

SCHOCK



SUSTAINABILITY REPORT 2022



SCHOCK

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SCHOCK

DEAR READER,

The world is changing, and we are changing with it. New challenges are emerging that must be mastered. One of the latest challenges is the war in Ukraine, the economic effects of which were felt in our daily business operations in 2022. The ongoing COVID-19 pandemic also occupied us throughout the year.

Sustainability continued to be the focus of all our endeavours in 2022, with our efforts always addressing either economic, environmental or social issues. SINK GREEN is the expression of our commitment to be responsible towards nature and the environment and to act in all facets of sustainability, every day.

With our active participation in the United Nations Global Compact and our commitment to the ten principles of the UN Global Compact as well as the Sustainable Development Goals (SDGs) of the United Nations, we want to make a contribution to a more sustainable economy and society. Our contribution is described in the Sustainability Report we've published annually since 2021. In addition, our Sustainability Report contains information on our approach and our conduct in regard to human rights, labour standards, the environment and anti-corruption. Because we are participants in the UN Global Compact, we report on these topics in our annual Communication on Progress.

- Local and global events over the past year brought home to us once more the impact of the climate crisis and the need for action. For SCHOCK, sustainability is not a trend but a way of life. We take care of sustainability issues which are in our own hands as a company: By using non-critical materials, purchasing renewable energy, manufacturing in the Bavarian Forest and taking various other measures, we are sending a clear signal. At the same time, this strong conviction on our part provides retailers and end consumers with the chance to opt for a sustainable kitchen sink on the market. Our main advancements and continued measures in 2022 included:
 - Switching to carbon-neutral gas for our forklift trucks
 - Attaining climate neutrality for the company and the kitchen sink product through carbon offsets
 - Achieving certification as a sustainable company by the German Institute for Sustainability and Economics (DINO)
 - Introducing a remanufacturing process for internal scrap material in our small batch production
 - Publishing our Sustainability Report in accordance with the GRI – includes the Communication on Progress as part of our participation in the UN Global Compact.
 - Fostering biodiversity by welcoming five bee colonies.
 - Continuing with the Target Gender Equality Team.

"SINKS BUILT IN HARMONY WITH NATURE"

Our goal is to produce a sustainably optimised sink, manufactured in a climate-neutral way. The starting point on the road to achieving this goal was to calculate our carbon footprint in accordance with international standards. In the necessary analyses, SCHOCK has been working in accordance with the Greenhouse Gas Protocol (GHG) since 2019 and received support in the first-time analysis from one of the Big Four consulting firms. Together, a sustainability roadmap was developed, the topics being, climate change and emissions, resource efficiency, energy and innovations, and a sustainable product strategy. On the basis of this roadmap, measures were defined aimed at avoiding or reducing emissions. SCHOCK offsets any unavoidable emissions after all reduction options have been taken

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through ClimatePartner climate protection projects. ClimatePartner's portfolio includes over one hundred certified climate protection projects in various countries and with various technologies and standards. In 2022, we were thus able to attain climate neutrality for the kitchen sink product and for the company through offsetting.

To help us implement topics leading to social impact in the context of diversity, equity and inclusion, the Target Gender Equality team was founded in August 2021 following SCHOCK's active participation in the Target Gender Equality initiative of the UN Global Compact Network Germany. Consisting of ten members, the team's activities are concerned not only with gender equality but also with the many types of diversity (generations, ethnicities, genders and origins) as well as inclusion. The individual life experiences, knowledge, skills and talents that our employees possess and apply in their daily work shape our corporate culture.

The team strives to do its part to ensure that SCHOCK remains an attractive and modern employer for future generations. To achieve this goal, the team defines and implements measures that give visibility to the topics of diversity, equity, equal opportunities and inclusion. The aim is to ensure that the right person holds the right job at the right time in the right place – regardless of their gender, cultural and ethnic background or sexual orientation.

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

As SCHOCK, we stand for transparency and openness. We invest continuously in sustainability and research. Our innovative spirit along with our people are what has determined SCHOCK's success since the very beginning and are thus the key to more sustainability in business and society.

We strive, not only as a company but also personally, to make a significant contribution to the principles of the UN Global Compact as well as the SDGs and to serve as a role model for our employees, our customers, partners and the industry.



Yours sincerely,

Ralf Boberg,
CEO of Schock GmbH

SCHOCK

THE COMPANY

Schock GmbH is located in Germany with its headquarters in Regen, a small town in the Bavarian Forest. SCHOCK operates its international business from Regen and employed 607 people in 2022. SCHOCK is a manufacturer of quartz composite sinks in CRISTADUR® and

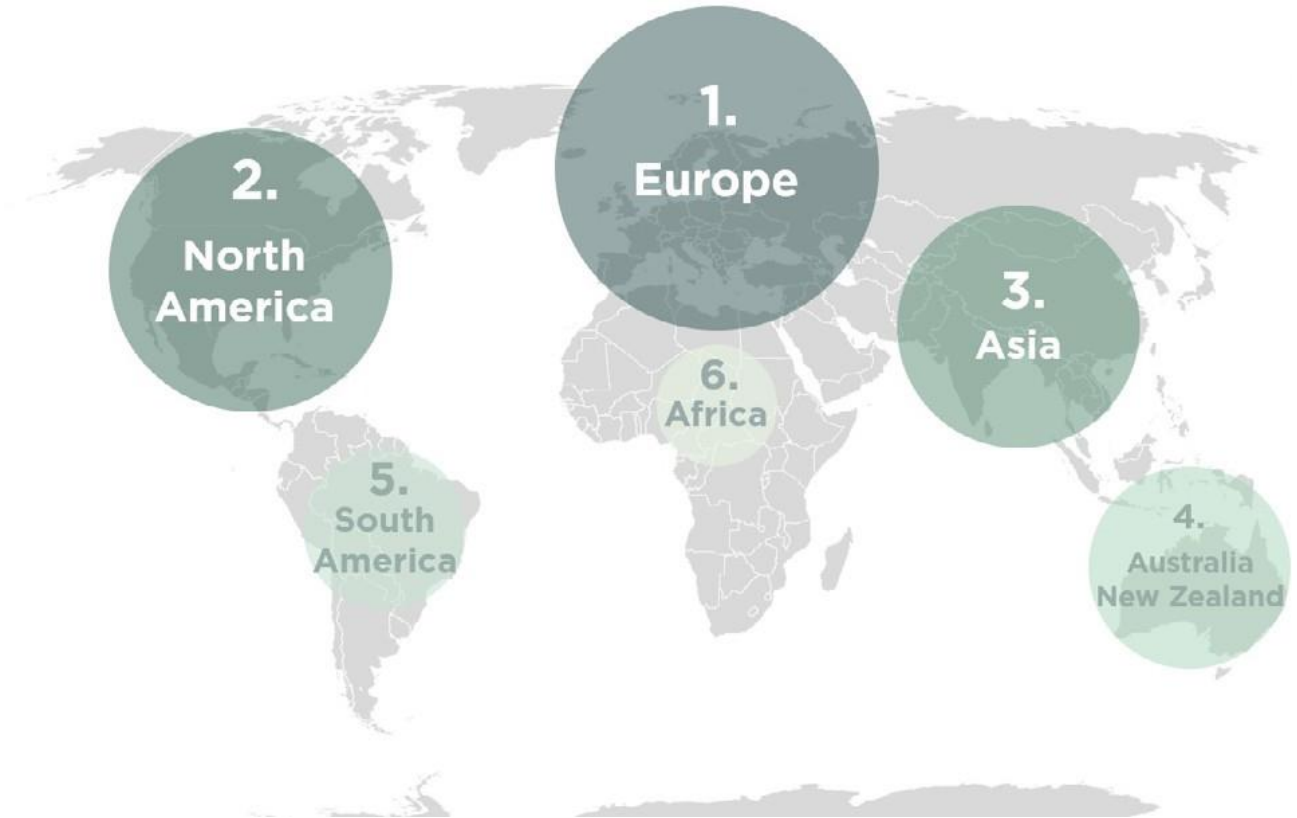


Figure 1 SCHOCK Markets

CRISTALITE®.SCHOCK produces its kitchen sinks exclusively in Germany and distributes them in more than 60 countries worldwide. The customer base includes, among others, brick-and-mortar kitchen retailers and furniture stores, the kitchen furniture industry, the DIY sector, online retailers and private label customers. The global distribution network extends across all continents, with our company belonging to the sanitaryware and kitchen sector. Europe represents our biggest sales market.

As a company, we are always striving to expand our domestic as well as international business and to offer customers around the world quality products made with real German craftsmanship. Annual revenue at SCHOCK amounted to € 141 m¹ in 2022. Under SCHOCK's expansion strategy, the company Marmorin, a Polish manufacturer of moulded kitchen and bathroom products made of composite material – including freestanding bathtubs as well as washbasins and shower trays – was acquired in December 2021. SCHOCK is a limited liability company (GmbH) owned by Skiron BidCo S.a.r.l. (Triton Fund V). Triton is a European private equity firm with an investment focus on small and medium-sized enterprises in the DACH region (Germany, Austria, Switzerland), the Nordic countries, Benelux, France, Italy, Spain and the United Kingdom. It primarily invests in companies that

¹ Annual revenue according to the consolidated financial statement of Schock TopCo GmbH was rounded down to whole millions.

SCHOCK

have the potential to create value sustainably and long term across changing business economic cycles.

Triton is currently invested in 47 companies in Europe, with combined revenues of around €18.1 bn and some 105,000 employees.

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

THE PRODUCT

Our product range consists of quartz composite sinks in two materials: CRISTADUR®, including CRISTADUR® Green Line, and CRISTALITE®. SCHOCK's SINK GREEN strategy is based on an already existing, solid foundation of resource conservation and responsibility for the environment.

We are the only producer of quartz composite sinks to manufacture exclusively in Germany. With resource-saving production, quartz largely from Bavaria and a raw material efficiency of 90%, all of our sinks are already built in harmony with nature and the environment. Furthermore, with the CRISTADUR® Green Line, we have developed the first acrylic based quartz composite material that is composed of quartz and pigments as well as a binder based on renewable or recycled raw materials.

Like all SCHOCK sinks, these select models consist of up to 75% quartz, which is combined with natural colour additives and binders from recycled or renewable sources. The result is the most sustainable quartz composite sink from SCHOCK.

Each product line comprises between four and 25 series. In the SCHOCK standard range, customers have a choice of up to 170 different models and can choose from up to 30 different colours for their sink.

In addition to our quartz composite sinks, we offer a wide variety of kitchen taps. Our customers have a total of 29 series, 43 models and a choice of 28 different looks to choose from. Across our entire product range, we thus offer 1,842 product variants.

| | CRISTALITE® | CRISTADUR® | CRISTADUR® Green Line | Kitchen fittings |
|----------------------------|-------------|------------|--------------------------|---------------------|
| #Series | 25 | 18 | 4 | 29 |
| #Models | 96 | 64 | 7 | 43 |
| #Colours across all series | 18 | 9 | 2 | 28 |
| #Total variants | 974 | 530 | 45 | 293 |

Table 1 SCHOCK's product variety

We also offer our customers services such as an extended warranty following online registration for kitchen taps and CRISTADUR® sinks, the opportunity to request sample chips and a take-back programme for their used Green Line sinks.

At SCHOCK, we enable our customers to return used Green Line sinks to us at the end of their service life for future recycling. The take-back programme is already available to customers located in Germany and Austria.

SCHOCK

In the future and for all our futures, we are keen to sustainably optimise our new products, reduce the environmental footprint of the entire sink range even further, and bring even more colour into the kitchen with green concepts.

COMPANY PROFILE

We were pioneers in 1979 with the invention of the quartz composite sink. To this day, we have not stopped being an innovator in the market.

We act where others are still discussing. That is why, as a globally operating company, we are committed to making our contribution to a better world with prudence and foresight: with entrepreneurial courage, creativity, innovative spirit, and excellent craftsmanship Made in Germany.

With our innovative products and the establishment of the CRISTADUR® Green Line, we support efforts to realise a resource-efficient and sustainable future. We strive to add colour, variety and sustainability – or, in short, introduce lifestyle into the kitchenscape. In this we are aware of our responsibilities as a global player, pursuing the goal of responsible consumption and production at our site.

For SCHOCK, protecting the environment is not merely a trend but is deeply rooted in the brand's DNA. The connection with nature, and the resulting mindset, can be seen in the various facets of the company's sustainable approach. It shapes the actions of the company and the nature of its products.

As a sign of our dedication and our passion for social, environmental and economic impacts, we endorse social charters such as the United Nations Global Compact and the amfori BSCI Code of Conduct – "Trade with Purpose".

We have been an active participant of the UN Global Compact since 1 January 2021 and are committed to observing and upholding the ten principles of the United Nations. In addition, we strive to contribute to the fulfilment of the United Nations 2030 Agenda for Sustainable Development. In our Sustainability Report, we report annually on matters pertaining to human rights, labour standards, the environment and anti-corruption as required in the Communication on Progress.

With regard to climate and environmental protection, SCHOCK is a member of the Bavarian Environmental Pact and our environmental management is underlined by our ISO 9001, EMAS, ISO 14001, ISO 45001 and ISO 50001 certifications. EMAS is the world's most demanding system for environmental management. We report annually on our environmental performance in the environmental statement. Our environmental performance is audited and validated at regular intervals by certified, independent environmental auditors. In a further step, the environmental statement is reviewed and confirmed again by the German Accreditation and Licensing Body for Environmental Verifiers (DAU) and the Chamber of Industry and Commerce of Lower Bavaria. The implementation of EMAS demonstrates the establishment of an environmental management system and the validation of the results by authorised environmental verifiers. Furthermore, our company is also screened for legal issues as part of the inspection by the responsible Chamber of Industry and Commerce. We also support regional workshops for people with disabilities, work with various clubs in the region and carry out fundraising campaigns for the benefit of organisations such as the non-profit association Technik für Kinder e.V. in Regen.

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ACCURACY

The information on environmental and energy topics was evaluated by Intechnica Cert in the course of the annual ISO 9001, ISO 14001, ISO 45001, ISO 50001 and EMAS audit and certified by the German Accreditation and Licensing Body for Environmental Verifiers (DAU) and the Chamber of Industry and Commerce of Lower Bavaria. The annual environmental statement can be found at

https://www.schock.de/int_en/company/sinkgreen/engagement



SCHOCK

SUSTAINABILITY MANAGEMENT

Sustainability is deeply embedded in the corporate strategy. We have endeavoured to drive sustainability issues forward within the company and align our actions accordingly since as early as 2010. In all our sustainability efforts, we pay attention to the three pillars of sustainability, which revolve around environmental, social and economic impact. We attained EMAS certification in 2011 and since then we publish annual environmental statements that are audited and verified by an external auditing company. In mid-2014, we started conducting Environmental, Social and Governance (ESG) as well as Corporate Social Responsibility (CSR) audits. A designated Sustainability, Compliance & Quality (SCQ) department was established in 2019 with a seat on the management committee. In 2020, we conducted an ESG due diligence review in collaboration with one of the Big Four consulting firms. In 2020 to 2022, we were awarded the "Commitment to Sustainability" seal of approval from the German Institute for Sustainability and Economics each year. Below you will find an overview of the milestones achieved and planned in our sustainability efforts:

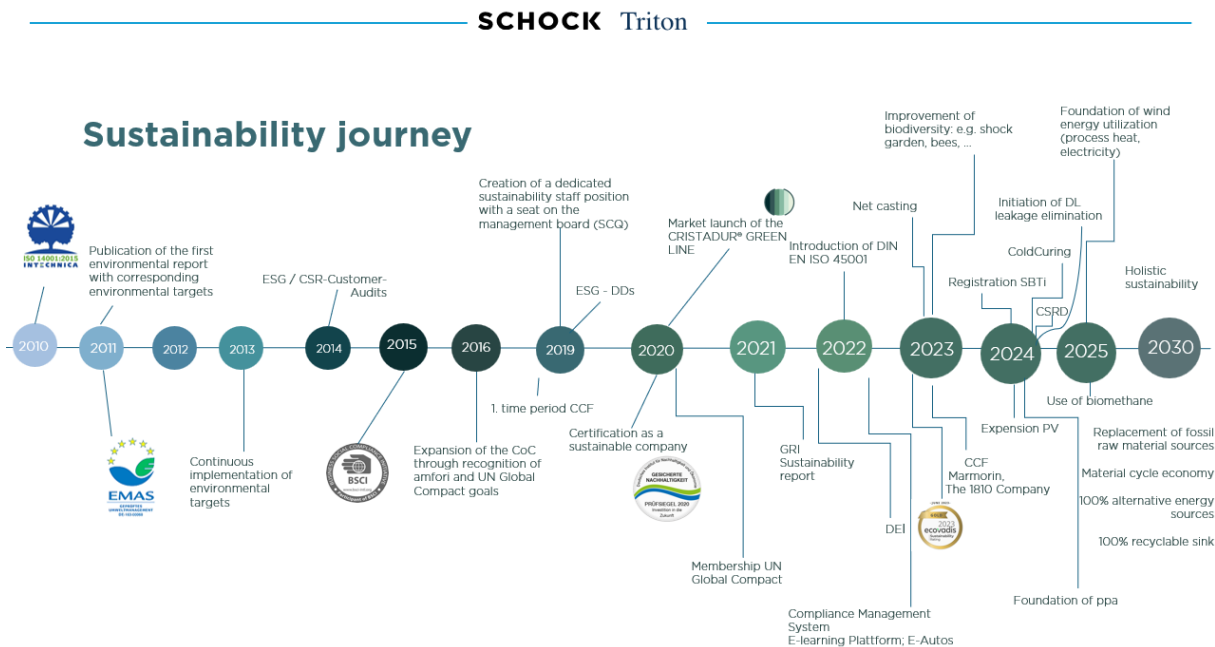


Figure 2 SCHOCK's sustainability roadmap

In 2022, we achieved many accomplishments in the area of sustainability. By purchasing 100% green electricity, we were able to keep Scope 2 emissions at 0 kg/CO₂. Further measures such as switching to carbon-neutral gas for the forklift trucks, installing electronic charging stations, and more efficient production of process heat are expected to contribute towards the further reduction of our company-wide carbon footprint. Since 2021, our emissions figures have been published in our annual Sustainability Report in accordance with the GRI Standard and Greenhouse Gas Protocol. We opted for the GRI Standard because it enables transparent reporting and international comparability.

SCHOCK

SINK GREEN

SINK GREEN is our response to the challenges of our time. Some of this is in our own hands as a company: By using non-critical materials, purchasing renewable energy, manufacturing in the Bavarian Forest and taking various other measures, we are sending a clear signal. At the same time, this strong conviction on our part gives retailers and end consumers the chance to choose the most sustainable quartz composite sink from SCHOCK. Shifting our way of thinking together – with SINK GREEN.

SUSTAINABLE MANAGEMENT ALONG THE VALUE CHAIN

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

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

SCHOCK supports *the ten principles of the United Nations Global Compact* on human rights, labour standards, the environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of our strategy, culture and the day-to-day operations of our company and to engaging in collaborative projects that promote the United Nations' wider development goals, particularly the Sustainable Development Goals (SDGs).

As a company and as individuals, we aim to make a sustainable contribution to the principles of the UN Global Compact and to be a role model for employees, customers, partners and the industry. We strive to incorporate the ten principles into all our internal and external activities, planning and strategies. The Sustainable Development Goals identify the targets that are to be achieved under the 2030 Agenda.

After careful consideration, we selected the following SDGs as essential to SCHOCK. These goals were chosen because SCHOCK as a company and our employees as individuals can make a fundamental contribution to their implementation.



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GOVERNANCE COMPANY MANAGEMENT

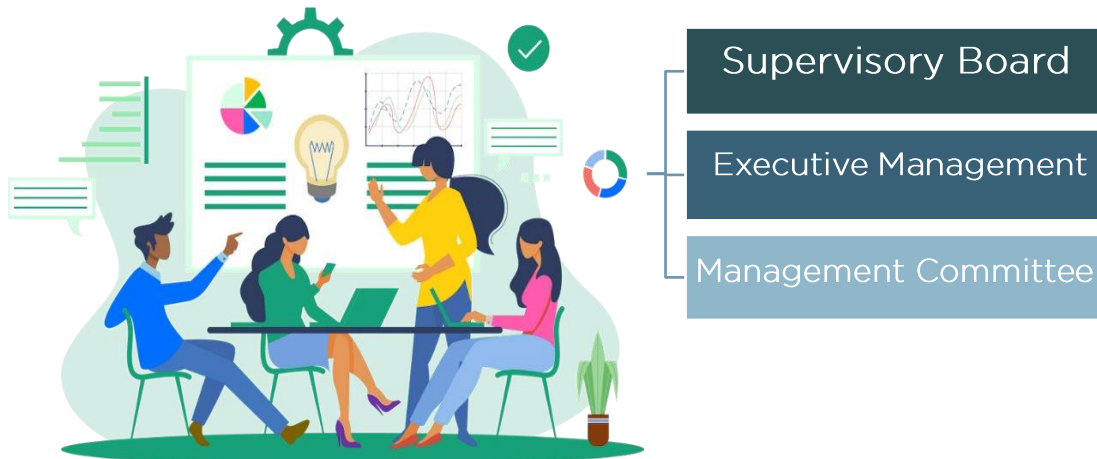


Figure 3 SCHOCK's corporate structure

The governing body at SCHOCK consists of the executive management and the supervisory board. After consultation with the supervisory board, SCHOCK's executive management feeds new topics into the management committee, which is made up of experienced managers from different departments. There are also specialist committees made up of representatives of the owner and the department heads at SCHOCK. These expert committees discuss and handle specific topics. All committees are involved in decision-making on economic, environmental and social issues.

