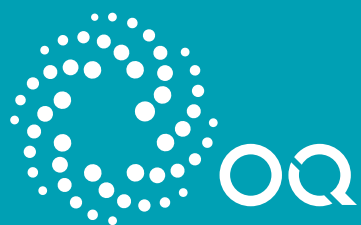


Together We Make More Possible

Sustainability Report 2020
OQ Chemicals

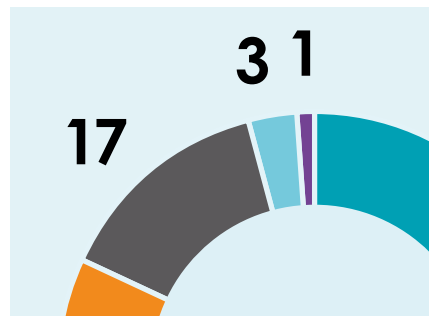




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FOREWORD

Dear Readers,

2020 was a challenging year – and not just for OQ Chemicals. It was a year in which the coronavirus pandemic shifted the focus of all activities in a way that no one could have foreseen.

However, not even the pandemic was able to keep us from working towards our goals – we are as committed as ever to constantly improving our sustainability performance. We operate in an economic environment in which sustainability and, above all, climate protection are increasingly important. We see this as both a challenge and an opportunity to further evolve as a company. Sustainability requirements already play a major role at OQ Chemicals today and are firmly established in our company goals.

In 2019, we have already set up a Group-wide project that specifically deals with climate protection and aims to reduce CO₂ emissions in the long term. This is a complex issue that will have a significant influence on our everyday activities as a reliable player in the chemical industry.

By strategically segmenting our product portfolio and our services we are evolving from a supplier into a problem solver. Our customers' sustainability requirements play an important role here. You can read all about this on pages 13 ff.

Safety also remains a top priority for us in all areas. Here, too, we have set ambitious goals and programs that we see as being essential for a chemicals manufacturer with a strong sense of responsibility.

We are delighted to have been granted Gold Status by EcoVadis for the second time in a row. Among other things, this rating recognizes our newly introduced sustainable procurement measures. This award will motivate us to continue pursuing our chosen course of choice.

Further information on the economic, ecological and social activities relevant to our business can be found in the section of the report beginning on page 20.

I hope you find this report an enjoyable read.

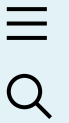
Best wishes,

Oliver Borgmeier



“We are committed to sustainability and constant improvement at OQ Chemicals – the way we act today is crucial for determining long-term prospects.”

Dr. Oliver Borgmeier, Chief Operating Officer,
responsible for Downstream, International Assets at OQ



COMPANY PROFILE

OQ Chemicals belongs to OQ, an integrated energy company with roots in Oman. OQ emerged in 2019 upon the successful integration of nine legacy companies (please refer to Sustainability Report 2019, page 7 ff.). Operating in 13 countries, OQ covers the entire value chain in the hydrocarbon sector from exploration and production through to marketing and distribution of its products. OQ sells its fuels and chemicals in over 60 countries worldwide.

OQ Chemicals represents the chemical sector of OQ with a core competency in the production, marketing, and sale of oxo chemicals.

OQ Chemicals' portfolio includes over 70 products supplied to customers. These products are used for the production of coating resins, synthetic esters, cosmetics, as well as printing inks. They are used in industry segments such as paints & coatings, lubricants & functional fluids, personal care, flexible packaging, and many more.

Around 1,400 people work for OQ Chemicals worldwide.

