a turnover of €2.8 billion (2021). Azelis Group NV is listed on Euronext Brussels under ticker AZE.

Across our extensive network of more than 60 application laboratories, our award-winning staff help develop formulations and provide technical guidance throughout the customers' product development process. We combine a global market reach with a local footprint to offer a reliable, integrated and unique digital service to local customers and attractive business opportunities to principals. EcoVadis Platinum rated, Azelis is a leader in sustainability. We believe in building and nurturing solid, honest and transparent relationships with our people and partners.

Impact through ideas. Innovation through formulation.

www.azelis.com