Responsibility for and the implementation of sustainability management lies with the Sustainability, Compliance and Quality Management department. This was established as a new department in 2019 given the growing importance of sustainability for the company. The Director Corporate Sustainability and Compliance reports directly to the executive management and is a member of the management committee. In this function, the Director Corporate Sustainability and Compliance reports to the management committee on sustainability issues on a quarterly basis. In line with the three pillars of sustainability, this includes environmental, social and governance topics.

In accordance with the ISO 50001 standard, an energy team is responsible for monitoring and managing energy-relevant topics. The tasks of the energy team include the following:

- Ensuring that the energy management system (EnMS) is introduced, realised, maintained and continuously improved
- Ensuring that the company meets the requirements of the standard
- Implementing action plans to continuously improve energy-related performance.
- Reporting to top management at fixed intervals on the performance of the EnMS and the improvement of energy-related performance.
- Establishing criteria and procedures necessary to ensure effective functioning and management of the EnMS.

SCHOCK

PRACTICES AND PRINCIPLES

Corporate governance practices are derived from our vision and our shared values. They form the basis for respectful interaction among our employees as well as externally with our partners. Adherence to responsible practices at every stage in the value chain is crucial to our corporate governance. Alongside department-specific documents, the most important policies, which are known to the entire workforce, include the corporate philosophy, the Integrated Management System (IMS) policy, the employee handbook, as well as the Defect Manual. The first three address, among other topics, the company profile, corporate values, conflicts of interest, and environmental, quality and energy matters. In addition, the company's health policy was published in 2022, which shows that we value the health of all our employees and is underpinned by the ISO 45001 certification we have achieved.

The policies further address:

- The prevention of child and forced labour
- The handling of complaints
- Anti-corruption and bribery
- Anti-harassment, discrimination & bullying
- The approach to fulfilling customer needs
- The importance of staff development
- The corporate structure
- Our error culture
- Our corporate identity
- Data protection
- Responsibilities
- Communication and interaction guidelines
- Types of inspections and defects
- Measuring equipment used and the handling of non-conforming products
- Our commitment to and participation in the United Nations Global Compact
- The UK Modern Slavery Act 2015
- The Universal Declaration of Human Rights.

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INTEGRATED MANAGEMENT SYSTEM

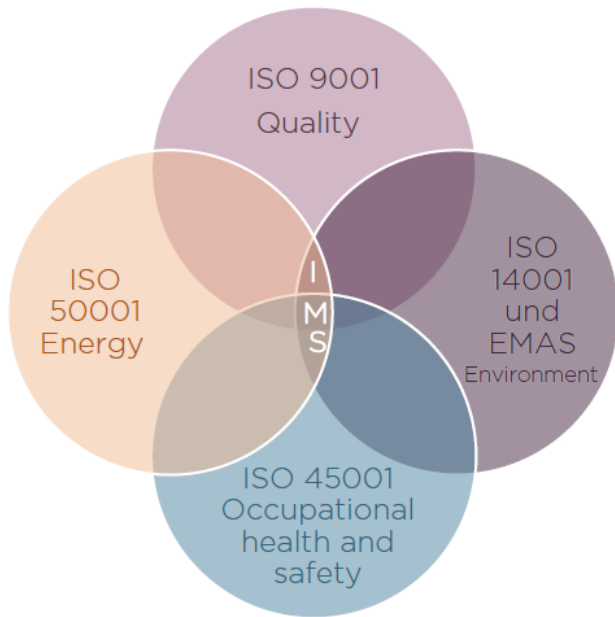


Figure 4 SCHOCK's integrated management system

SCHOCK's Integrated Management System (IMS) combines methods and instruments for complying with requirements from different areas such as quality, environment and energy within a uniform structure. The requirements include legal regulations, product standards and EMAS, ISO 9001, ISO 14001, ISO 45001 and ISO 50001 guidelines. The IMS provides a framework for all management systems at SCHOCK, ensuring compliance with the law and with internal and external requirements as well as regulations, while also ensuring efficient ways of working.

This is achieved through internal rules and processes involving clear roles and responsibilities. The IMS thus facilitates effective risk management and helps to

safeguard the company's ability to do business. Moreover, the IMS serves to monitor and control our value-based corporate management and at the same time ensures for our customers that the desired requirements for our products and services are met. The effectiveness and efficiency of the Integrated Management System is monitored annually by an accredited certifier (ISO 9001, ISO 14001, ISO 45001, ISO 50001) and verified at defined intervals. The validated EMAS environmental statement can be viewed on our website. Audits of external customers take place according to their specifications, internal audits according to the audit plan of Schock GmbH.



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COMPLIANCE

SCHOCK manages its business responsibly, with integrity and in compliance with the statutory requirements and regulations of German law. Compliance describes the adherence to all legal requirements and internal policies by a company and its employees. Compliance is essential for the long-term success of our company. The company's compliance management is directed by the Compliance Officer (CO), who reports directly to the Chief Executive Officer (CEO). The CO also reports to the supervisory board and the management committee on environmental, social and governance (ESG) topics on a quarterly basis.

Potential compliance risks (such as corruption) are identified together with the operational departments to ensure the systematic and preventative detection and assessment of risks. Potential risks are then entered into a company-wide risk matrix which is used to develop suitable measures for specific processes or business activities. In addition, we analyse our business partners according to defined risk criteria and review their compliance.

The observation of corporate compliance principles is among the checks carried out during internal audits by the compliance department at SCHOCK. This department also keeps track of applicable laws and regulations and is responsible for establishing business-specific policies.

COMPLIANCE TRAINING AND COMMUNICATION ACTIVITIES

We support our employees in acting with integrity and proactively avoiding potential compliance violations. The Sustainability, Compliance and Quality Management department works with senior management to determine the company's compliance communication and training activities. Both supervisors and compliance experts are available to answer employees' questions about lawful and ethical conduct.

HANDLING OF COMPLIANCE VIOLATIONS AND ETHICAL CONCERNS

All employees are required to observe compliance principles and to immediately report any violations of internal and external laws and regulations. Suspected compliance violations can also be reported anonymously if desired. The contact address for whistleblowing is communicated to all employees and is also displayed on every information board. Besides the possibility of anonymous reporting, we encourage all employees to contact their manager in the event of known or suspected compliance violations. Employees can also turn to the works council, which deals with all concerns of the workforce. Furthermore, there are several representatives for specific topics, such as inclusion and equality, at SCHOCK whom employees can contact at any time. Details of who the representative is for which topic are communicated throughout the company and also displayed on the information boards. Letters can also be written anonymously to management and sent via "suggestion boxes" distributed across the plant, and these are also taken into account and appropriate measures taken.

Under the imminent Supply Chain Due Diligence Act (LkSG) and the EU's Corporate Sustainability Reporting Directive, companies will be responsible for monitoring and control along the entire value chain, and the whistleblower system is being expanded accordingly.

SCHOCK

Penalties for compliance violations range from criminal convictions, which can result in fines or imprisonment, to civil claims for damages to dismissal from employment or other disciplinary action.

HANDLING OF COMPLAINTS

SCHOCK operates an open-door policy which gives every employee the right and the opportunity to have their complaints or issues heard. In addition, SCHOCK has a works council which is responsible for ensuring that employee rights are upheld and serves as a point of contact for the workforce.

DATA PROTECTION

Data is generated in every business operation and its importance and financial value is constantly growing. People therefore have a growing interest in ensuring the security of their data. SCHOCK is committed to protecting the data of all its stakeholders, be they employees, job applicants, customers, suppliers or other business partners.

As an internationally operating company headquartered in Germany, we comply with the General Data Protection Regulation (GDPR) (EU) 2016/679, which serves to protect personal data. The legal requirements of the GDPR provide the basis for our register of data processing activities as well as for safeguarding the rights of data subjects. To ensure IT compliance, annual reviews of the information requirements according to Article 13 GDPR take place. IT is also responsible for reviewing the technical and administrative measures taken on site as well as by external service providers.

An external consultant and expert in data protection acts as the data protection officer for SCHOCK. In 2022, SCHOCK did not become aware of any complaints related to the loss or breach of customers' data privacy.

Over the past five years, Germany has been observing a steady increase in cybercrime. The coronavirus pandemic further fuelled cybercrime. To protect our company against these dangers, we conduct cybercrime and data protection training sessions and simulated phishing attacks annually with all relevant employees. These actively help to raise awareness and identify potential threats.

MARKETING COMPLIANCE

SCHOCK is committed to the timely, accurate and complete disclosure of information in an appropriate manner. Our standards and further objectives regarding compliance within our marketing and external communications comprise the following points:

- *Legal security:* Meeting all legal and reporting requirements.
- *Transparency:* Clarifying responsibilities and processes for daily communications and also in the event of a crisis.
- *Consistency:* Pursuing a "one voice" policy for SCHOCK's communication activities.
- *Information security:* Ensuring the same level of information across the entire company.
- *Strategy:* Making sure that communication follows strategy not vice versa.
- *Adaptability:* Providing opportunities for target group and communication topic adjustments.



SCHOCK

MATERIAL COMPLIANCE

A central Material Compliance function was created in 2021 within Research & Development. The function is responsible for compliance with the international, safety-relevant requirements for SCHOCK's product categories as well as for the raw materials and other materials used. National and international laws, regulations, standards and best practice are taken into account. The expertise of the Material Compliance function is applied in the process of implementing new raw materials and products.

RISK MANAGEMENT

As a company that operates solely in Germany but distributes its products around the world, we are exposed to various internal and external developments and events that could significantly impact the achievement of our financial and non-financial objectives. Therefore, much of our corporate management is about managing opportunities and risks.

We have implemented a holistic risk management system to ensure the early identification, assessment and handling of risks.

The operational departments are responsible for the identification, assessment, handling and annual reporting of risks. The risk matrixes are assessed and the effectiveness is reviewed in internal audits.

ANTI-CORRUPTION AND BRIBERY

Our employees are trained to comply with all applicable laws and existing internal company policies. The training is based on our anti-corruption and bribery policy. This document is intended to sensitise all employees to compliance violations and to indicate expected and desired conduct as well as consequences.

The following measures are taken to establish anti-corruption compliance in the company:

- Training in and provision and internal display of our Code of Conduct
- Creating awareness and improving detection of compliance violations
- Highlighting consequences
- Holistic risk analysis
- Training
- Whistleblower mechanisms.

KNOW YOUR CUSTOMER

We are dedicated to contributing to the global anti-money laundering initiative. We comply with the German Anti-Money Laundering Act (GwG). Money laundering must be prevented, as it is often an element of other, far more serious crimes.

All job applicants must undergo pre-screening before they can be considered for employment. In this way, we check that potential new employees respect national and international law.

Since we operate internationally, it is of the utmost importance to ensure that all money transfers we receive are legal.

The KYC process begins with a genuine (purchase) interest on the part of suppliers, customers or other contractual partners.

Under the Anti-Money Laundering Act, SCHOCK has a crucial obligation to know who we are doing business with. We must request and archive different records depending on the

SCHOCK

type of contractual partner – legal entity or natural person – with whom we do business. Since money laundering represents a growing threat worldwide, all our business contacts (customers, suppliers, employees, etc.) need to be handled with increased caution and care. In order to determine whether current or future business partners are politically exposed persons (PEP), they must undergo a regular PEP check. The PEP check is performed on a voluntary basis in addition to the mandatory sanctions list check.

The KYC process consists of:

- Identifying natural persons
- Identifying and verifying legal entities or partnerships
- Verifying corporate databases
- Enhanced due diligence (including reputation check and depiction of linked individuals and companies)
- Risk assessment and recommendations for action.

ANTI-CORRUPTION AND BRIBERY POLICY

The company-wide anti-corruption and bribery policy contains information on personal safety, general and specific conduct guidelines with regard to gifts and other benefits, business meals, other events, interests in other companies, suspected corruption with examples of what is considered corruption or bribery.

In addition, employees are provided with a point of contact – the whistleblower address – to which they can turn in the event of ethical concerns and violations of internal and external regulations. Employees are also made aware of the consequences of violations.

TRAINING

The anti-corruption and bribery policy is one of 13 mandatory training sessions that all employees are required to complete every year. Evidence of attendance is checked and verified during our annual internal audits. To ensure that the legally required instruction and training can take place regardless of the current and possible future pandemic, we plan to establish an online training portal. This will not only enable us to monitor learning success but also allow our employees to take the courses flexibly.

PRECAUTIONARY PRINCIPLE

The precautionary principle is a major focus when it comes to the health and well-being of our employees. Occupational safety is ensured by several instances, including by company agreements that address the occupational safety of our employees and by a Safety Officer who monitors the safety of the plant through regular walk-throughs, improvement measures and compliance with health and safety regulations. The focus in all we do lies on preventing risks, therefore all members of the company receive regular training and participate in numerous company-wide and department-specific workshops. Further measures around risk mitigation deal with identifying potential insurance cover to minimise the extent of risk. With regard to occupational health and safety, SCHOCK works closely with the company doctor. Areas where action is required are identified and implemented jointly.

A company doctor and trained first aiders are available to all employees for health promotion, prevention of illness and treatment when needed. Providing cover for our employees and their families in times of need is likewise a matter of great concern to us,

SCHOCK

which is why, as a matter of principle, we insure all our employees against accidents in the workplace causing invalidity as well as death.

Some synthetic materials are used in the production of our quartz composite sinks. In the areas where chemicals are used, all employees are trained in the handling of hazardous substances. In addition, we prohibit any employees under 18 years of age from handling hazardous substances. To reduce the use of hazardous substances we apply the principle of substitution as prescribed in the German Chemicals Act. According to EU Directive 98/24/EC on chemical agents as well as the REACH Directive 1907/2006, we are a downstream user and review our materials every six months against the ECHA Candidate List to check for suspicious substances, and renew our certificate of conformity accordingly. SCHOCK goes to great effort in particular to replace fossil-based raw materials with recycled or renewable materials. SCHOCK also makes sure that no chemicals can get into the groundwater or soil. This goes without saying for us, given that our products come into contact with food and we therefore bear a great responsibility towards our customers.

AUTHORISED ECONOMIC OPERATOR (AEO)

Increased globalisation and changing international security concerns prompted the World Customs Organization (WCO) to create the Framework of Standards to Secure and Facilitate Global Trade (SAFE), a global framework for modern and effective risk management in customs administrations. The aim is to effectively protect global supply chains, from the manufacturer to the end consumer, especially in cross-border trade. A key element of this security initiative is the introduction of Authorised Economic Operator (AEO) status. Since 18 January 2021, SCHOCK has held the status of AEOC/AEOS AEO F or AEO C/S. We received this status after successfully demonstrating compliance with the following requirements in accordance with Regulation (EU) No. 952/2013 (UCC):



- Compliance with customs legislation and taxation rules (Article 39a UCC in conjunction with Article 24 IA).
- Satisfactory system of managing commercial records (Article 39b UCC in conjunction with Article 25 IA).
- Demonstrated financial solvency (Article 39c UCC in connection with Article 26 IA).
- Appropriate security and safety standards (Article 39e UCC in conjunction with Article 28 IA).
- Practical standards of competence or professional qualifications (Article 39d UCC in conjunction with Article 27 IA).



SCHOCK

STAKEHOLDERS



Figure 5 SCHOCK Stakeholders

During the introduction of ISO 9001 at our site, all relevant parties were identified through company-wide cooperation, resulting in the internal stakeholder matrix. This was expanded to include the ownership structure.

| STAKEHOLDERS | KEY CONCERNS | INCLUSION THROUGH |
|--------------|---|---|
| CUSTOMERS | <ul style="list-style-type: none"> • Authentic information • Supply and delivery management • Good corporate image and brand awareness • Innovative products • Project and marketing enquiries • Company credibility • Service mentality • (After)sales support • Transparency • Information exchange, especially regarding sustainability • Partnership | <ul style="list-style-type: none"> • Personal contact (once a month to daily, depending on customer group) • Communication channels such as email, virtual meetings, phone calls • Customer portals • Sales rep visits • Personal invites • Trade shows • Personal designated contact • Our website • Social media |
| COMPANY | <p>Employees and temporary agency workers</p> <ul style="list-style-type: none"> • Work-life balance • Secure job and safety at work • Appropriate pay • Personal development • Attractive jobs • Health management | <ul style="list-style-type: none"> • Performance appraisals, employee surveys, ideas management • Meetings, annual works meeting • Company health management, SCHOCK gym • Open door policy • CYC – Young leaders programme • Mentoring programmes |

SCHOCK

| | | | |
|--------------------------|----------------------|---|--|
| | | <ul style="list-style-type: none"> • Good internal communications • Transparency • Authentic leadership | <ul style="list-style-type: none"> • Intranet, notice boards, monitors, internal newsletter, emails |
| | Stock holders | <ul style="list-style-type: none"> • Reliable data and information • Decent and sustainable business practices • Successful business performance • Profit and loss expectations • Innovative and future-oriented company | <ul style="list-style-type: none"> • Regular reporting • Shareholder meetings • Communication of company objectives and performance |
| | Executive Management | <ul style="list-style-type: none"> • Business development • Staff development • Decent growth • Legal compliance | <ul style="list-style-type: none"> • Management committee • Management reviews • Regular communications • Annual works meeting |
| | Trade union | <ul style="list-style-type: none"> • Fair wages and pay • Safe working environment • Secure jobs • Health and safety • Support and promotion of personnel | <ul style="list-style-type: none"> • Regular talks with union representatives • Union reps present on site • Communication via monitors |
| TRADE ASSOCIATIONS | | <ul style="list-style-type: none"> • Adoption of common positions and approaches • Mutually beneficial partnership • Innovative products • Procurement and delivery management | <ul style="list-style-type: none"> • Communication channels (email, virtual meetings, personal invites, phone calls) • Customer portals |
| LOCAL COMMUNITY | | <ul style="list-style-type: none"> • Transparency • Communication • Low emissions • Business tax revenue • Commitment to local issues • Provision of attractive jobs • Development of the local area • Environmental protection | <ul style="list-style-type: none"> • Personal contact and regular interaction • Neighbourly relations |
| SHAREHOLDERS AND LENDERS | Triton | <ul style="list-style-type: none"> • Performance enhancement • Portfolio expansion • Investment profitability • Profit realisation • Fulfilment of objectives • ESG&DEI | <ul style="list-style-type: none"> • Shareholder dialogue and meetings • Monitoring and reviewing of objectives • Communication channels (letters, phone calls, meetings in person and virtually) • PC monthly calls • Regular ESG & DEI meetings |
| | Bank | <ul style="list-style-type: none"> • Compliance and fulfilment of agreements • Solvency assessment • Long-term corporate planning • Risk management | <ul style="list-style-type: none"> • Regular reporting • Publication of annual performance reports • Meetings |