1.3 million tons
of production capacity

Annual
revenue of
1.2 billion €

70
products
shipped to every continent

6
production sites

1,400
employees globally

LOCATIONS



- Production sites
- Administrative offices

Production Sites

Bishop
approx.
35 employees

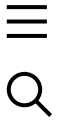
Bay City
approx.
180 employees

Amsterdam
approx.
25 employees

Oberhausen
approx.
850 employees

Marl
approx.
70 employees

Nanjing
approx.
50 employees



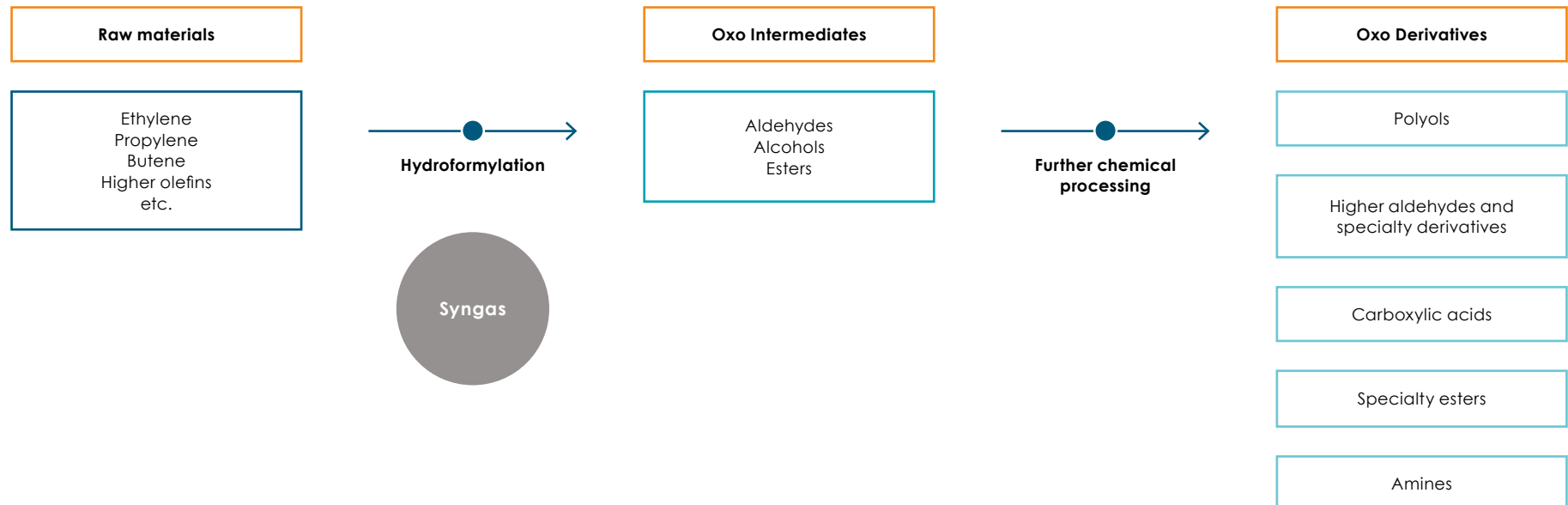
OQ CHEMICALS VALUE CHAIN

OQ Chemicals produces and sells more than 70 products worldwide. Our products are used in a wide variety of everyday applications and market segments, such as raw materials for coatings and ingredients for personal care formulations. They are also used as a component of safety glasses in the automotive industry, in lubricant formulations for cooling systems, and for the manufacture of printing inks.

OQ Chemicals' highly integrated production platform is based on the oxo process invented in 1938 by Otto Roelen at our site in Oberhausen. The oxo process, otherwise known as the hydroformylation process, transforms olefins, which are unsaturated hydrocarbons such as propylene and ethylene, to aldehydes by adding syngas.

These aldehydes are either sold externally or are used internally (i.e. captive requirements) as precursors for other Oxo Intermediates and Oxo Derivatives such as carboxylic acids, polyols, amines, and specialty esters (see graphic below).

Oxo Process



APPLICATIONS

This overview shows applications and market segments which make use of OQ Chemicals' products.

Oxo Intermediates

Aldehydes

Applications:
Lacquers,
polymer additives,
flotation reagents,
flavors & fragrances

Alcohols

Applications:
Surface coatings,
lacquers & paints,
polymer additives,
lubricants, solvents,
disinfectants,
printing inks

Esters

Applications:
Chemical intermediates,
cosmetics,
paints & coatings,
printing inks,
pharmaceuticals,
solvents

Oxo Derivatives

Higher aldehydes

Applications:
Chemical intermediates,
flavors & fragrances

Polyols

Applications:
High solids coatings,
powder coatings,
cosmetics,
lubricants,
polymer additives

Carboxylic acids

Applications:
Lubricants,
siccatives,
flavors & fragrances,
polymer stabilizers,
feed additives,
corrosion inhibitors

Amines

Applications:
Agrochemicals,
rubber chemicals,
polymer additives,
pharmaceuticals,
surfactants,
dye intermediates,
specialty chemicals,
corrosion inhibitors

Specialty esters

Applications:
Plasticizers,
lubricants,
coalescing agents

Higher alcohols

Applications:
Plasticizers,
lubricants,
flavors & fragrances,
surfactants

PRODUCT OVERVIEW

The product range of OQ Chemicals comprises more than 70 chemicals, which are subsequently processed by the industry. This diagram provides an overview of our general product portfolio (excluding customer-tailored products).