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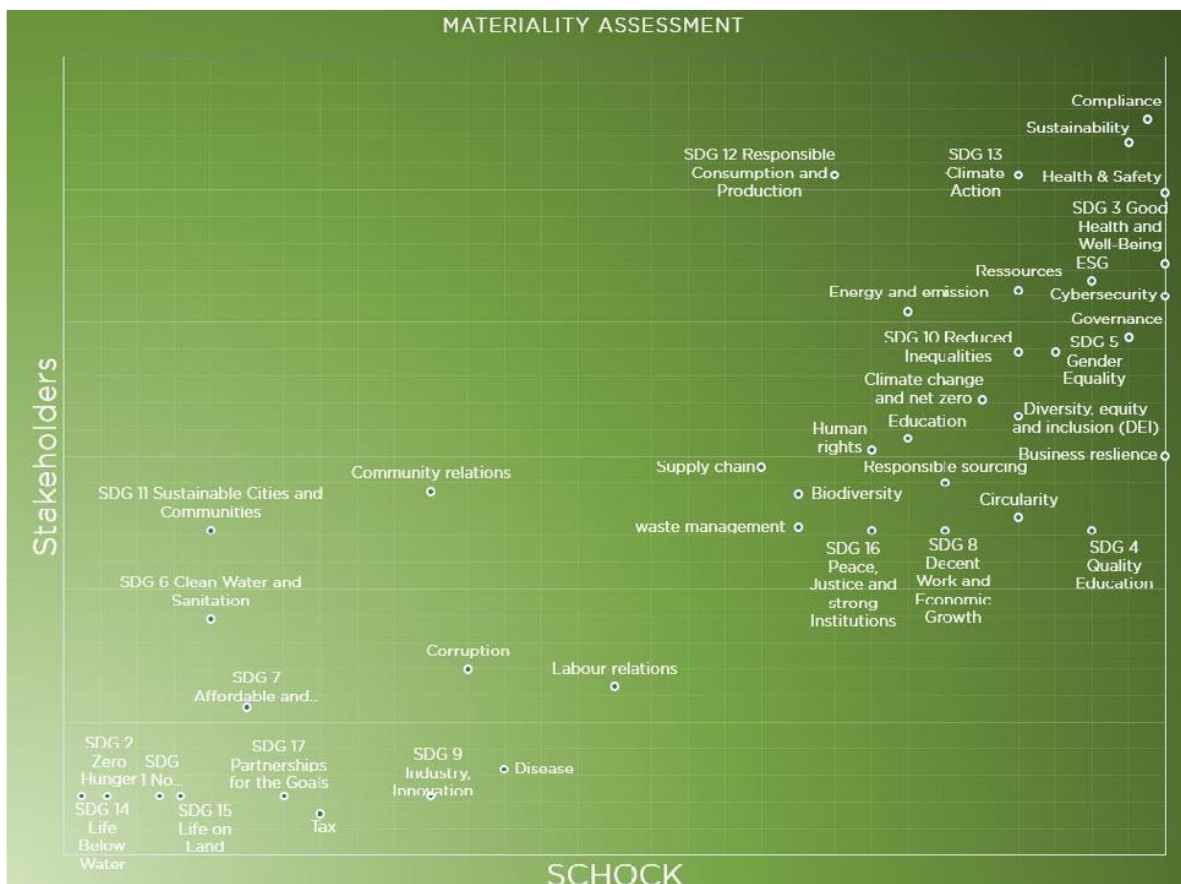
| | | | | | | | | | | | | | | | | | | | |
|--|---|--|---|---|-----------------|--|-----------------|----------------------------------|--|----------------------|--------------------|--|--|----------------------------|---|--|--------------------------|--|--|
| SUPPLIERS | <ul style="list-style-type: none"> • Procurement management • Mutually beneficial partnership • Policies, standards, requirements • Effective flow of information • Timely payments • Supplier monitoring • Supplier talks (monthly, bi-annually or annually by phone, email, virtually or in person) • Regular (daily) exchange of information by phone and/or email • Trade shows | | | | | | | | | | | | | | | | | | |
| GOVERNMENT | <table border="0"> <tr> <td data-bbox="284 539 405 568">The state</td> <td data-bbox="448 510 735 602"> <ul style="list-style-type: none"> • Diversity and equality • Energy transition • Sustainability </td> <td data-bbox="815 636 1337 665">• Dialogue with policymakers at state level</td> </tr> <tr> <td data-bbox="284 622 373 678">Policy makers</td> <td data-bbox="448 607 660 725"> <ul style="list-style-type: none"> • Company's civic engagement • Biodiversity • Job creation </td> <td></td> </tr> <tr> <td data-bbox="284 732 352 761">Laws</td> <td data-bbox="448 732 778 788"> <ul style="list-style-type: none"> • Compliance with laws and regulations </td> <td></td> </tr> </table> | The state | <ul style="list-style-type: none"> • Diversity and equality • Energy transition • Sustainability | • Dialogue with policymakers at state level | Policy makers | <ul style="list-style-type: none"> • Company's civic engagement • Biodiversity • Job creation | | Laws | <ul style="list-style-type: none"> • Compliance with laws and regulations | | | | | | | | | | |
| The state | <ul style="list-style-type: none"> • Diversity and equality • Energy transition • Sustainability | • Dialogue with policymakers at state level | | | | | | | | | | | | | | | | | |
| Policy makers | <ul style="list-style-type: none"> • Company's civic engagement • Biodiversity • Job creation | | | | | | | | | | | | | | | | | | |
| Laws | <ul style="list-style-type: none"> • Compliance with laws and regulations | | | | | | | | | | | | | | | | | | |
| POTENTIAL JOB APPLICANTS | <table border="0"> <tr> <td data-bbox="448 799 767 1160"> <ul style="list-style-type: none"> • Secure workplace and meaningful job • Appropriate pay • Personal development • Health management and work-life balance • Authentic leadership • Attractive employer • Internships and apprenticeships, jobs for working students </td> <td data-bbox="815 799 1198 965"> <ul style="list-style-type: none"> • Our website • Job portal • Careers fairs • Local schools and universities </td> </tr> </table> | <ul style="list-style-type: none"> • Secure workplace and meaningful job • Appropriate pay • Personal development • Health management and work-life balance • Authentic leadership • Attractive employer • Internships and apprenticeships, jobs for working students | <ul style="list-style-type: none"> • Our website • Job portal • Careers fairs • Local schools and universities | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> • Secure workplace and meaningful job • Appropriate pay • Personal development • Health management and work-life balance • Authentic leadership • Attractive employer • Internships and apprenticeships, jobs for working students | <ul style="list-style-type: none"> • Our website • Job portal • Careers fairs • Local schools and universities | | | | | | | | | | | | | | | | | | |
| MEDIA | <table border="0"> <tr> <td data-bbox="448 1202 632 1258"> <ul style="list-style-type: none"> • Transparency • Credibility </td> <td data-bbox="815 1202 1425 1364"> <ul style="list-style-type: none"> • Interviews about events • Regular press releases and statements in response to enquiries (10-15 per year) • Dialogue • Our website </td> </tr> <tr> <td data-bbox="448 1292 533 1321"> <ul style="list-style-type: none"> • News </td> <td></td> </tr> </table> | <ul style="list-style-type: none"> • Transparency • Credibility | <ul style="list-style-type: none"> • Interviews about events • Regular press releases and statements in response to enquiries (10-15 per year) • Dialogue • Our website | <ul style="list-style-type: none"> • News | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> • Transparency • Credibility | <ul style="list-style-type: none"> • Interviews about events • Regular press releases and statements in response to enquiries (10-15 per year) • Dialogue • Our website | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> • News | | | | | | | | | | | | | | | | | | | |
| AUTHORITIES | <table border="0"> <tr> <td data-bbox="284 1397 389 1453">Regional Council</td> <td data-bbox="448 1382 608 1438"> <ul style="list-style-type: none"> • Compliance • Credibility </td> <td data-bbox="815 1382 1425 1469"> <ul style="list-style-type: none"> • Internal and external audits • Annual audits for ISO 9001, ISO 50001, ISO 14001 and EMAS </td> </tr> <tr> <td data-bbox="284 1487 445 1516">District Office</td> <td data-bbox="448 1471 762 1527"> <ul style="list-style-type: none"> • Fulfilment of contractual targets </td> <td data-bbox="815 1487 995 1516">• Consultations</td> </tr> <tr> <td data-bbox="284 1536 410 1648">European Chemicals Agency (ECHA)</td> <td data-bbox="448 1536 632 1570"> <ul style="list-style-type: none"> • Transparency </td> <td data-bbox="815 1576 1074 1606">• Talks and meetings</td> </tr> <tr> <td data-bbox="284 1657 437 1713">Tax/customs office</td> <td data-bbox="448 1655 730 1688"> <ul style="list-style-type: none"> • Genuine commitment </td> <td data-bbox="815 1655 1425 1711"> <ul style="list-style-type: none"> • Declaration of energy and water consumption, verification in annual audits </td> </tr> <tr> <td data-bbox="284 1720 445 1807">Federal Environment Agency</td> <td data-bbox="448 1720 759 1832"> <ul style="list-style-type: none"> • Reduction of emissions, energy and water consumption • Reliable data </td> <td data-bbox="815 1731 1425 1787"> <ul style="list-style-type: none"> • Calculation of emissions according to GHG Protocol </td> </tr> <tr> <td data-bbox="284 1883 424 1971">EMAS, ISO, TÜV, auditors</td> <td></td> <td></td> </tr> </table> | Regional Council | <ul style="list-style-type: none"> • Compliance • Credibility | <ul style="list-style-type: none"> • Internal and external audits • Annual audits for ISO 9001, ISO 50001, ISO 14001 and EMAS | District Office | <ul style="list-style-type: none"> • Fulfilment of contractual targets | • Consultations | European Chemicals Agency (ECHA) | <ul style="list-style-type: none"> • Transparency | • Talks and meetings | Tax/customs office | <ul style="list-style-type: none"> • Genuine commitment | <ul style="list-style-type: none"> • Declaration of energy and water consumption, verification in annual audits | Federal Environment Agency | <ul style="list-style-type: none"> • Reduction of emissions, energy and water consumption • Reliable data | <ul style="list-style-type: none"> • Calculation of emissions according to GHG Protocol | EMAS, ISO, TÜV, auditors | | |
| Regional Council | <ul style="list-style-type: none"> • Compliance • Credibility | <ul style="list-style-type: none"> • Internal and external audits • Annual audits for ISO 9001, ISO 50001, ISO 14001 and EMAS | | | | | | | | | | | | | | | | | |
| District Office | <ul style="list-style-type: none"> • Fulfilment of contractual targets | • Consultations | | | | | | | | | | | | | | | | | |
| European Chemicals Agency (ECHA) | <ul style="list-style-type: none"> • Transparency | • Talks and meetings | | | | | | | | | | | | | | | | | |
| Tax/customs office | <ul style="list-style-type: none"> • Genuine commitment | <ul style="list-style-type: none"> • Declaration of energy and water consumption, verification in annual audits | | | | | | | | | | | | | | | | | |
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| EMAS, ISO, TÜV, auditors | | | | | | | | | | | | | | | | | | | |

SCHOCK

- Commitment to social aspects beyond the legal framework
- Environmental friendly and economically sound production
- Industrial safety
- Inclusion of local residents through various events
- Our website and social media
- ISO 14001/EMAS
- Production exclusively in Germany
- Cooperation with regional suppliers, schools and workshops for people with disabilities

MATERIALITY ANALYSIS

The key topics were analysed to identify their influence on stakeholders' assessments and decisions, as well as the significance of their environmental, social and economic impacts. The materiality analysis takes into account the key topics that affect both SCHOCK itself and our stakeholders. In order to identify the material topics and focus areas for our stakeholders, we reviewed sustainability and ESG reports as well as their Codes of Conduct and corporate policies. To verify the identified topics, we held a series of talks with responsible persons who are in constant contact with the stakeholders. The key concerns expressed by the stakeholders were also taken into account in the assessment and included



in the analysis.

Based on the materiality analysis, we thus identified the most applicable GRI standards.

The nine topic-specific standards we identified correspond to SCHOCK's operational and strategic goals as well as our stakeholders' demands for our company.

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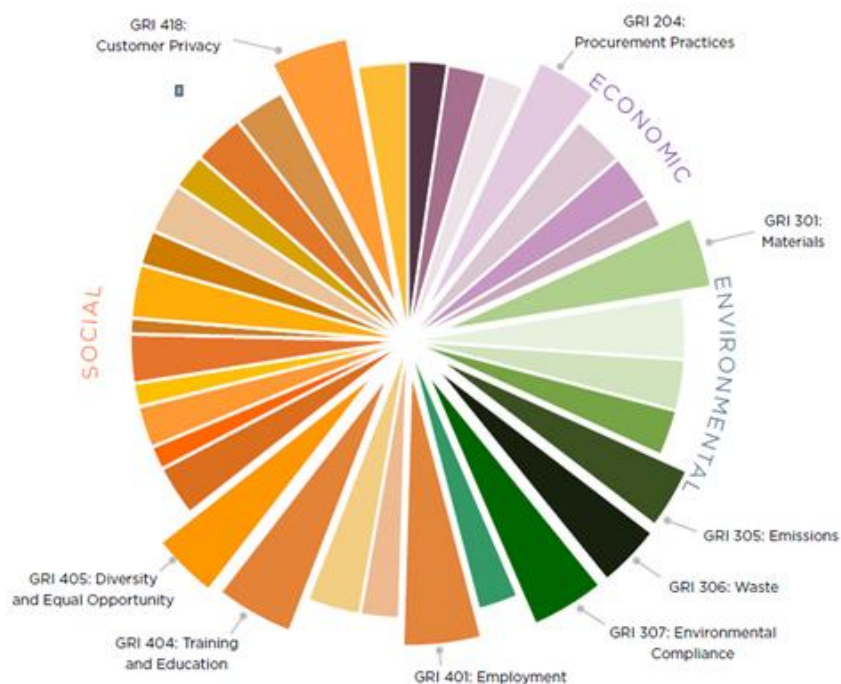


Figure 6 Topic-specific standards – Selection of the most important topics for SCHOCK in 2022

GRI 408/409 Child Labour; Forced or Compulsory Labour – Our manufacturing facility is located in Regen, Germany. In Europe and especially in Germany, child labour is against the law. Therefore, it is prohibited and it is neither currently performed by SCHOCK nor has it ever been.

SCHOCK pursues a zero tolerance policy with regard to child labour. Strict compliance with all relevant laws, including compliance by suppliers and sub-contractors, is verified, to the extent possible, by external audits. If the illegal employment of children is detected, the supplier is urged to stop this practice at once. If they do not comply, the business relationship will be terminated immediately.

UK MODERN SLAVERY ACT 2015

SCHOCK has voluntarily committed to meet the transparency requirements of the UK Modern Slavery Act and consistently implements these in practice.

UNIVERSAL DECLARATION OF HUMAN RIGHTS (UDHR) OF THE UNITED NATIONS (A/RES/217, UN Doc. 217/A-(III))

SCHOCK is expressly committed to upholding the 30 articles of the UN's Universal Declaration of Human Rights and strictly aligns its business practices accordingly.

GRI 411 Rights of Indigenous Peoples – SCHOCK is aware of the importance of upholding the rights of indigenous peoples.

GRI 202 Market Presence – The GRI Standard states: "This disclosure applies to those organisations in which a substantial portion of their employees, and workers (excluding employees) performing the organisation's activities, are compensated in a manner or scale that is closely linked to laws or regulations on minimum wage." This provision does not apply at SCHOCK, as all employees and temporary agency workers are compensated in

SCHOCK

accordance with the company's collectively agreed pay scale and thus above the minimum wage. For SCHOCK it is fundamental that good work is adequately rewarded.

KEY IMPACTS, RISKS AND OPPORTUNITIES

SOCIO-CULTURAL ASPECTS

- **Employment and integration of foreign workers**
SCHOCK provides an inclusive working atmosphere for all employees regardless of gender, religion or origin. We continuously strive for improvement.
- **Environmentally friendly and health-promoting mobility**
We offer our staff the opportunity to rent an electric bike on preferential terms. All employees have access to electric charging stations for their vehicles free of charge.
- **Shortage of skilled workforce**
As a hidden champion, we are not yet known to certain groups of people. We are striving on an ongoing basis to improve this situation. We are making efforts to attract new employees with our distinctive website and appealing job descriptions, as well as high-profile employer branding, and through exchanges with relevant regional stakeholders.

TECHNOLOGICAL ASPECTS

- **Technical infrastructure & implementation and updating of software**
The company's rapid expansion means that it is necessary to further expand the system structure as well as our IT team in order to be able to respond to future requirements in the right way at the right time. To enable us to do this, we are training IT specialists on-site.

POLITICAL AND LEGAL ASPECTS

- **New legislation**
Ensuring that we are up to date with the applicable legislation and regulations takes a great deal of time and effort within the company. Knowledge of current and future legislation and case law is part of the daily work of the Compliance department. With a compliance management system it will be easier to monitor and control our legal obligations and requirements and ensure legal compliance throughout the company.
- **Strict environmental regulations**
The act of complying with legal, internal and external environmental regulations and keeping up to date is an ever more complex task. All departments of the company are tasked with and committed to helping us continue to meet these requirements. As part of our SINK GREEN corporate philosophy, we set environmental goals that go beyond the legal framework. SCHOCK voluntarily commits to complying with the EMAS requirements, and compliance is audited annually by external certifiers. EMAS is the world's most demanding environmental management system and goes beyond the requirements of ISO 14001. In annual audits, the performance of the company is checked and verified by third parties according to the requirements of ISO 14001 as well as EMAS.
- **Pollutant and hazardous materials management**
To reduce our use of hazardous substances, we apply the principle of substitution. Every six months, we review our materials against the ECHA Candidate List to check for suspicious substances, and renew our certificate of conformity accordingly.

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ECONOMIC ASPECTS

- **Competition**

The competitive situation is dynamic in the field of quartz composite sinks and kitchen taps. As a driving force in the market, it is our goal and endeavour to offer functional and visually appealing products for our customers through innovation and creativity in order to help them personalise their kitchenscapes. We are working to further establish the coloured kitchen sink as a lifestyle object for the kitchen. Through the diverse choice of colours in which our products are available, we offer our customers individuality and creative freedom in kitchen design.
- **Lack of 100% transparency on suppliers and sub-suppliers**

Lack of transparency creates a residual risk of environmental and social impacts along the supply chain. This is one of the reasons why supply chain management and sharing information along the entire supply chain are very important to us. In accordance with Germany's Supply Chain Due Diligence Act, the risks of direct suppliers are identified, assessed and managed. These efforts to meet the requirements of the Supply Chain Act by the time it enters into force will lead to much greater transparency.
- **Accounting in accordance with IFRS**

In addition to local accounting regulations, we also comply with the latest International Financial Reporting Standards (IFRS). By doing so, we aim to create transparency while making our annual financial statement internationally comparable.
- **Anti-money laundering**

Our focus in this area is on preventing and avoiding corruption and money laundering. The Know Your Customer principle is applied to combat money laundering and bribery. A CMS system to pool all compliance issues is under development.
- **Resource scarcity**

Aware that virgin materials are limited, we are committed to sustainable sourcing and strive to use recycled or renewable materials wherever possible. The concept of sustainability in terms of reusing, recycling, reducing, repairing and waste avoidance is always pursued. We already use raw materials and resources from renewable or recycled sources to manufacture and package our products, where available and functionally suitable. Since the required natural materials are ultimately finite and we strive to fully live by the principle of circular economy, it is our goal to make increased use of recycled and renewable materials.
- **Fluctuating exchange rates**

Changes in exchange rates may cause products to be subject to price inflation in certain countries in our distribution network.
- **Pandemics and crises**

Any ongoing crisis or state of emergency increases the level of stakeholder uncertainty. Purchasing power is also negatively impacted.

SCHOCK

ENVIRONMENTAL ASPECTS

- **Regional procurement**
To the extent possible, we source all required materials from within our immediate vicinity to minimise transportation.
- **Enhancement of biodiversity**
Our plant is situated in a mixed use area. Altogether 17,615 m² of the 65,473 m² site is built over and 10,611 m² is paved in the form of roads and paths. A further 3,170 m² of roof space is equipped with infiltration systems. This leaves 34,147 m², or 52%² of the total area as green space, providing adequate scope for biodiversity to flourish. Surrounded by this green belt, the factory grounds integrate well into the mixed-use area. The unused fields owned by SCHOCK are mown only twice a year to allow the grass and diverse plant life to grow and thrive and to provide a natural habitat for bees. The organically grown cut is also used by an eco-certified farmer as feed for the animals. Since September 2022, SCHOCK has been home to five bee colonies with a total of 250,000 bees.
- **Raising awareness of plastic in the environment**
We strive to continuously reduce the use of plastic in our packaging. To create additional awareness, we offered the entire workforce the training course *Live better without plastic*.
- **Emissions**
Our goal is to reduce air and noise emissions continuously.
Emissions from heating installations are monitored by the chimney sweep.
Emissions from factory exhaust air in production are monitored in accordance with the Technical Instructions on Air Quality Control.
- **Emissions from electricity and gas consumption**
Gas: CO₂ emissions from the gas we use amount to approx. 230 g CO₂/kWh and result from combustion.
Electricity: Because we purchase green electricity, our CO₂ emissions from electricity amount to 0 g CO₂/kWh.
- **Noise emissions**
Across the whole plant we take care to carry out noisy work inside the factory halls. Particularly during the night, we have an obligation to avoid disturbing local residents as much as possible. That is also why delivery traffic does not start coming on to factory premises until 7 a.m. We observe the relevant noise pollution limits.

INTERNAL CHALLENGES

- **Extensive measures for sustainable business**
Our innovative strength distinguishes us as a company and shapes our actions. Sustainability is deeply embedded in our corporate identity and we pursue the implementation of sustainable measures with great inventiveness. Protecting the environment is cost intensive, yet we spare no effort in helping to preserve the blue planet

² As of the reporting date 31 December 2022

SCHOCK

and its beauty. For this reason, we take pains to implement various measures to replace non-renewable raw materials and to reduce the use of plastics from non-renewable sources.

- **Retirement of key personnel**
The retirement of long-standing and experienced employees poses a challenge to knowledge transfer. Through a mentoring programme and by having employees record specific knowledge themselves, the company endeavours to preserve and pass on knowledge to the younger generation and to keep the acquired knowledge in our knowledge management system. We therefore communicate the importance and necessity of documenting information and knowledge right from the start of employment.
- **Employee turnover**
Our employees are our most valuable asset. We strive to attract and retain people who are the right fit for us through our corporate culture, incentives and personal development opportunities. However, despite all the measures we take to create and maintain good working conditions for our workforce, voluntary turnover cannot always be prevented.

KEY IMPACTS

- **Support for the local community**
Bilateral cooperation with community leaders and support for local organisations, such as sports clubs, is very important to us.
- **Support for local clubs and associations**
SCHOCK supports Wirtschaftsimpuls Regen and FC Bürgerholz, among others.
- **Economic strength**
The district of Regen benefits from our employees who live in the local area, as they generate purchasing power, and from the visitors, suppliers and customers who regularly visit SCHOCK.
- **Circular economy/sustainability**
A mindset of circularity and sustainability is deeply embedded in our corporate values. These are reflected in our supply chain management and in our responsible procurement practices. A sustainability mindset is also applied in the innovation of new products. This is how the CRISTADUR® Green Line was created. We are working to create a closed loop in the future.
- **Climate change**
Climate change affects all of us. As a company, we are committed to supporting the goals of the Paris Climate Agreement and the treaties that come after it, and to making our contribution in the form of our SINK GREEN roadmap to sustainability.
- **Innovations & sustainable product strategy**
As the inventor of the quartz composite sink, we define ourselves as an innovator, fostering creativity and holding around 130 patents, four of which were granted in 2022.

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- Products, incl. design and development

We develop products to suit our customers' needs as well as life situations. As the hub of the kitchen, the kitchen sink is receiving more and more attention. Aspects like ease of cleaning, durability as well as design and colour are key criteria for end consumers during the purchasing process.

When developing a new sink, it is a matter of principle for us to include sustainability and climate protection aspects in our choice of raw materials. Our products comply with ISO 13310 and we have this checked both in our internal lab and by external institutes. We devote special attention to making sure that our products are made to last.



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SUPPLY CHAIN

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



Figure 7 Supply chain

SCHOCK

Suppliers that have a business relationship with SCHOCK are divided into the following groups: raw materials, packaging and merchandise.

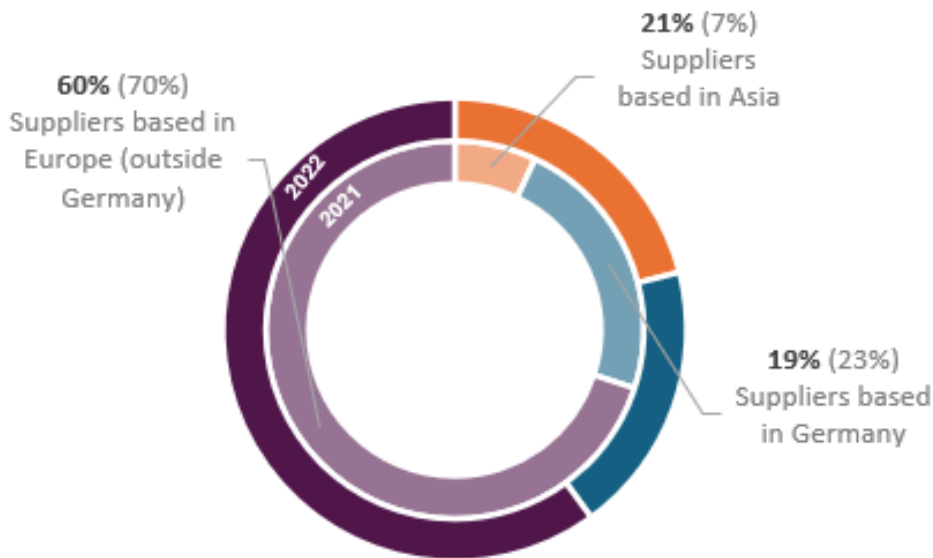
The total number of suppliers contracted by SCHOCK Regen amounts to 57, with the total number of suppliers in the supply chain estimated at approximately 500.

We prefer to buy from local suppliers to avoid unnecessary transportation and thus environmental pollution. Depending on factual and economic feasibility, raw materials or vendor parts are purchased in reusable packaging or bulk containers.

In addition to supplier locality, we also take social and environmental aspects into account when selecting suppliers. To do this, we need to ensure both compliance and best practice.

Within the framework of sustainability and economic necessities, the company's procurement budget is allocated to procuring the required materials from local sources. By local sourcing we mean sourcing from Germany.

Percentage of spending with raw materials suppliers 2022 (2021)



We sourced 83% of our most important raw material, quartz, from the immediate vicinity of our headquarters in Bavaria as of the reporting date 31 December 2022. All packaging used at the Regen site is largely sourced from Germany. Of our German packaging suppliers, 74%

SCHOCK

were located within the state of Bavaria and thus in the immediate vicinity of our headquarters as of the reporting date 31 December 2022.

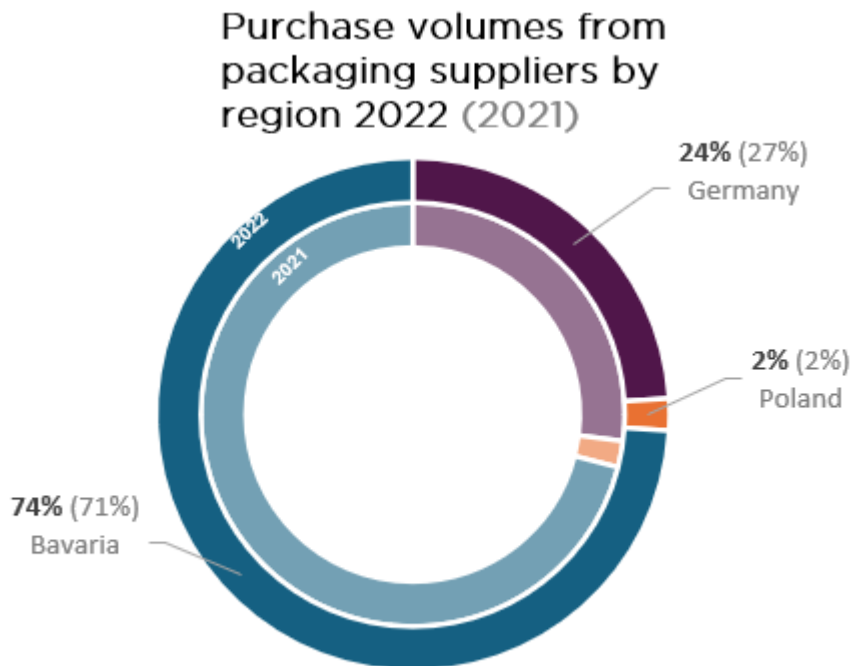


Figure 8 Percentage of spending with local suppliers

ENVIRONMENT

COMMITMENT AND RESPONSIBILITY

Every part of the SCHOCK organisation is committed to protecting the environment. The management team bears particular responsibility for putting the environmental principles into practice and setting an example of how to live them. Our management motivate the workforce to act in environmentally responsible ways. As a result, environmental responsibility is demonstrated in our energy-aware and resource-conscious approach to business operations at all levels.

ENVIRONMENTAL POLICY

SCHOCK regularly reviews the adherence to and success of environmental actions. For us, continuous improvement is just as important in protecting the environment as it is to observe laws, regulations and standards.

Because SCHOCK products come into contact with food, we are already subject to very strict requirements. Product safety and environmental protection begin in the R&D phase with the meticulous selection of raw materials and the technical realisation in the production process. All of our production and administration departments are integrated in this process. Only then can we deliver our environmental goals in a meaningful, efficient and targeted manner.

SCHOCK

Since protecting the environment is important to us, we have introduced a new product line and a green philosophy at SCHOCK, in addition to promoting biodiversity through green spaces on the company premises.

The SINK GREEN philosophy is dedicated to the resource-saving production of our products. With our strengths in innovation, we developed a process to take back the Green Line products and recycle them in the future. Even the drain fittings for our Green Line sinks are made of recycled materials.

The precautionary approach to environmental protection is reflected in our permanent and close cooperation and coordination with the authorities and local residents.

The corporate philosophy can be viewed in its entirety on the SCHOCK website at www.schock.de/int_en/company/sinkgreen/philosophy.

PRECAUTIONS AGAINST ENVIRONMENTAL IMPACTS

Staff in the various departments receive regular training on how to avoid environmental impacts. In addition, environmentally relevant plant and equipment is fitted with safety systems with early-warning alarms. Should there nevertheless be an emergency, action can be taken quickly thanks to appropriate contingency plans and operating instructions. Our contingency plans have been approved by the respective emergency services such as the fire brigade.

EMAS III AND ISO 14001 FOR EFFICIENT ENVIRONMENTAL PROTECTION

For the efficient implementation of environmental protections, SCHOCK not only follows the objectives laid down in ISO 14001 but also meets the considerably more extensive requirements and objectives of EMAS III Regulation (EC) No. 1221/2009 and Amending Regulations 2017/1505 and 2018/2026.

The requirements are specified in the following documents:

- **Environmental management directives** (EMS documents: EMA, EMP, EMV)
These documents describe the individual environmental aspects and environmentally friendly procedures in the workplace.
- **Environmental management manual** (integrated in the IMS manual)
This contains basic information on and the objectives of our two environmental management systems. In addition to outlining our environmental policy and environmental objectives, it also describes the associated organisational processes and document control.

To support the achievement of our ambitious environmental goals, an energy management system in accordance with ISO 50001 was established and certified in 2020. Our compliance with EMAS as well as ISO 14001 is assessed and verified annually by Intechnica Cert, with the German Accreditation and Licensing Body for Environmental Verifiers (DAU) acting as the certification body, and, in the case of the EMAS standard, additionally confirmed by the Chamber of Industry and Commerce of Lower Bavaria.

Under the scope of the Federal Soil Protection Act and the Bavarian Environmental Information Act, there are no contaminated sites connected with SCHOCK according to information from the register of contaminated sites in the district of Regen.

The safety of our workforce in the workplace is our top priority. It is therefore our responsibility to create and maintain a trusting and pleasant working environment as well as safe working conditions for our employees long term. As a result, SCHOCK sought certification in accordance with ISO 45001 (occupational health and safety management) and achieved this in mid-2022.

SCHOCK

SCHOCK STANDS FOR TRANSPARENCY

Our current environmental statement and our certifications are available for our customers and the public to view online at www.schock.de/int_en/company/sinkgreen/engagement.

SCOPE AND FREQUENCY OF ENVIRONMENTAL AUDITS

All departments at SCHOCK are involved in environmental management.

The environmental audit is conducted yearly with the purpose of enabling us to continuously monitor the system and its effectiveness and to ensure that the planned actions are being adhered to.

In addition, an internal audit is carried out annually under the IMS, in which we also examine environmentally relevant impacts and the evolution of the system in the EMAS and ISO 14001 context. The findings are recorded and used as a basis for the environmental audit.

Further information on the environmental aspects within production as well as on our environmental programme can be found in the current environmental statement.

SCHOCK

ENVIRONMENTAL PERFORMANCE INDICATORS



Electricity consumption in kWh per sink reduced by 59% compared to 2010.

Water consumption in litres per sink reduced by 73.8% compared to 2010.

RESOURCE CONSUMPTION OF A SCHOCK SINK (ASSUMED WEIGHT 12 KG)



Just 7 l of water was used in 2022 to produce one sink!



Only about 3 grams of hazardous waste is generated! That's about as much as a sugar cube



The amount of CO₂ emitted per sink in the factory grounds or through the electricity consumed (Scope 1 and Scope 2) is the same as the CO₂ emissions of a vehicle driving just 31 km!*

* as related to specified EU fleet consumption from 2021 onwards

95% of our process water is kept in a process water loop and continually recycled.

29,713x



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

97x



That's the same as the annual water consumption of 97 people in German households**.

*The average amount of water used to fill a bathtub is 150 l according to Focus.

**The average amount of water consumed per person per day in German households in 2021 is 129 l according to statista.

Figure 9 Environmental impact of a sink

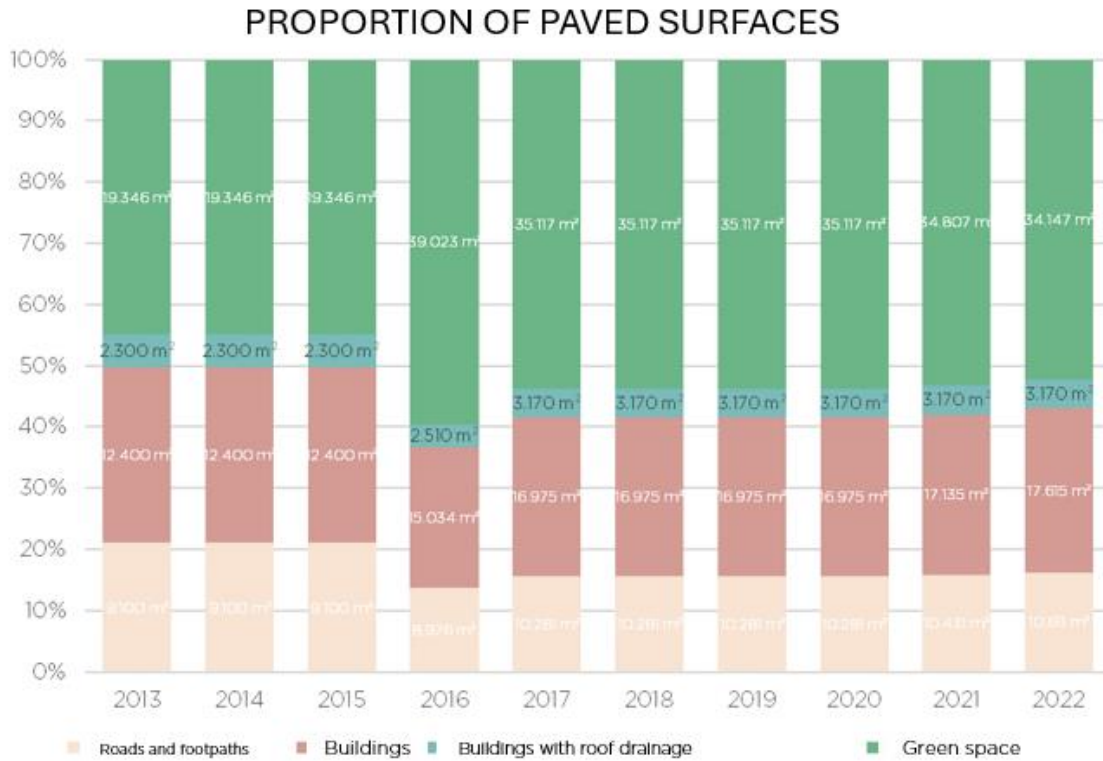


Figure 9 Proportion of paved surfaces in total factory grounds³

Only 48%⁴ of the surface area of our site has been sealed over with buildings and transport infrastructure. The remaining 52%⁵ is green space and is therefore available for biodiversity to thrive. As a result of the large proportion of green space, the factory grounds integrate well into the mixed use area.

BEE AND INSECT SANCTUARY

The green strips along the edges of our paths are intended as flowering strips for insects and are mown only twice a year. Furthermore, since September 2022, our factory grounds are now home to five bee colonies.

"If the bee disappeared off the surface of the globe, man would have only four years of life left. No more bees, no more pollination, no more plants, no more animals, no more people."
 (Albert Einstein, 1949)

³ As of the reporting date 31 December 2022

⁴ As of the reporting date 31 December 2021

⁵ As of the reporting date 31 December 2021

SCHOCK

We are aware of how important bees and insects are in maintaining the ecosystem as we know it. That is why we are keen to contribute to their preservation and their habitat. The 52 %⁶ of unused land on our site is intended to provide a home for wild bees where they can enjoy the many wildflowers and plants.



Figure 10 SCHOCK's bee sponsorship

MATERIALS

Our customers are our focus when we develop new products. SCHOCK's mission is to continually take the kitchen sink to a new level – making it more sustainable, more diverse, more stylish and more colourful. In order to achieve this, our in-house Research & Development team continuously optimises our products and the materials they are made of. With the CRISTADUR® Green Line, we offer the market and our end customers a product line that aligns with conscious consumption and future-oriented action. The innovative material is a consistent continuation of our sustainability efforts – our quartz composite sinks have always been manufactured in accordance with high standards of environmental awareness and sustainability: SCHOCK is the only quartz composite sink manufacturer to produce exclusively in Germany and to make our products using quartz sourced largely from within the Bavaria region. We are aware that natural sources of virgin materials are limited, so we strive to use recycled or renewable materials wherever possible and available. The concept of sustainability in relation to reusing, recycling, reducing, repairing and waste avoidance is promoted across all areas of the company.

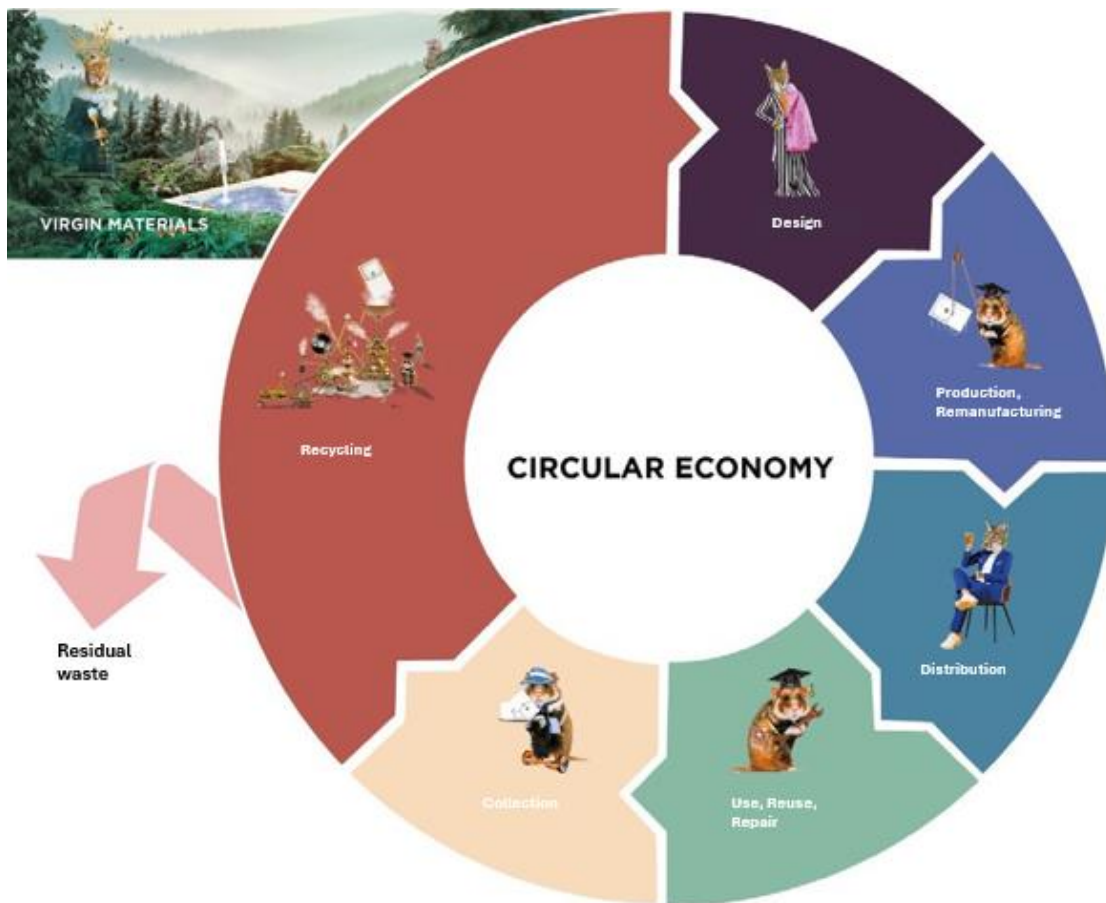
We attach great importance to manufacturing our products in a resource-conserving manner and have set ourselves the goal of improving the proportion of natural, renewable and recycled raw materials in our products and in their packaging, in addition to sourcing the resources regionally as far as possible. Furthermore, our objective is to design our sinks sustainably as well as to establish the sink as a lifestyle object of the highest quality for our customers. We understand this to mean, among other things, ensuring that our sinks are made to last, fulfilling customer needs and providing functional, custom-fit and, wherever

⁶ As of the reporting date 31 December 2022

SCHOCK

possible, sustainable sink accessories that turn the SCHOCK quartz composite sink into a versatile all-rounder in the kitchen.

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



Largely sourced regionally, quartz is present in all our sinks in a proportion of up to 75%. In the CRISTADUR® Green Line range, the quartz is supplemented by colour additives and binders from recycled or renewable sources. This patented technology marks a first milestone on the way to making our portfolio ever more sustainable.

SCHOCK

At our site, there is a distinct trend towards sustainable packaging. In our packaging, we take care to use recyclable materials that can be separated by type at a rate of over 95%⁷. We are connected to corresponding take-back systems. According to manufacturer data, all packaging materials consist of between 65% and 100% recycled materials.

SCHOCK strives to reduce the amount of plastics used as much as possible and to replace them with renewable materials. Associated consumables and process materials include the oil used to operate the machines as well as the process water used in manufacturing. The used oil is added back into the cycle after an external recycling process. 95%⁸ of the process water is recycled and then returned to the process. Approximately 16% of the raw materials and input materials used to make our products are reused or recycled primary materials. The total proportion of recycled primary materials used in making our products available to customers, including the packaging, is 29.13%.

By the end of 2022, around two tonnes of internal scrap had been recycled and reused in our production process. Including the recycled packaging materials for our kitchen sinks, we thereby achieve a ratio of 24.3% recycled products and packaging materials according to GRI 301-3.