Oxo Intermediates	Oxo Derivatives					
Aldehydes / Alcohols / Esters	Carboxylic acids	Polyols	Amines	Higher aldehydes	Higher alcohols	Specialty esters
Propionaldehyde n-Butyraldehyde Isobutyraldehyde n-Butanol Isobutanol n-Propanol n-Propyl acetate n-Butyl acetate Isobutyl acetate 2-Ethylhexanol	Propionic acid (AF) n-Butyric acid (AF) Isobutyric acid Valeric acid (HP) 2-Methylbutyric acid 3-Methylbutyric acid Heptanoic acid (HP) 2-Ethylhexanoic acid Pelargonic acid (HP+HALAL) Isononanoic acid Isopentanoic acid	1,3-Butylene Glycol TCD Alcohol DM Nepopentyl Glycol (NPG) Trimethylolpropane (TMP)	Propylamine Butylamine 2-Ethylhexylamine n-Octylamine Isopropylamine	n-Undecanal n-Nonanal C13/C15 Aldehyde Isovaleraldehyde Isononanal Valeraldehyde Propionaldehyde	2-Methylbutanol 3-Methylbutanol n-Heptanol 3,5,5-Trimethylhexaisanol (Isononanol) TCD Alcohol M	OXSOFT 3G8 OXSOFT TOTM LE OXSOFT TOTM ST LE OXSOFT GPO OXFILM 351 OXLUBE L9-TMP



TOGETHER WE MAKE MORE POSSIBLE

With the integration of the oxo chemicals business into the OQ Group, OQ Chemicals has become part of a globally integrated energy company.

OQ's target is to contribute reliability with an innovative spirit and agile mindset to the market – based on the synergies across the Group as well as benefiting from experience and knowledge in the different market sectors.

True to our vision and strategy of a sustainable business growth by being the partner of choice for high-quality oxo chemicals and services, we have focused on our set priorities for 2020 at OQ Chemicals.

Economically, the year 2020 was very challenging across the globe. Nonetheless, in our case, it even strengthened OQ Chemicals in following our strategic path: building on our base business whilst evolving into a specialized solution provider for our partners to balance out economical cyclicity and support long-term growth.

Our strategic set-up supported a quick recovery of the business in the high time of the coronavirus pandemic. Expanding on our focus products and areas as reported in previous years, OQ Chemicals has been taking the next steps toward a valuable route of diversification. You can read all about the strategic industrial segmentation and its benefits from page 13 onwards.

With the strategic segmentation of our product portfolio and services according to industrial market segments, we want to further strengthen our efforts and focus on

our customers' needs in dedicated segments as well as continue to evolve into a specialized solution provider and problem solver for our customers.

Highlights and Developments 2020

Due to the Propyls expansion that went live in 2018, we were able to respond quickly to changing market demands during the coronavirus pandemic when the demand for disinfectants (e.g., hand sanitizers) exceeded global production capabilities.

OQ Chemicals managed to bridge the gap of disinfectants with its n-propanol and paved the way for a potential application and future growth in that area*. The overall strategic approach in the area of Propyls in the flexible packaging printing industry remains unchanged (please refer to our feature story of our Sustainability Report 2018).

Even during a tough year, OQ Chemicals managed to keep up the existing growth projects in a time of global economic slowdown – this emphasizes the stable financial management.

Growth projects related to TCD Alcohol DM and our carboxylic acids remained on track, and the targeted increase of 1,3-Butylene Glycol was successfully completed.

In the commercial area, the industry segmentation took up a major part of the strategic work – you can read all about this transformation in our cover story.