The recycled packaging materials include the cardboard boxes and the wrappers themselves, which are taken back and reused via a take-back system. The styrofoam we use was also thermally recycled and made usable through reprocessing. After its life cycle at SCHOCK, our styrofoam finds a use in the brick industry, where shredded styrofoam provides the bricks with better thermal insulation or can be used in the production of pour-in insulation for screed floors.

Material efficiency in 2022 stood at 91.8%⁹, resulting from quality improvements and an associated reduction in rejects.

⁷ As of the reporting date 31 December 2022

⁸ As of the reporting date 31 December 2022

⁹ As of the reporting date 31 December 2022

SCHOCK

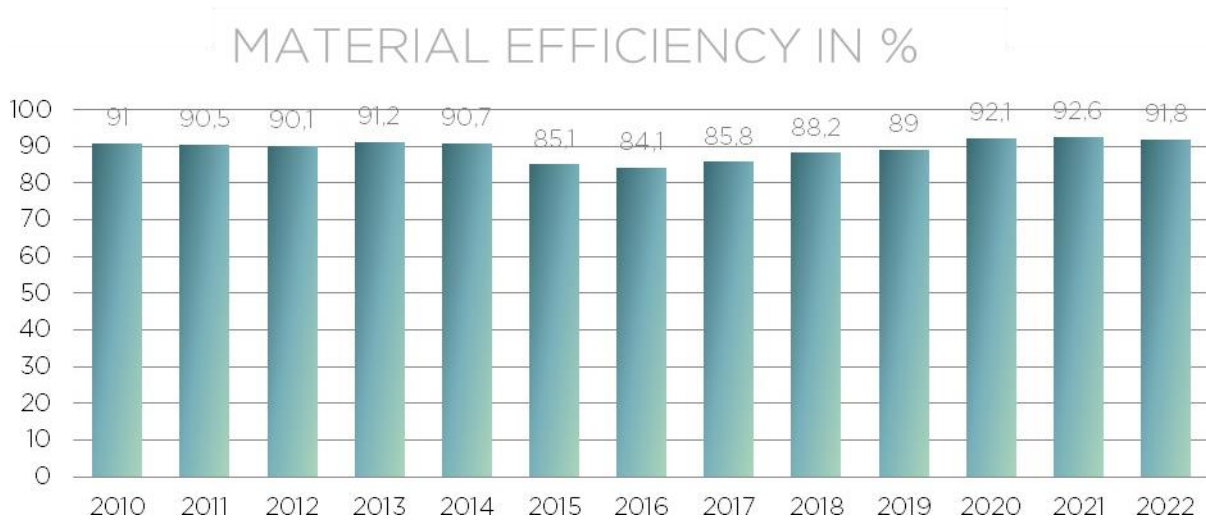


Figure 11 Material efficiency in % of gross production volume, SCHOCK, Regen plant

EMISSIONS

We established the Sustainability, Compliance and Quality Management department in 2019. The aim of this restructuring was to focus more strongly on sustainability within the company and to align management objectives accordingly. As part of our sustainability efforts and our commitment to EMAS and ISO 14001, we also focus on environmental and climate protection. We are keen to make our contribution to achieving the Paris Climate Agreement and limiting global warming to 1.5°C. Given the impact of greenhouse gases on our climate, it is important for us to calculate our annual greenhouse gas emissions in line

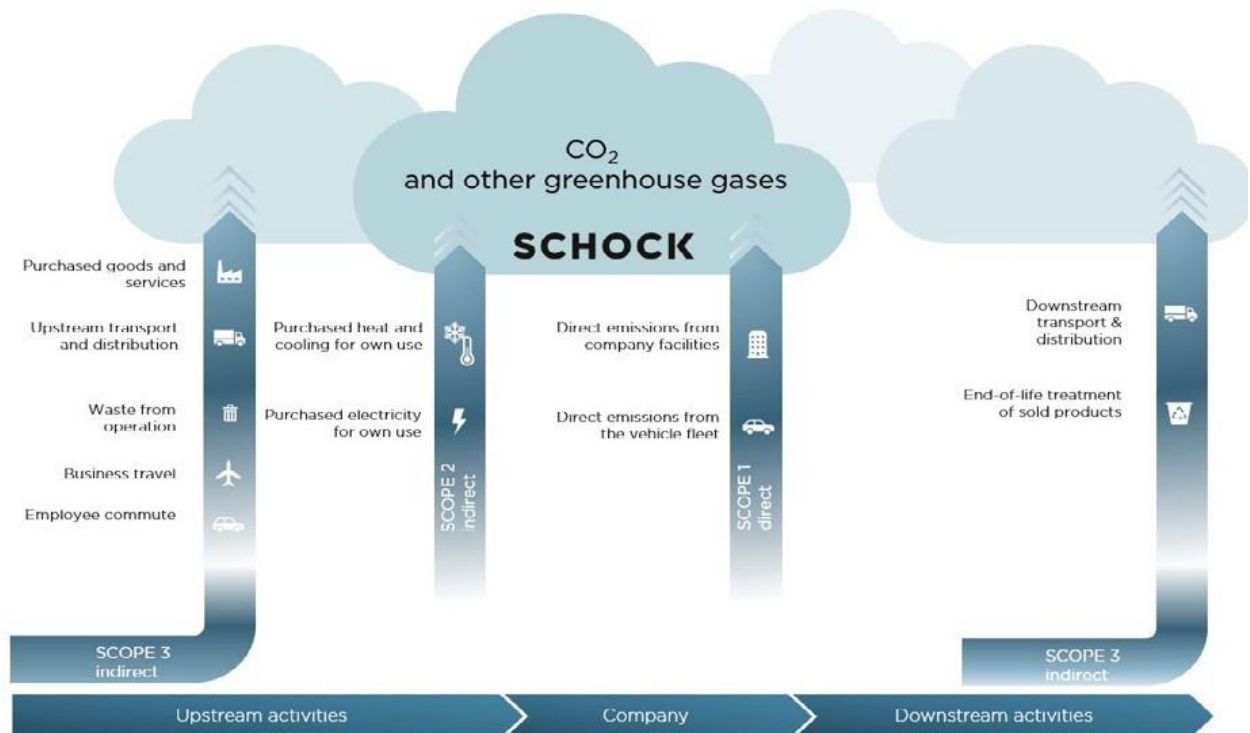


Figure 12 Breakdown of all CO₂-relevant activities by Scope

SCHOCK

with the GHG Protocol. For all manufacturing companies, including ourselves, the majority of emissions occur in Scope 3.

We therefore consider it our responsibility to calculate the emissions in all Scopes (1-3) and to take appropriate measures to offset, reduce or avoid greenhouse gases.

In order to properly prepare the emissions calculations, we collaborated in 2020 with one of the Big Four consulting companies, which performed and verified the calculations for the calculation year 2019. This is the reason why 2019 is taken as the base year for emissions calculations at SCHOCK. Since 2021, we have been working with ClimatePartner, who help us to calculate our corporate carbon footprint, i.e. the sum of the CO₂ emissions caused by us within the defined system limits in the period 1 January 2022 to 31 December 2022. The calculation was based on the guidelines contained in the [Greenhouse Gas Protocol Corporate Accounting and Reporting Standard \(GHG Protocol\)](#). The calculations took into account all relevant greenhouse gases according to the standard of the [Intergovernmental Panel on Climate Change \(IPCC\)](#): carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

CO₂ emissions were calculated in the ClimatePartner portal with the help of consumption data and emission factors. Primary data was used wherever possible. Where primary data was not available, secondary data from recognised sources was used. Emission factors were taken from scientifically recognised databases such as ecoinvent and DEFRA.

The analysis of the emissions incurred is communicated to the management internally and to stakeholders externally via the Sustainability Report. Through the annual greenhouse gas calculation, we are able to derive our reduction potential and define individual reduction measures.

SCOPE 1 (DIRECT EMISSIONS)

Scope 1 emissions are all emissions produced directly by Schock GmbH, for example by company facilities or vehicle fleets. The total emissions in Scope 1 amount to 3,535 t CO₂. This equates to 10.0% of total emissions in 2022.

SCOPE 2 (INDIRECT EMISSIONS)

Scope 2 emissions are emissions resulting from purchased energy, such as electricity and district heating. Both the market-based and the location-based method were used to calculate the emissions from electricity. This is in line with the GHG Protocol's dual reporting guidance. In the market-based method, the specific emission factors of the purchased electricity were used for the calculation. Otherwise, the residual mix was used, and failing that, the country mix was used. In addition, the location-based method was specified. This method uses national average factors for the electricity mix. This enables a company to directly compare its own figure against the country-specific average. Since SCHOCK purchases green electricity, the emissions in Scope 2 amount to 0.00 t CO₂. Thus, a reduction in greenhouse gas emissions of 4,002.5 t CO₂e was achieved.

SCOPE 3

Scope 3 emissions are all other emissions that are not under the company's direct control, such as employee commuting or product disposal. To calculate the emissions in Scope 3, the emissions incurred in the following categories were taken into account:

- Purchased goods and services
- Fuel and energy-related emissions
- Upstream transport and distribution

SCHOCK

- Waste from operations
- Business travel
- Employee commuting
- Downstream transport and distribution
- End-of-life disposal of sold products.

The total emissions in Scope 3 amount to 31,754.63 t CO₂. This equates to 90.0% of total emissions in 2022.

Corporate Carbon Footprint SCHOCK GmbH

| | | 2021 | 2022 |
|--|---------------------|--------|--------|
| Total t CO ₂ e | | 36.231 | 35.290 |
| Scope 1 (direct CO ₂ emissions) | t CO ₂ e | 3.822 | 3.535 |
| Scope 2 (indirect CO ₂ emissions) | t CO ₂ e | 0 | 0 |
| Scope 3 (other indirect CO ₂ emissions) | t CO ₂ e | 32.409 | 31.755 |

Allocation of CO₂ emissions to Scope 1, 2 and 3

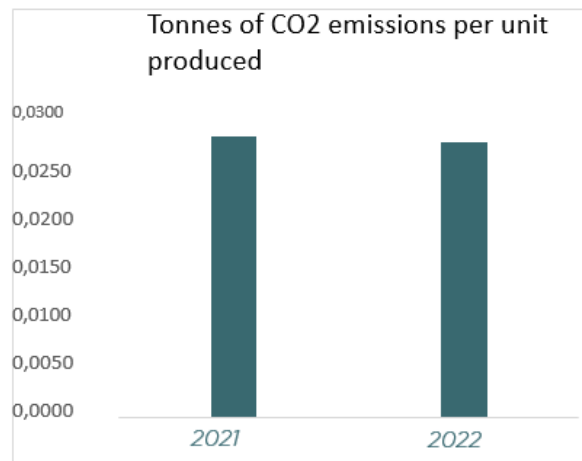
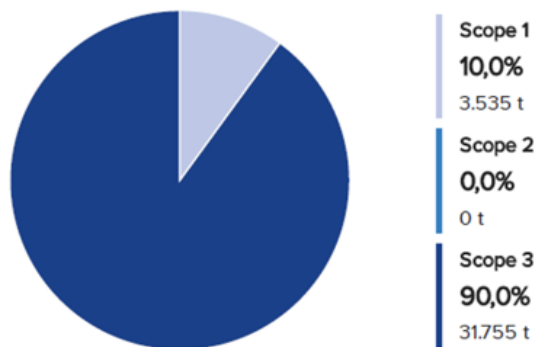


Figure 13 Figure 15 Allocation of CO₂ emissions to the different Scopes

The intensity of greenhouse gas emissions was calculated for each tonne of CO₂ emissions per unit produced and stood at 0.0250 t CO₂e in 2022. All emissions (Scopes 1-3) were included in the intensity quotient calculation.

CLIMATE NEUTRALITY

Our carbon emissions are measured in accordance with the GHG Protocol. The calculations include all three Scopes.

We are constantly working to reduce our carbon footprint – e.g. through the use of green electricity from hydropower, in-house water treatment, increasing biodiversity in the factory grounds and not least through product innovations such as the CRISTADUR® Green Line, and we strive to establish closed loop concepts. All unavoidable emissions are offset through internationally recognised climate protection projects from the ClimatePartner portfolio. The selected projects are subject to the high requirements of the Gold Standard.

SCHOCK

Our customers can check our ClimatePartner label and ID to track how and where carbon offsets have taken place at www.climatepartner.com/16431-2208-1001.

WASTE

VOLUME OF WASTE

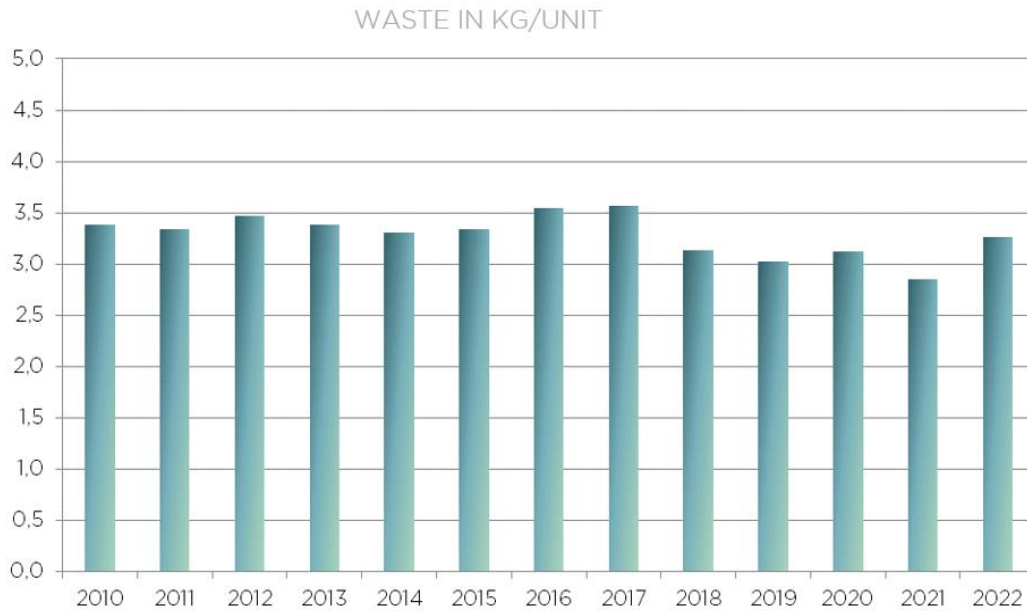


Figure 14 Volume of waste incl. rejects in kg per sink, SCHOCK, Regen plant

The volume of waste shown here comprises the volume of waste from Production and Administration per sink produced.

The specific waste per sink increased slightly in 2022 and stands at 3.26 kg/unit. The increase in the volume of waste is explained by the major building works temporarily taking place in the factory grounds.

The total annual volume of hazardous waste and non-hazardous waste in 2022 is:

- Hazardous waste: 3.25 t
- Non-hazardous waste: 4,612 t

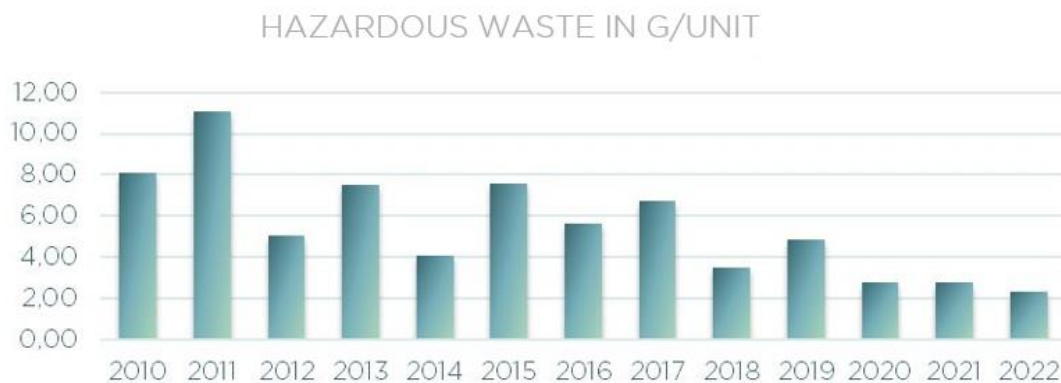


Figure 15 Volume of hazardous waste per sink, SCHOCK, Regen plant

SCHOCK

This diagram shows the amount of hazardous waste in grams per sink produced.

For many years now, the specific share of hazardous waste has been stabilising at a low level and stands at 3 g/unit (net) in 2022. Due to the low frequency of hazardous waste disposal, a relatively large variation is possible in the annual quantities recorded.

IMPACT OF WASTE

The proper handling and disposal of waste is of the utmost importance, as unattended landfills can cause soil and air pollution as well as uncontrolled build-up of all sorts of waste materials. The proper separation and collection of waste at SCHOCK is communicated to all relevant personnel in the form of work instructions, among other things. In production, we use hazardous substances in a safe and controlled environment. We thus comply with all applicable standards, rules and laws and strive to prevent harm to our employees and the environment. The handling, transport and disposal of waste is carried out only by licensed and experienced partners. In addition, the transport and handling of these materials is managed by procedural instructions, and a Hazardous Materials Officer trains the responsible personnel in how to handle hazardous materials and how they must be transported.

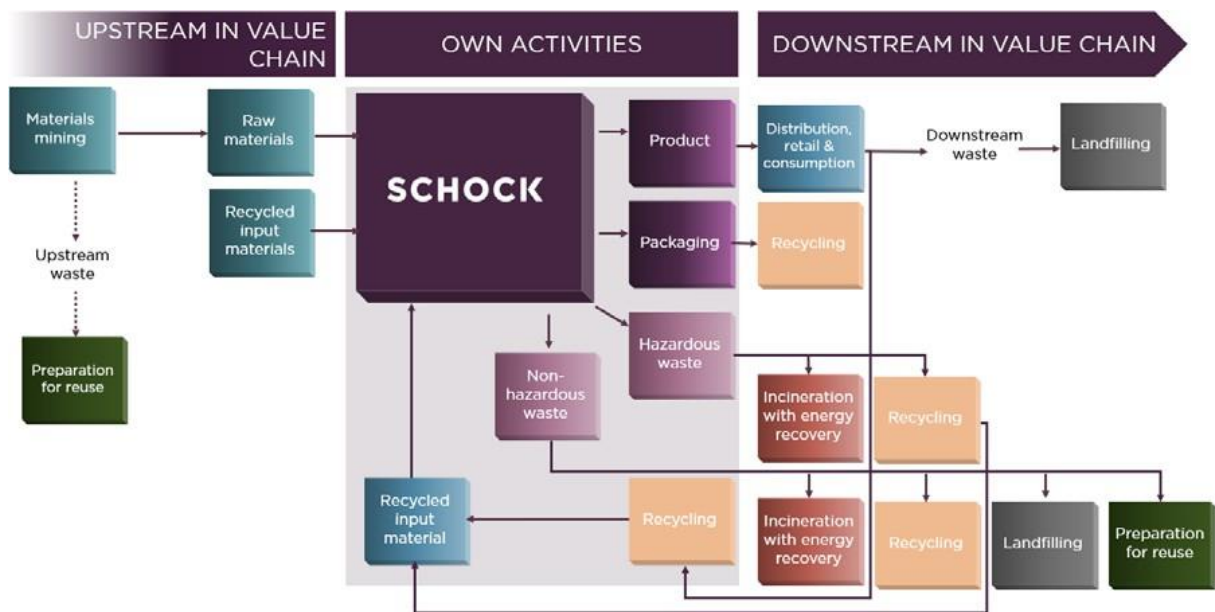


Figure 16 Process flow in the value chain

DEALING WITH WASTE

Dealing with waste is another area in which SCHOCK has long focused on environmental protection. We seek primarily to consistently avoid waste and to separate waste in all areas – as much in procurement as in all internal processes. Where it is impossible to avoid waste, we make use of the available recycling options. When a material can no longer be kept in the economic cycle by means of recycling or other types of reuse, SCHOCK takes care to have it professionally disposed of by certified disposal contractors. A waste disposal procedure defines the scope of application, responsibilities, relevant environmental aspects and legal basis. Responsibility for the correct handling of waste lies with the Waste Officers.

SCHOCK

The environmental aspects include the separation and collection of waste and the prevention of the following:

- Discharges into the environment
- Emissions releases
- Dust
- Leakage
- Noise
- Fire and explosion.

SCHOCK complies with all applicable legal regulations regarding waste. In addition, we meet the requirements of EMAS and ISO 14001.

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

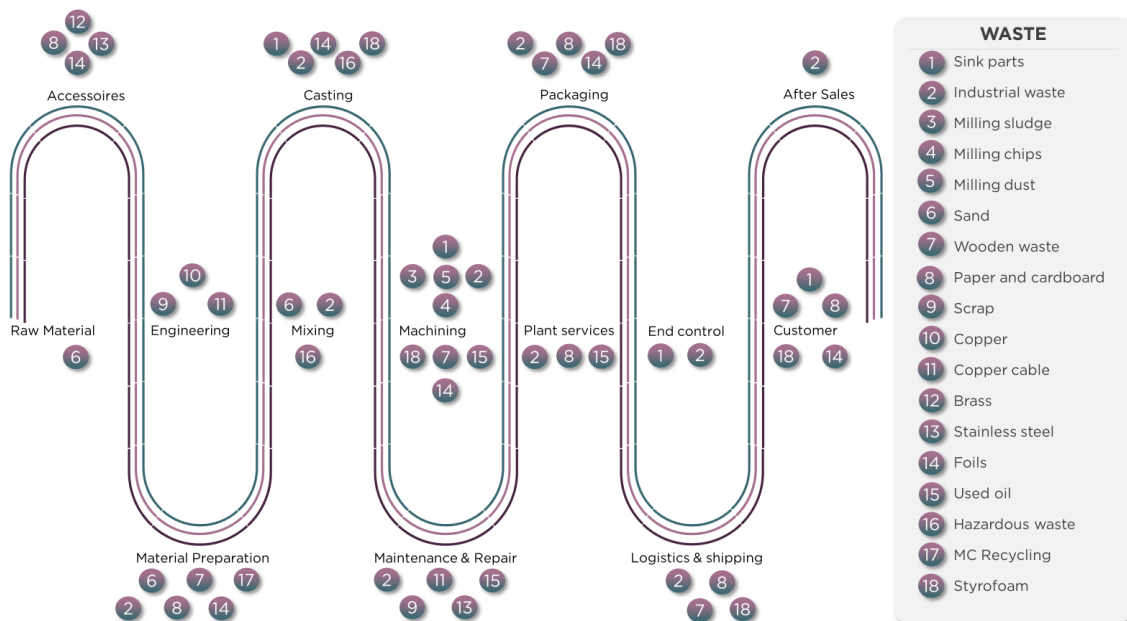


Figure 17 Process flow - Waste generation

In order to avoid waste being generated, we adjusted processes within our supply chain to work more effectively and efficiently and we also improved our material selection to include more renewable and recyclable materials. We already have a process water loop within our facility. The used water is treated in-house and almost all of it is reused.

With the CRISTADUR® Green Line, we have developed the first acrylic-based quartz composite material which, besides quartz and pigments, contains a binder based on renewable or recycled raw materials. Like all SCHOCK sinks, these select models consist of up to 75% quartz plus colour additives and binders from recycled or renewable sources. We also use recycled materials in our drain fittings for this range. With the launch of our Green Line sinks we showcased a process whereby the purchased sinks can be returned to us at the end of their service life. For the German market this option was introduced in 2020 together with the CRISTADUR® Green Line.

SCHOCK

We engage third parties to dispose of the waste in line with contractual or legal obligations or to take it for reuse and recycling. Hazardous waste is handled by certified waste disposal companies, from whom we request updated registration certificates every year. By requesting and obtaining these certificates from our waste disposal companies annually, we ensure that they are disposing of the waste in line with contractual and legal obligations. The contracted companies in turn obtain these certificates by having their activities audited by recognised certification bodies.

Data on the volume of waste is extracted from the regular waste disposal records that we obtain from the contracted waste disposal companies. We collect this information and use it for internal analysis.

As part of our annual EMAS audit, the data on waste was checked by the auditing company and subsequently by the German Accreditation and Licensing Body for Environmental Verifiers (DAU) as the certification body, as well as by the Chamber of Industry and Commerce of Lower Bavaria.

WASTE GENERATED

Currently, the recycling and disposal of most waste takes place off-site. As part of our efforts to reprocess internal scrap, two tonnes of scrap were reprocessed.

| Composition of waste | Waste generated [t] | | Waste diverted from disposal [t] | | Waste directed to disposal [t] | |
|--------------------------|---------------------|--------------|----------------------------------|----------------|--------------------------------|--------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Sink parts | 978,5 | 1.146 | 978,5 | 1.146 | | |
| Industrial waste | 777,5 | 669 | | | 777,5 | 669 |
| Milling sludge | 777,2 | 773 | | | 777,2 | 773 |
| Milling chips | 786,1 | 715 | | | 786,1 | 715 |
| Milling dust | 49,9 | 35 | | | 49,9 | 35 |
| Sand | 52,7 | 64 | | | 52,7 | 64 |
| Wooden waste | 194,9 | 0 | 194,9 | 149,9 | | |
| Paper and cardboard | 265,2 | 333 | 265,2 | 333 | | |
| Scrap metal | 81,0 | 510 | 81,0 | 510 | | |
| Copper | 0,3 | 3 | 0,3 | 3 | | |
| Copper cable | 5,4 | 4 | 5,4 | 4 | | |
| Brass | 8,4 | 5 | 8,4 | 5 | | |
| Stainless steel | 2,3 | 1 | 2,3 | 1 | | |
| Foils | 14,7 | 17 | 14,7 | 17 | | |
| Used oil | 9,4 | 3 | 9,4 | 3 | | |
| Hazardous waste | 4,0 | 3,25 | | | 4,0 | 3,25 |
| Recycled cleaning agents | 200,9 | 160,3 | 200,9 | 160,3 | | |
| Styrofoam | 5,3 | 3,4 | 5,3 | 3,4 | | |
| TOTAL | 4.385,4 | 4.612 | 1.938,0 | 2.171,9 | 2.447,4 | 2.256 |

Table 2 Composition of waste in metric tonnes (t)

SCHOCK

WASTE DIVERTED FROM DISPOSAL

| | On-site | | Off-site | | Total | |
|----------------------------|---------|------|----------------|------------------|----------------|------------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Hazardous waste | | | | | | |
| Preparation for reuse | | | | | 0 | 0 |
| Recycling | | | 200.9 t | 160.3 t | 200.9 t | 160.3 t |
| Other recovery operations | | | | | 0 | 0 |
| Non-hazardous waste | | | | | | |
| Preparation for reuse | | | 977.5 t | 1146 t | 977.5 t | 1146 t |
| Recycling | 1 t | 2 t | 581.6 t | 1,025.9 t | 582.6 t | 1,025.9 t |
| Other recovery operations | | | 177.0 t | | 177.0 t | |
| Waste avoided | | | 758.6 t | 1,025.9 t | 758.6 t | 1,025.9 t |

Table 3 Waste diverted from disposal by recovery operation in metric tonnes (t)

The cleaning agents we use are reprocessed in an external recycling process and returned to our production. The transportation is carried out by a certified company, as special regulations apply to the transportation of hazardous materials; compliance with these is regularly monitored by us. As for the styrofoam, the entire quantity we purchase is returned to the manufacturer and processed for reuse. According to the manufacturer, the styrofoam is shredded and supplied to the brick industry, where it is mixed with the clay and fired in the firing process. This provides the brick with better thermal insulation. Furthermore, the shredded styrofoam is also used for the production of pour-in insulation for screed floors. Materials such as untreated wood, paper and cardboard, scrap metal, copper, copper cable, brass, stainless steel, foils as well as used oil are recycled in external facilities. On-site waste reduction was achieved by improving material efficiency and reducing internal scrap rates.

WASTE DIRECTED TO DISPOSAL

All waste disposal operations take place off-site, with a distinction made between incineration with energy recovery and disposal via landfill.

| | On-site | | Off-site | | Total | |
|-------------------------------------|---------|------|----------------|--------------|----------------|--------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Hazardous waste | | | | | | |
| Incineration (with energy recovery) | | | 4.0 | 3,25 | 4.0 | 3,25 |
| Total | 0 | | 4.0 | 3,25 | 4.0 | 3,25 |
| Non-hazardous waste | | | | | | |
| Incineration (with energy recovery) | | | 777.5 | 669 | 777.5 | 669 |
| Landfilling | | | 1,666.0 | 1,588 | 1,666.0 | 1,588 |
| Total | 0 | | 2,443.4 | 2,256 | 2,443.4 | 2,256 |

Figure 18 Waste directed to disposal

SCHOCK

SOCIAL

HEALTH AND SAFETY

HEALTH

We regard health as the state of complete physical, mental and social well-being. It is therefore our responsibility to create and maintain a trusting and pleasant working environment for our employees long term.

At our Regen site, SCHOCK promotes the awareness and the implementation of a healthy lifestyle for all employees through a holistic company health management system, subsidies for health-promoting measures and sports courses, the provision of an on-site gym, the serving of largely regional produce in the canteen, ergonomic office equipment and regular talks on nutrition and health by experts, including our company doctor. We offer the entire workforce the following free health courses:

- Live better without plastic
- Bouldering taster course
- Burnout prevention and stress reduction
- Addiction prevention
- Naturally healthy
- Canoe tour on the Danube
- Biathlon workshop
- Fit boxing
- Spinning
- Gentle hiking and yoga.

In addition, all employees receive subsidised membership of a health portal. Employees can use their annual credit to pay for local or remote sports courses, sports equipment, courses and specialist articles on the subjects of exercise, relaxation and health.

Besides this, more extensive measures to protect health were implemented in Production. Given the changes that had occurred as a result of rebuilding measures, the specific personal protective equipment (PPE) needed in each production department was re-identified and made available to the workforce. Furthermore, health risks were identified in parallel as part of the workplace hazard assessments, and areas for action were defined and measures implemented.

Due to the workplace hazards caused by fine dust and repetitive lifting, measures were taken at SCHOCK to minimise their effects on employee health. Firstly, in order to capture any fine dust that might be generated during the processing of the sinks, we massively increased the capacity of the extraction systems. Secondly, we initiated the lifting aids project. Lifting aids will make the work easier for employees at workplaces where repeated manual lifting is currently necessary. The first lifting aid was installed and put into operation at the end of 2021. Further lifting aids will be installed if the results and the feedback from the workforce are positive.

Mutual interaction at SCHOCK is based on inclusion, respect and appreciation. These values form the basis for employee satisfaction.

A healthy life also incorporates the aspects of environmental protection and health, which are applied in our SINK GREEN sustainability strategy. SCHOCK is committed to this throughout the entire value chain – from product development and manufacturing to minimising our greenhouse gas emissions and waste and our energy and wastewater consumption.

SCHOCK

SAFETY

Safety in the workplace is our priority. Our goal is to prevent occupational injuries and illnesses and to create safe, productive and healthy working conditions in addition to a good working environment. We focus on prevention, including through training courses such as:

- Occupational safety.
- Health protection.
- Correct use of personal protective equipment (PPE).
- Evacuation training and fire drills.
- Fire safety assistant training.
- First aid training.
- Using a defibrillator.
- The ergonomic workplace.

Safety training is mandatory for all employees and production workers and is conducted annually.

Occupational hazards and risks are identified, assessed and managed both by the Safety Officer and through the annual preparation, review and adjustment of workplace hazard assessments by department management. Through the hazard assessment, measures can be defined to eliminate hazards and minimise risks. All managers and the Safety Officer are responsible for implementing occupational health and safety measures. The Safety Officer conducts regular occupational safety walk-throughs in which any need for action and opportunities for improvement are identified. The findings of the walk-throughs are documented and presented at the quarterly meetings of the occupational safety committee. At these meetings, the analyses from the occupational safety management system are presented, including the number of occupational accidents and commuting accidents and the number of days lost as a result. Reports on accidents and (possible) occupational hazards and risks are sent to the Safety Officer on a weekly basis. After documentation and evaluation, meetings are held between the Safety Officer and relevant managers to eliminate the hazards and take preventative measures against possible risks. A company doctor is on hand to advise the Safety Officer on occupational health and safety as well as accident prevention. Among other things, the company doctor carries out pre-employment and preventative medical examinations in accordance with the German Ordinance on Occupational Health Care (ArbMedVV), vaccination campaigns, especially against COVID-19, and regular walk-throughs around the various workplaces.

Within occupational health and safety management, the following training courses and instructions are offered, some of which need to be carried out regularly by the workforce:

- Occupational safety
- Computer workstations
- Ergonomics
- First aid
- Fire safety
- Explosion protection
- Escape and emergency routes
- Safe handling of hazardous substances
- Hand and skin protection
- Noise

Handling and use of personal protective equipment (PPE).

Participation in the mandatory training courses is checked annually in the internal audits.

SCHOCK

Training needs are identified annually by managers as part of the review and adjustment of the skills matrix and the annual employee appraisals.

To further increase occupational health and safety within our company we plan to introduce ISO 45001 at our site no later than 2023.

COVID-19

COVID-19 was also with us in 2022, during which time – as always – the focus was on the health of our workforce and our customers. The measures and programmes we defined in 2020 to protect our employees, their families and friends and our business partners and suppliers from the virus continued in 2022. The identification and implementation of measures was initiated by the COVID task force established in 2020. The continuing measures include:

- Maintaining an intensive cleaning and hygiene regime
- Operating class H14 air filtration systems
- Offering work-from-home options and providing the necessary work equipment
- Adjusting break times to reduce clustering of people
- A food-to-go concept in the canteen
- COVID rapid tests and antibody tests
- Stationary fever thermometers
- Disinfectant manufacturing.

In the light of the ongoing pandemic in 2022, we increased the testing regime to three times per week. Additional antigen tests were provided to employees free of charge. In 2022, employees again had the opportunity to receive COVID and flu vaccinations. This offer was well accepted, with around 12% of the workforce taking the opportunity to be vaccinated three times in total. SCHOCK further expanded the offer by facilitating vaccination for the friends and family of company members.

The opportunity to work from home also went down well with employees. Our established IT policy and IT security policy apply to remote working.

EMPLOYMENT

Our employees are among the company's most important assets. If it wasn't for the dedication, effort and contribution of our employees, we would not be the company we are today and of which we are so proud.

Because we value our employees, we want to make sure that all our staff feel included, which is why we report news about our company and our people on a regular basis. The latest news can be read on the company's internal information monitors at any time. In addition, a newsletter describing the most important developments is published quarterly and communicated to all personnel. The annual works meetings are normally conducted at the same frequency. If employees have any concerns, they can contact the works council directly or use the anonymous whistleblower channel, and the management team also offers regular consultation hours. As a means to continually improve employee satisfaction across the site and to give staff the opportunity to voice any concerns, questionnaires are distributed every two years as part of the GreatPlaceToWork® survey. The responses are evaluated and packages of measures are defined and implemented gradually based on the results.

Collective bargaining agreements based on the company's collectively agreed pay scale apply to all employees, including apprentices. Fully 91.6% of all employees are covered by collective bargaining agreements. Only 51 employees are not on the collectively agreed pay

SCHOCK

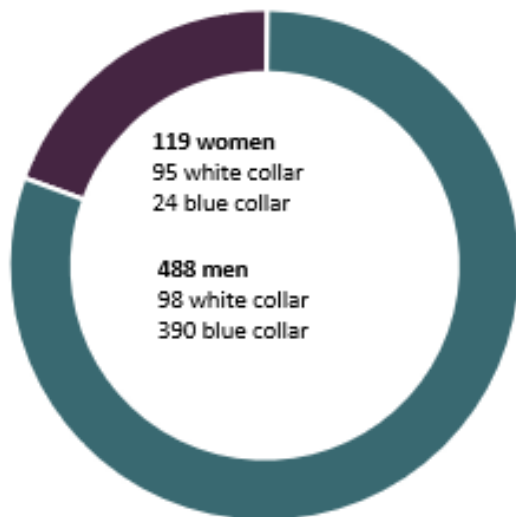
scale. For employees who do not come under the collective agreements, the same working conditions and employment terms apply as for employees who do. The only difference is that remuneration is negotiated individually and future increases also need to be negotiated. Any pay rises offered under the collective agreements do not apply to these employees.

Since our company is located in Regen, Germany, the majority of our employees have their permanent residence in Germany or in the nearby Czech Republic.

At SCHOCK, the vast majority of staff are permanent employees. In 2022, 8.4% of the workforce were temporary agency workers. One of the reasons for this is the increasingly high demand for our quartz composite sinks "Made in Germany". 100% of the temporary agency workers are covered by collective bargaining agreements. Our goal is to build long-term employee relationships. This applies to permanent employees as well as to temporary agency workers, many of whom are offered a permanent position after successfully working for us through an agency. The takeover rate in 2022 stood at about 40%. Furthermore, there are no seasonal fluctuations in personnel at SCHOCK.

As of 31 December 2022, our workforce comprised 607 people¹⁰ (prior year: 595), including apprentices and employees on parental leave, excluding temporary agency workers.

Employees by gender



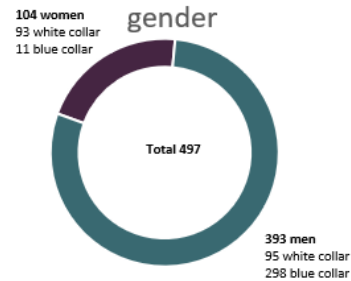
¹⁰ Total head count

SCHOCK

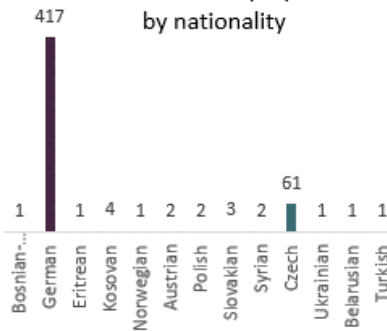
EMPLOYMENT STATUS AND NEW HIRES

PERMANENT EMPLOYEES

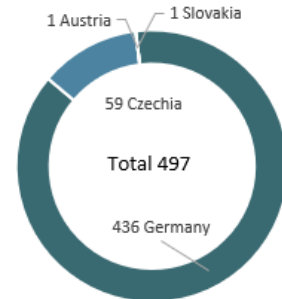
Permanent employees by gender



Permanent employees by nationality



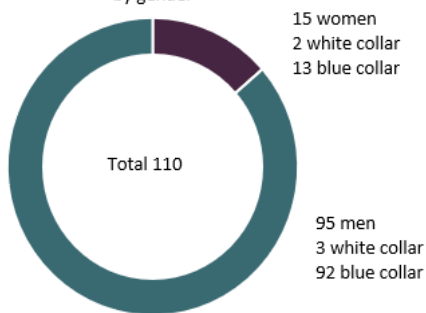
Permanent employees by residence



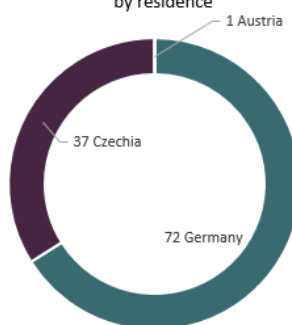
FIXED-TERM EMPLOYEES

SCHOCK employed 18% of the workforce on fixed-term contracts (16% men and 2% women).

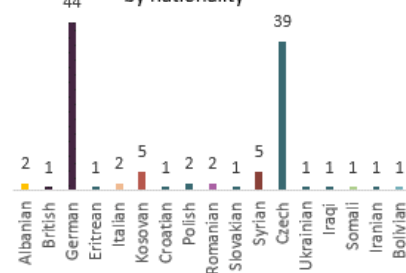
Fixed-term employees by gender



Fixed-term employees by residence



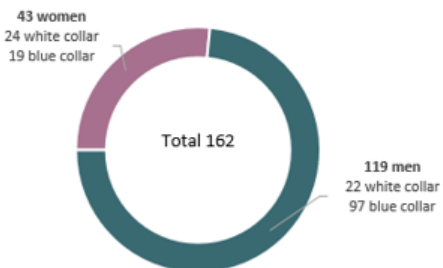
Fixed-term employees by nationality



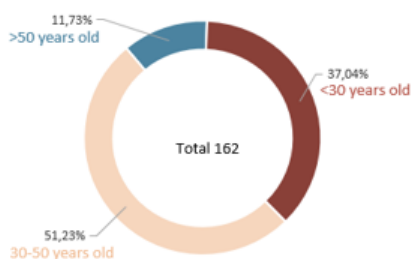
NEW HIRES & EMPLOYEE TURNOVER

In 2022, we hired 162 new employees.

New hires 2022



New hires by age group

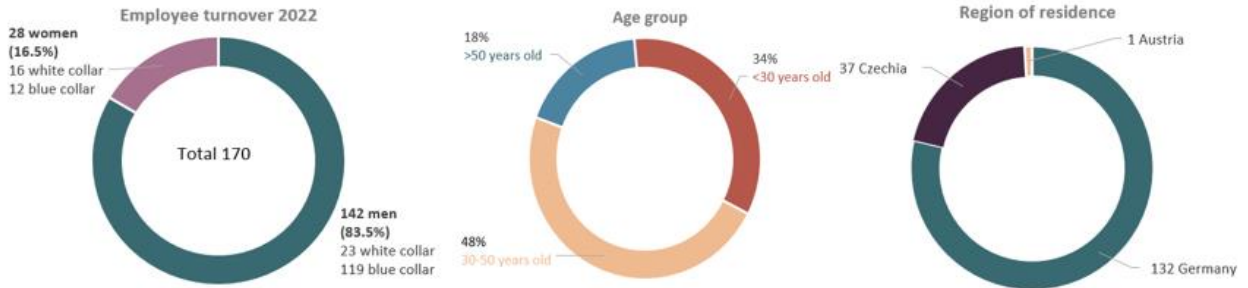


Region of residence



SCHOCK

The rate of employee turnover, which we calculate using the Schlüter formula

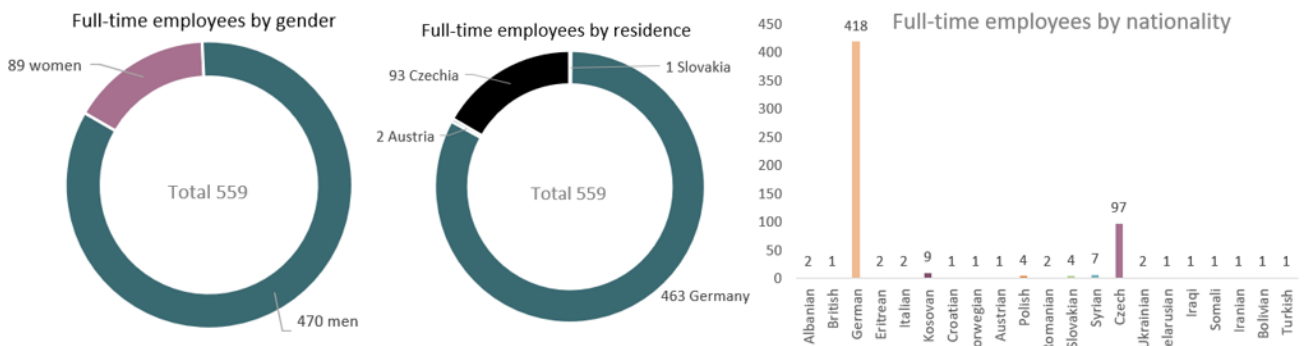


$$Return\ rate = \left(\frac{Number\ of\ employees\ that\ left}{Number\ of\ employees\ at\ start\ of\ period + new\ hires} \right) \times 100$$

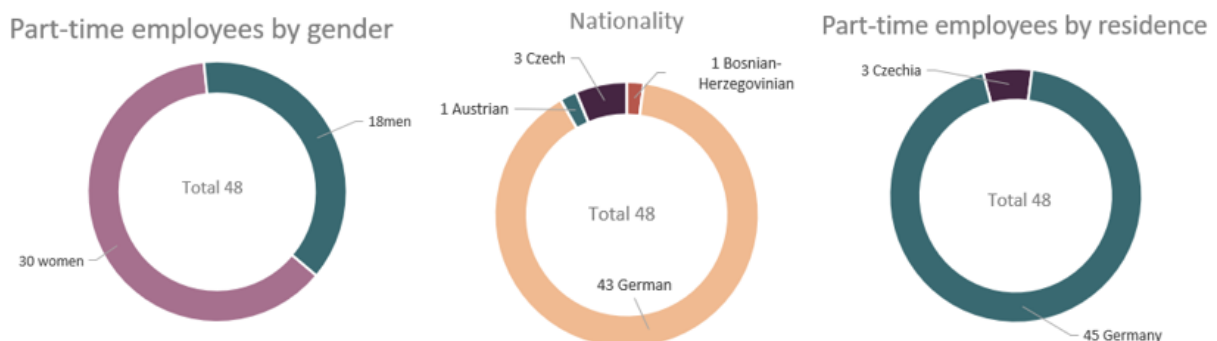
is an important indicator of employee satisfaction at our company. In the reporting period, the turnover rate stood at 22.8%. In 2022, 170 employees left the company, 142 of them men and 28 women. The high turnover rate in 2022 can be explained by our downsizing due to the overall economic situation at the end of the year.

All employees receive the same company benefits, as we do not differentiate between full-time and part-time employees.

FULL-TIME 2022



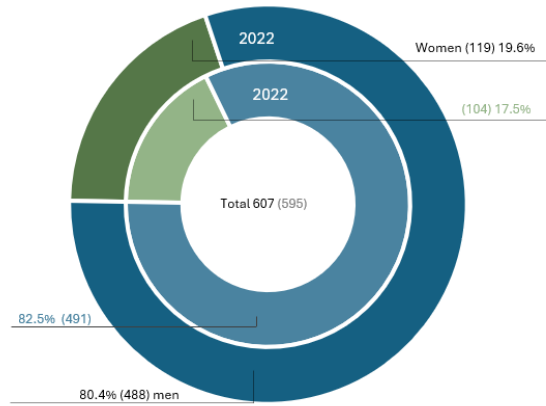
PART-TIME 2022



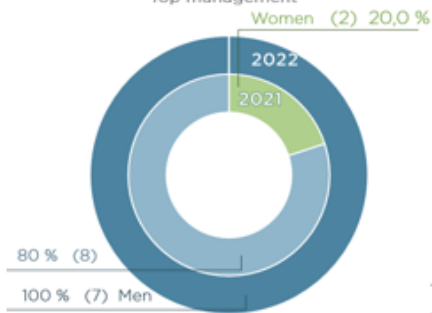
SCHOCK

EMPLOYEE STRUCTURE IN 2022 (2021)

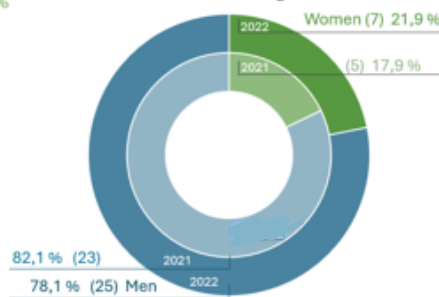
SCHOCK total by gender



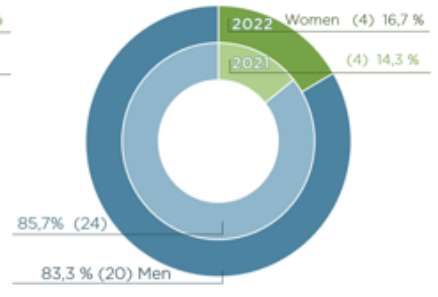
Top management



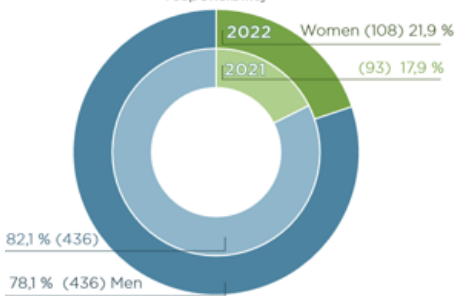
Medium Level Management



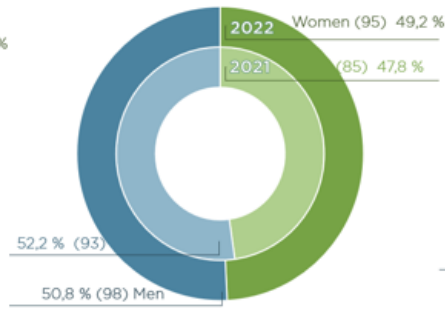
First-level management



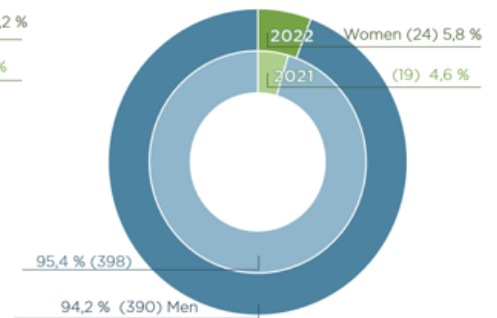
People without management responsibility



White collar



Blue collar



DEMOGRAPHICS

At SCHOCK, we benefit greatly from the diversity that comes with having employees from different age groups and different nations working together. Every day, four different generations (Baby Boomers, Generation X, Generation Y and Generation Z) work and collaborate with each other at SCHOCK. The different groups bring new perspectives and

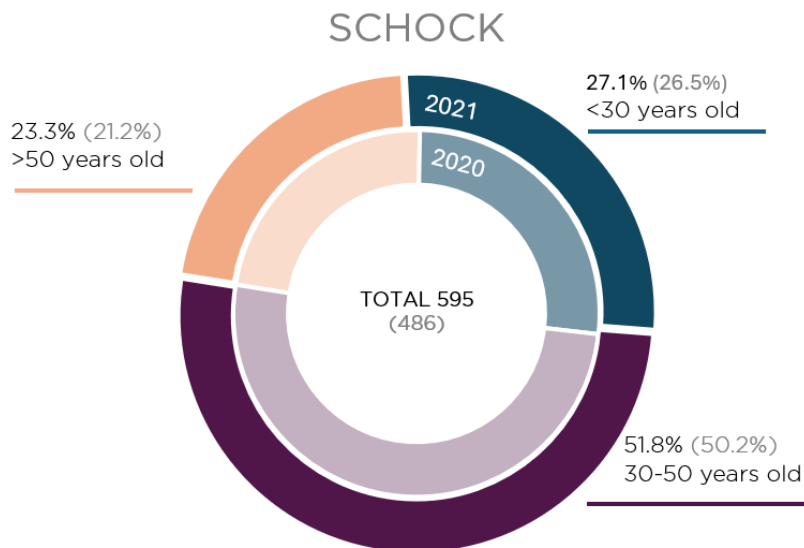
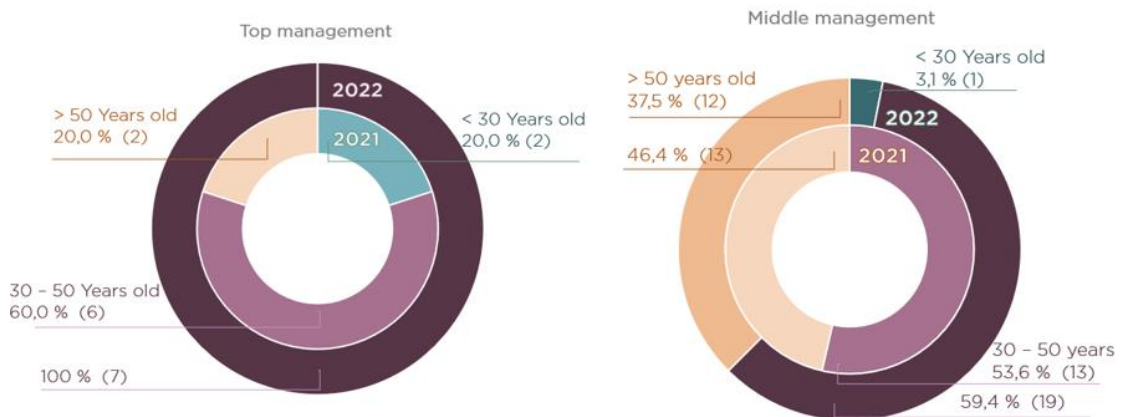
SCHOCK

approaches to the company. The resulting variety of ideas safeguards SCHOCK's innovative strength.

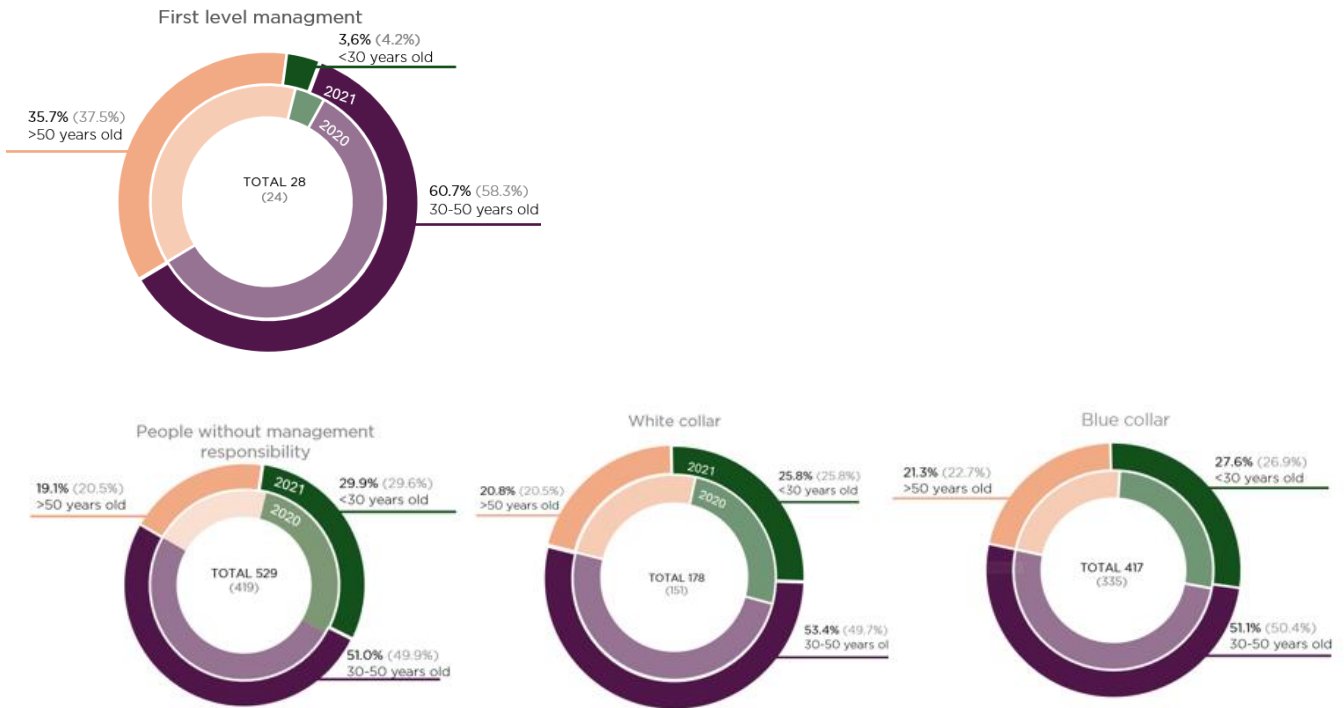
Our aim is to offer an optimal environment for all employees in all phases of their life, thus ensuring the development and continuing training of specialists and the internal transfer of knowledge. Taking into account the individual needs of our workforce, we offer flexible work programmes as well as health and sports programmes, and we offer our employees individual agreements to prepare them for leaving the workforce at retirement. The measures are adapted to personal needs. The agreements include a reduction in working hours, time off and assistance with early retirement arrangements.

For employees who wish to continue working for us, we provide retraining to the extent possible. This measure is used primarily when people employed by the company have sustained injuries that prevent them from performing their duties. In these cases, it is important to us to find a suitable new position for our employees and thus retain them in the workforce. SCHOCK also offers return-to-work management, which anyone with sickness-related absences of more than six weeks can voluntarily take advantage of. Severance payments can be made at SCHOCK within the framework of employment termination agreements.

AGE STRUCTURE 2022 (2021)



SCHOCK



PARENTAL LEAVE

As previously mentioned, the entitlement to parental leave in Germany is regulated by law. Therefore, all 607 employees, consisting of 488 men and 119 women, were entitled to parental leave. In the reporting period, 26 employees took parental leave. Of these, 16 returned to work after the end of their parental leave. The remaining nine people were still on parental leave as of the reporting date 31 December 2022. Of the 18 people whose parental leave ended in 2022, 14 were still employed more than 12 months after returning from parental leave. The return rate in 2022 was thus 100% and the retention rate 82%.

$$\text{Return rate} = \left(\frac{\text{Total number of employees that returned from parental leave}}{\text{Total number of employees due to return from parental leave}} \right) \times 100$$

$$\text{Return rate} = \left(\frac{\text{Total number of employees retained 12 months after returning from parental leave}}{\text{Total number of employees that returned from parental leave in prior reporting periods}} \right) \times 100$$

SCHOCK



Figure 19 Parental leave and returning employees

TRAINING AND EDUCATION

Professional training and education are very important to us at SCHOCK. We believe in the principle of life-long learning and therefore attach great value to continuous employee development through internal and external training. Our aim in the area of training and education is to help our workforce develop the competencies that will be needed to satisfy tomorrow's needs in order to lay the foundations for innovations and new approaches.

We offer our employees a wide variety of internal and external training opportunities. In 2022, each employee spent an average of 10.1 hours on professional training and education. This represents a 10% reduction compared to 2021. Excluded from these numbers is any time spent on part-time study, continuing professional development and vocational training where the exact number of hours is not fully specified.

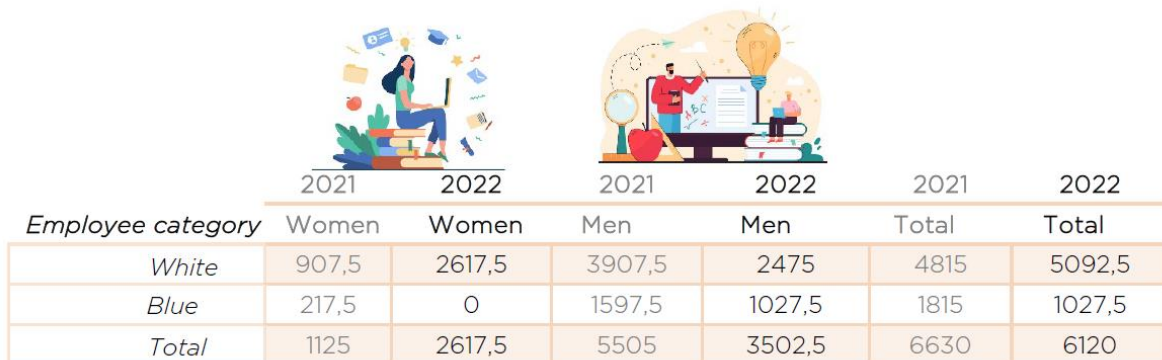


Figure 20 Total hours of training and education at SCHOCK in 2021 & 2022

SCHOCK

On average, female employees spent 22.0 hours on training and education, while the number of hours for male employees was 7.2 hours. In terms of employee categories, white-collar workers completed an average of 26.4 hours, compared to 2.5 hours for blue-collar workers.

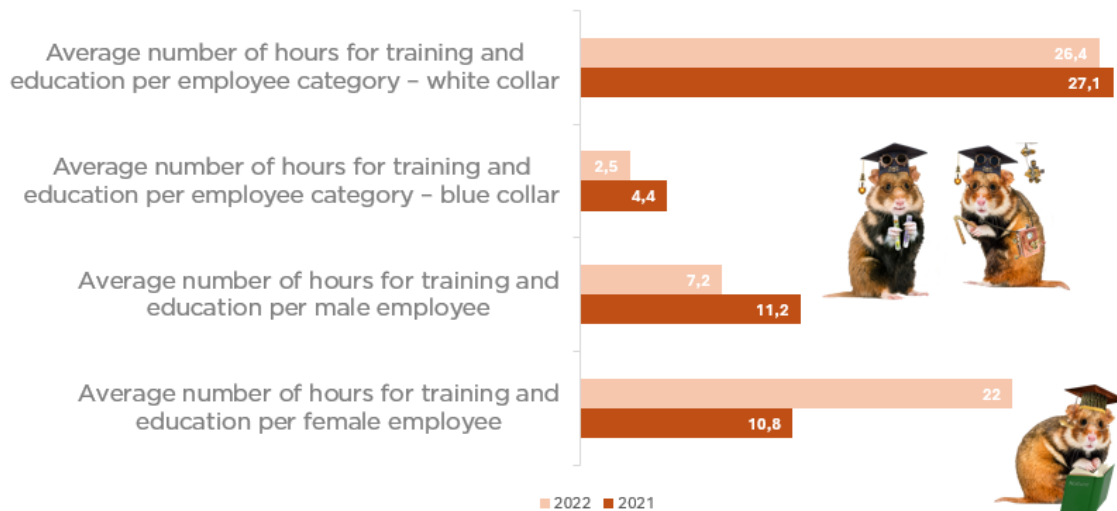


Figure 21 Average number of hours for training and education at SCHOCK

At SCHOCK, we offer our employees individual agreements to prepare them for leaving the workforce at retirement. The measures are adapted to personal needs. The agreements include a reduction in working hours, time off and assistance with early retirement arrangements.

For employees who wish to continue working for us, we provide retraining to the extent possible. This measure is used primarily when people employed by the company have sustained injuries that prevent them from performing their duties. In these cases, it is important to us to find a suitable new position for our employees and thus retain them in the workforce. SCHOCK also offers return-to-work management, which anyone with sickness-related absences of more than six weeks can voluntarily take advantage of. Severance payments can be made at SCHOCK within the framework of employment termination agreements.

SCHOCK ACADEMY

In 2016, we founded the SCHOCK Academy for the professional training and education of our workforce, through which we offer training courses for continuing professional development as well as personal development. The training courses are selected by the SCHOCK Academy with consideration of the needs and suggestions of the workforce in terms of the training topics.

The annual training booklet contains training courses on the following topics:

- Leadership, behaviour and communication
- SCHOCK (the company) and the environment
- Software and IT skills
- Health and fitness
- Cooking

SCHOCK

- Social events.

To support our employees in developing new skills, SCHOCK provides an annual budget for staff to take the necessary training. All full-time, part-time and temporary agency workers receive the required compliance and job-specific training in the form of classroom training and via online learning. Furthermore, employees are trained in accordance with the qualification matrix and the internal training plan. Besides this, we offer individual, needs-based training for groups and individuals, as well as the possibility for all employees to undergo further training externally. The latter through arrangements such as covering the costs or granting additional leave for attendance, learning and examination days. Managers take part in modular training programmes that continuously improve their skills in personnel management.

COLOUR YOUR CAREER

SCHOCK also has a young leadership programme called COLOUR YOUR CAREER, which sits directly below the management tier.

The programme gives nine/ten young employees from production and administration the opportunity to further their professional and personal development over a period of two years. Each year, new participants are assigned to the programme on the basis of recommendations.

The CYC team works together on company-wide projects and participates in various seminars and continuing professional development courses. The aim of the programme is to prepare the selected young employees to take up future management positions. The personal development of each programme member is supported by an experienced manager who acts as a mentor.

SCHOCK

APPRENTICESHIPS

The development of young people is also shaped by the variety of apprenticeship programmes offered at SCHOCK. In order to meet the demand for skilled workers, eight apprenticeships were offered at the Regen site in 2022.



Figure 22 Apprenticeships at Schock GmbH

Dedicated instructors are available for each subject area. SCHOCK employed 17 apprentices in 2022 (35% of them women), who were assigned to seven apprenticeship professions. We are particularly proud of our 100% retention rate. The apprenticeship pay at SCHOCK follows the high IG Metall pay scales.

Moreover, SCHOCK offers internships for school and university students, as well as working student positions. Find out more about our apprenticeships and internships at: https://www.schock.de/deu_de/unternehmen/karriere/ausbildung-und-praktika

DIVERSITY & EQUITY

SCHOCK operates in accordance with the General Equal Treatment Act. We therefore offer an inclusive working atmosphere for all employees, irrespective of gender, religion, origin or personal characteristics. The individual life experiences, knowledge, skills and talents that our employees possess and apply in their daily work shape our culture and represent an

SCHOCK

essential part of our success. To ensure equity and inclusion for everyone at our Regen site, SCHOCK has an Equal Opportunities Officer and an Inclusion Officer.

With regard to equality, we see it as our duty to practise equal pay, to promote measures enabling a work-life balance, and to enable women to participate in the labour market on an equal footing.

As a company, it is our responsibility to ensure equity for all our employees across all business processes, including in terms of income paid.

That is why our employees' salaries as defined in the company's collectively agreed pay scale have, since 2016, been based on the IG Metall Bavaria pay scale for the wood and plastics processing industry. The basic salary is classified into pay scale groups, which are based on the employee's level of education, years in the profession and the tasks performed. The basic pay within the various pay scale groups is the same for all genders. We believe in equal pay for equal work. The same applies to all remuneration provided, including payments based on years of service, fringe benefits, overtime, shift work, night work and holiday bonus. Weekly working hours for a full-time employee are set at 37.5 hours with annual leave entitlement of 30 days, ten days more than legally required. Every year, our employees receive an additional payment of holiday and Christmas bonus. These compensation principles apply at our site in Regen.

The basic pay and classification into pay scale groups is fundamentally independent of gender. The HR department has carried out analyses to determine the ratio of the basic salary and remuneration of women compared to their male colleagues to thus identify the percentage of the gender pay gap within SCHOCK. Analyses were conducted for both blue collar and white collar employees. The findings revealed that there are no discrepancies in basic pay between female and male employees. The adjusted gender pay gap is therefore 0%. The unadjusted gender pay gap, i.e. the direct comparison of all hourly pay between female and male employees, is actually minus 7%, which means that women actually earn a higher hourly wage on average. This can be explained by the higher number of women in white collar jobs as opposed to hardly any women in blue collar jobs.

In addition to the salary, SCHOCK offers all employees a range of perks and additional benefits such as electric bike leasing, free sports courses and events under the company health management measures, free use of the company's gym *SCHOCKletics*, as well as discounted staff prices for SCHOCK products.



Electric bike leasing



Company health management



Employee events

SCHOCK



Electric vehicle charging points

Less inequality starts with equal opportunities for all job applicants. Our process of selecting new employees is guided solely by the person's performance and suitability for the advertised role and is based on our corporate values. As a company, we and our employees act in accordance with the General Equal Treatment Act. SCHOCK has a zero tolerance policy with respect to any violations of those principles. At SCHOCK, we strive every day to provide our employees with an inclusive and pleasant working environment. Diversity and inclusion are genuinely practiced at SCHOCK – in 2022, people from 22 different nations were working together at SCHOCK.

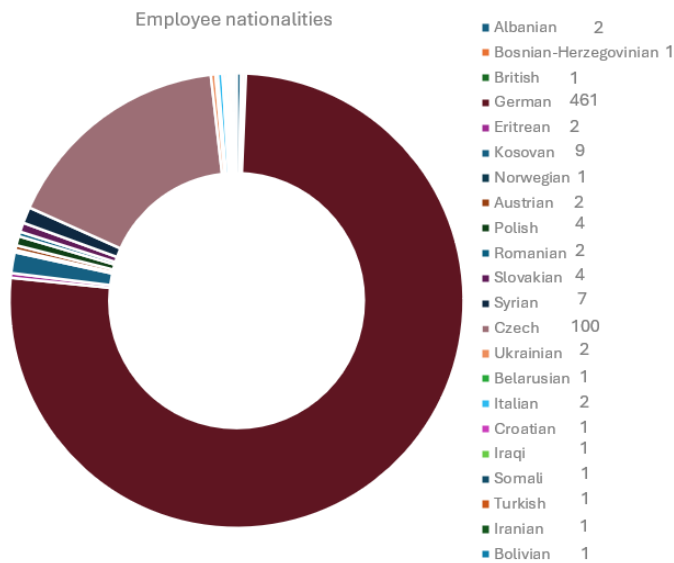


Figure 23 Employee nationalities

Gender equality and equal pay are a priority for us, and we act accordingly. As a company in the manufacturing industry and a producer of sinks made of a quartz composite material, the majority of the personnel we employ are male. We strive to break down the stereotypes about the manufacturing industry and attract more women to our company.

That is why we launched the Diversity in Production project in 2021. As part of the project, the female members of the CYC team examined the processes and tasks in the individual production departments to assess their feasibility and their optimisation potential. The aim

SCHOCK

of the project was to determine whether the processes are feasible for all employees, irrespective of gender. In addition, process optimisations should be achieved through the participation of the female CYC members in the production processes. The project is intended to make a positive contribution to improving the protection of health and enhancing the working environment. The measures identified to make work easier and improve the workflows will benefit all genders.

By adapting our working methods and our processes to ensure gender-neutral feasibility, we will be able to attract more women into production and at the same time reduce the workload for the male workforce.

Members of the project team focused on identifying physically demanding work steps, the necessary equipment, and optimising individual process steps. The implementation of the measures will be continued in 2022.



We also consider it very important for women to be represented at all levels of the hierarchy. Unlike in 2020, we were able to achieve this in 2021 and consolidate it in 2022. We are now striving for and continuously pursuing a balanced representation of the genders.

TGE TEAM

The SCHOCK TGE team was formed in August 2021 during SCHOCK's participation in the Target Gender Equality initiative of the German United Nations Global Compact Network. The team comprises ten dedicated members from Production and Administration. The objective is to create more diversity for the benefit of all employees so that SCHOCK can offer all employees the opportunity to achieve their personal and professional goals.

The team's activities are concerned not only with gender equality but also with the many types of diversity (in terms of generations, ethnicities, genders and origins) and inclusion. The individual life experiences, knowledge, skills and talents that our employees possess and apply in their daily work shape our corporate culture. Our workforce is a significant and essential component of our company's success. The team wants to do its part to ensure that SCHOCK remains an attractive and modern employer for future generations. To achieve this goal, the TGE team defines and implements measures that make the topics of diversity,

SCHOCK

equity, equality and inclusion visible. The aim is to ensure that the right person is in the right job at the right time in the right place – regardless of their gender, cultural and ethnic background or even their sexual orientation.

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

Parental leave

Target: 60% of all affected men take at least one month of parental leave

Women in leadership positions

Target for middle management: 40%

Target for top management: 50%

Increase diversity



Foster a culture of allyship

Increase the percentage of women in the company: 30%

Create awareness

INCLUSION

Inclusion and openness form the foundation of our corporate culture. In addition to the 17 nationalities represented within our workforce, the inclusion of people with disabilities is likewise important to us. As a company, we comply with the legal requirements of Section 154 of the German Social Code, Ninth Book, which requires public and private employers to have at least 5% of their jobs filled by people with disabilities. In 2022, SCHOCK employed 34 people with disabilities. With this representing a percentage of 5.7%, we are thus exceeding the legal requirements.

We pursue the active integration of severely disabled people and equity of treatment by, wherever possible, individually adapting the working environment, providing work aids and communicating regularly. Meetings of the works council and the disabled persons' representative with the disabled staff members take place regularly, as does the communication of new applicable laws and regulations. In addition, representatives regularly hold awareness-raising talks on the individual needs and situation of people with disabilities with the department heads and the team leaders.

The Equal Opportunities Officer, the works council representative as well as the disabled persons' representative are always available to employees and handle any concerns they may have with care and empathy. The aforementioned representatives are also tasked with installing measures to facilitate work and developing individual and customised tasks.

SCHOCK

The effectiveness of inclusion measures can be seen in the independent way people with disabilities organise their work.

SCHOCK works in close cooperation with the local integration office. With inclusion and openness as core values at SCHOCK, we aim to create a diverse and inclusive working atmosphere for all our employees. Participating in supporting initiatives is important to us, which is why we joined the IG Metall campaign *No place for racism*. SCHOCK's management has a strict zero tolerance policy when it comes to discrimination, racism, bullying, stalking, harassment, corruption and other acts that are disruptive and damaging to our business and especially our workforce.



ABOUT THIS REPORT

This report has been prepared in accordance with the GRI Standards 2016 Core Option to provide an insight into SCHOCK's sustainability strategy and to create transparency about the fact that sustainability is what drives us in our thoughts and actions. The following entities, as subsidiaries of Schock TopCo GmbH, are included in the consolidated financial statements¹¹: Cristastone GmbH, Granite Holding GmbH, Marmorin SP. Z.O.O., Marmorin B&J SP. Z.O.O., Marmorin HR SP Z.O.O., MW Beteiligungs GmbH, Schock GmbH, Schock Holding GmbH, Schock North America LTD., SCHOCK Manufacturing North America LLC., Schock Optigluue GmbH, Stone Holding GmbH, Stone TopCo GmbH.

¹¹ Revenue 2022: EUR 141 m, equity capital of Schock TopCo GmbH stood at EUR 72,000 and debt capital at EUR 287,000

SCHOCK

Only Schock GmbH, as such, is discussed in this report.

Determination of report content and topic boundaries emerged through company-wide meetings, as well as diverse and open discussions among all departments.

This report has been published in PDF format in both German and English on the SCHOCK corporate website.

The reporting period is 2022. All data and information collected relate to the period from 1 January to 31 December 2022. The last report was published on 8 December 2022. According to the annual reporting cycle, the next Sustainability Report is due to be published in December 2023.

SCHOCK

GRI CONTENT INDEX

| SDG | Disclosure | Page number(s) and/or URL(s) | Omission |
|-------|-------------------------------|--|----------|
| | <i>Organisational profile</i> | | |
| | 102-1 | Name of the organisation | |
| | 102-2 | Activities, brands, products and services | |
| | 102-3 | Location of headquarters | |
| | 102-4 | Location of operations | |
| | 102-5 | Ownership and legal form | |
| | 102-6 | Markets served | |
| | 102-7 | Scale of the organisation | |
| 8, 10 | 102-8 | Information on employees and other workers | |
| | 102-9 | Supply chain | |
| | 102-10 | Significant changes to the organisation and its supply chain | |
| | 102-11 | Precautionary principle or approach | |
| | 102-12 | External initiatives | |
| | 102-13 | Membership of associations | |
| | <i>Strategy</i> | | |
| | 102-14 | Statement from senior decision-maker | |
| | 102-15 | Key impacts, risks and opportunities | |
| | <i>Ethics and integrity</i> | | |
| 16 | 102-16 | Values, principles, standards and norms of behaviour | |
| 16 | 102-17 | Mechanisms for advice and concerns about ethics | |
| | <i>Company management</i> | | |
| | 102-18 | Governance structure | |
| | <i>Stakeholder engagement</i> | | |
| | 102-40 | List of stakeholder groups | |
| 8 | 102-41 | Collective bargaining agreements | |
| | 102-42 | Identifying and selecting stakeholders | |
| | 102-43 | Approach to stakeholder engagement | |
| | 102-44 | Key topics and concerns raised | |
| | <i>Reporting practices</i> | | |

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| | 102-45 | Entities included in the consolidated financial statements | | |
| | 102-46 | Defining report content and topic boundaries | | |
| | 102-47 | List of material topics | | |
| | 102-48 | Restatements of information | | |
| | 102-49 | Changes in reporting | | |
| | 102-50 | Reporting period | | |
| | 102-51 | Date of most recent report | | |
| | 102-52 | Reporting cycle | | |
| | 102-53 | Contact point for questions regarding the report | | |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | | |
| | 102-55 | GRI content index | | |
| | 102-56 | External assurance | | |
| | <i>Governance</i> | | | |
| 8 | 204-1 | Economic performance | | |
| | <i>Environmental</i> | | | |
| | 301-1 | Materials used by weight or volume | | |
| | 301-2 | Recycled input materials used | | |
| | 301-3 | Reclaimed products and their packaging materials | | |
| | 305-1 | Direct (Scope 1) GHG emissions | | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | | - |
| | 305-4 | GHG emissions intensity | | |
| | 305-5 | Reduction of GHG emissions | | |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | | At SCHOCK, neither the production nor the use of ozone-depleting substances takes place in processes, products and services. |

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305-7

Nitrogen (NOx), sulphur oxides (SOx), and other significant air emissions

The ClimatePartner calculations include all relevant greenhouse gases according to the Assessment Report of the IPCC: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). Significant airborne emissions only occur at SCHOCK in the form of SOx (305-7 a. ii.). All other airborne emissions mentioned in the disclosure are not relevant for SCHOCK, as they do not occur in the course of business.

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| 3, 6, 12, 14 | 306-1 | Waste generation and significant waste-related impacts | | |
| 3, 6, 12 | 306-2 | Management of significant waste-related impacts | | |
| 3, 6, 12, 14, 15 | 306-3 | Waste generated | | |
| 3, 12 | 306-4 | Waste diverted from disposal | | |
| 6, 14, 15 | 306-5 | Waste directed to disposal | | |
| 16 | 307-1 | Non-compliance with environmental laws and regulations | | |
| <i>Social</i> | | | | |
| 4, 5, 8, 10 | 401-1 | New employee hires and employee turnover | | |
| 3, 5, 8 | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | | |
| 5, 8 | 401-3 | Parental leave | | |

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| | 404-1 | Average hours of training per year per employee | | |
| | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | | |
| 5, 8, 10 | 404-3 | Percentage of employees receiving regular performance and career development reviews | <p>Currently, this information is not stored in the automatic data repository or in equivalent tools. Employee appraisals take place regularly and are stored in the personnel files, but these are not fed into the system as of 2022. The responsibility for regular performance appraisals lies with the respective managers.</p> | |
| 5, 8 | 405-1 | Diversity of governance bodies and employees | | |
| 5, 8, 10 | 405-2 | Ratio of basic salary and remuneration of women to men | | |
| 16 | 418-1 | Customer privacy | | |


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SUSTAINABLE DEVELOPMENT GOALS

| SDG | | Page number(s) and/or URL(s) |
|-----|--|------------------------------|
| 3 | Health and Well-being | |
| 4 | Quality Education | |
| 5 | Gender Equality | |
| 8 | Decent Work and Economic Growth | |
| 10 | Reduced Inequalities | |
| 12 | Responsible Consumption and Production | |
| 13 | Climate Action | |
| 16 | Peace, Justice and Strong Institutions | |



SCHOCK

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| <p>COMMUNICATION ON PROGRESS</p>  | <p>This is our Communication on Progress in implementing the Ten Principles of the United Nations Global Compact and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p> |
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COP INDEX

Page number(s) and/or URL(s)



Human Rights



Labour Standards



The Environment



Anti-corruption

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GLOSSARY

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| Basic salary | Fixed, minimum pay an employee receives for performing their duties, excluding any additional remuneration such as payments for overtime or bonuses. |
| CO ₂ equivalent (CO ₂ e) | Measure used to compare the emissions of different types of greenhouse gases (GHG) based on their global warming potential (GWP). |
| Collective bargaining | All negotiations which take place between one or more employers or employers' organisations, on the one hand, and one or more workers' representative organisations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers. |
| Corporate carbon footprint | The corporate carbon footprint shows all emissions as CO ₂ equivalents (CO ₂ e) – referred to as "CO ₂ " for the sake of simplicity. This means that all relevant greenhouse gases according to the Assessment Report of the IPCC were taken into account in the calculations: carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃). Each of these gases has a different impact on the greenhouse effect and remains in the atmosphere for different lengths of time. To make their effect comparable, they are converted into CO ₂ equivalents (CO ₂ e) using global warming potentials. The global warming potential describes how strongly a gas affects climate warming compared to CO ₂ and refers to a time horizon of usually 100 years. |
| Direct GHG emissions (Scope 1) | GHG emissions from sources owned or controlled by an organisation. Scope 1 includes all direct emissions, i.e. emissions generated from combustion in the organisation's own facilities. |
| Diversity | Diversity refers to the variety of people in a society in terms of gender, age, sexual orientation, ideology or religion, ethnic origin and disability. As a political concept that has also been formulated by the European Union as a guiding principle, diversity aims to create equal opportunities for groups that are disadvantaged because of these characteristics. Diversity stands for valuing differences and viewing them as a resource, emphasising the uniqueness of individuals and clearly opposing discrimination against people on the basis of power and inequality structures. |
| ECHA | The European Chemicals Agency (ECHA) is committed to the safe use of chemicals. It puts into practice ground-breaking EU chemicals legislation that benefits human health and environmental protection and fosters Europe's competitiveness. |
| Emissions trading | The purchase, sale or trading of GHG emissions reductions (offsets) or GHG emissions rights. |
| Energy indirect GHG emissions (Scope 2) | GHG emissions that result from the generation of purchased or acquired electricity and steam as well as purchased or acquired heating and cooling energy consumed by an organisation. |
| Equality | Equality means each individual or group of people is given the same resources or opportunities. |

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| Equity | Equity recognises that each person has different circumstances and allocates the exact resources and opportunities they need to reach an equal outcome. |
| Forced or compulsory labour | All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered themselves voluntarily. |
| Greenhouse gas (GHG) | Gas that causes the greenhouse effect through the absorption of infrared radiation. |
| Greenhouse Gas Protocol (GHG Protocol) | Correctly delineating and categorising relevant direct and indirect emission sources is very important in identifying a business's main sources of emissions. The most widely used methodological standard in this regard is the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol defines the basic principles of relevance, completeness, consistency, transparency and accuracy and is based on financial accounting principles. |
| Highest governance body | Formal group of persons with final decision-making authority in an organisation. |
| Inclusion | Inclusion refers to a state of self-evident belonging of all people to society, associated with the possibility for all to participate fully in all areas of society. |
| Indigenous peoples | <p>Indigenous peoples are generally identified as:</p> <ul style="list-style-type: none"> • Tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations. • Peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions. |
| Non-critical materials | Critical materials are materials that are in very short supply worldwide. Their availability is decreasing sharply as industry demand is rapidly increasing worldwide. Non-critical materials, on the other hand, are sufficiently available and there is also no competition for the material/raw material on the market. The quartz we use is a non-critical material. It is partly a by-product of kaolin production. |
| Non-renewable materials, resources | A source of energy that cannot be renewed, reproduced, or grown or produced in a short period of time through ecological cycles or agricultural processes. |
| Other indirect GHG emissions (Scope 3) | Indirect GHG emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organisation, including both upstream and downstream emissions. |
| REACH | Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals. REACH entered into force in 2007 and aims to ensure a high level of protection for human health and the environment. REACH is based on the principle that manufacturers, importers and downstream users take responsibility for their chemicals. They must ensure that chemicals they manufacture and place on the market are used safely. REACH is one of the strictest chemicals laws in the world. |

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| Recycled input material | Material that replaces virgin materials, which is purchased or obtained from internal or external sources and which is not a by-product or non-product output (NPO) produced by the organisation. |
| Renewable material | Material derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, such that the services provided with these and other linked resources are not endangered and remain available for the next generation. |
| Reused | Refers to the collection, reuse and recycling of products and their packaging materials at the end of their service life. |
| Target Gender Equality (TGE) | Target Gender Equality is a gender equality accelerator programme for participating companies of the UN Global Compact. Through facilitated performance analysis, capacity building workshops, peer-to-peer learning and multi-stakeholder dialogue at the country level, Target Gender Equality will support companies engaged with the UN Global Compact in setting and reaching ambitious corporate targets for women's representation and leadership. |
| UK Modern Slavery Act | The Modern Slavery Act will give law enforcement the tools to fight modern slavery, ensure perpetrators can receive suitably severe punishments for these appalling crimes and enhance support and protection for victims. It received Royal Assent on Thursday, 26 March 2015. |
| Universal Declaration of Human Rights of the United Nations | The Universal Declaration of Human Rights (UDHR) is a milestone document in the history of human rights. Drafted by representatives with different legal and cultural backgrounds from all regions of the world, the Declaration was proclaimed by the United Nations General Assembly in Paris on 10 December 1948 (General Assembly resolution 217 A) as a common standard of achievements for all peoples and all nations. It sets out, for the first time, fundamental human rights to be universally protected and it has been translated into over 500 languages. The UDHR is widely recognised as having inspired, and paved the way for, the adoption of more than seventy human rights treaties, applied today on a permanent basis at global and regional levels. |

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