Administration building in Monheim, Germany

Goals and Key Performance Indices (KPIs)

The goals for the OQ Group and OQ Chemicals respectively cover economic, social and ecological aspects and are documented and evaluated through the Company Scorecard (CSC). It details the specific KPIs and is updated on a monthly basis to display the relative performance according the different key performance indices for the fiscal year.

More details about the CSC and KPIs can be found in the section "Sustainable Governance".

*dependent on regulatory and approvals

SHAREHOLDER COMMITTEE

With the integration efforts of the OQ Group the Board of Directors became the advisory Shareholder Committee of OQ Chemicals, leveraging the extensive know-how of the industry experts. The Shareholder Committee is still chaired by Ahmed Al Jahdhami as CEO of Downstream in the new OQ Group structure.

2020 saw some changes in the composition of the Shareholder Committee:

Jennifer Midura left the Committee for personal reasons. Sultan Al Burtmani, Vice President of Business Development Downstream at OQ Group, replaced her. Dr. Salim Al Huthaili stepped down as a member as he had to designate more time on his assignment as CEO Duqm Refinery and Petro Chemicals Company in Oman.

The current Shareholder Committee consists of:

- Sultan Al Burtmani
- Ahmed Al Jahdhami (Chairman)
- Hilal Al Kharusi
- Monika Engel-Bader
- Luis Fernandez
- Martin Lundin
- Patrick Quarles



Sultan Al Burtmani



Ahmed Al Jahdhami (Chairman)



Hilal Al Kharusi



Monika Engel-Bader



Luis Fernandez



Martin Lundin



Patrick Quarles

OQ CHEMICALS MANAGEMENT TEAM



**Dr. Oliver
Borgmeier**

Managing Director and
Chief Operating Officer
OQ Chemicals

Dr. Oliver Borgmeier was appointed as Managing Director, Chief Operating Officer (COO) in December 2018. Dr. Borgmeier has been with the company for more than 15 years and has an extensive experience in the fields of operations, strategy and business management.

Oliver Borgmeier holds a Ph.D. in Chemistry from RWTH Aachen University, Germany, and has worked for various multinational companies in the chemical industry.



**Stefan
Schmidt**

Managing Director and
Chief Financial Officer
OQ Chemicals

Stefan Schmidt was appointed as Managing Director and CFO at OQ Chemicals in November 2015.

In 2008, he joined OQ Chemicals/OXEA as a Director of Finance and Administration and became Vice President of Finance and Global Controlling in 2014. Before joining OQ Chemicals/OXEA, Stefan Schmidt took various leading positions in Finance in the industry and started his career at Ernst & Young AG in Germany.

Stefan Schmidt holds a Master in Business Administration (Diplom-Kaufmann) from the University of Cologne and is a German public auditor (Wirtschaftsprüfer) and German tax advisor (Steuerberater) by education.



From Supplier to Problem Solver

OQ OFFERS A WIDE RANGE OF PRODUCTS TO
SERVE A RANGE OF END-USER INDUSTRIES

Our Industry Segments

• • • •



Flexible Packaging,
Rigid Packaging & Durables
• • •



Infrastructure & Construction
• • •



Lubricants & Functional Fluids
• • •



Automotive & Transportation
• • •



Paints & Coatings
• • •



Pharmaceutical
& Medical Care
• • •



Personal & Home Care
• • •



Feed, Food & Agriculture
• • •



More and more customers are looking for not only a supplier, but a strong partner: in addition to the fast and reliable supply of raw materials, suppliers should provide application expertise, ability to innovate, and the possibility of cooperation. In order to meet these requirements, OQ Chemicals worked on a new Commercial Operating Model in 2020.

Within OQ Chemicals / OXEA, marketing and sales of products used to be organized according to the product line: Oxo Intermediates with products such as n-Butanol and 2-Ethylhexanol on the one hand, Oxo Derivatives with products such as carboxylic acids, polyols, and, for example, specialty chemicals such as TCD Alcohol DM on the other. This often involved direct interaction with the market – the main drivers being supply and demand.

In an ever-changing market environment for Oxo Intermediates and Oxo Derivatives, it is necessary to maintain a sharp eye, understand the needs of the market, and adjust our products and services as necessary.

In some applications and products, such as Propyls in the area of "Flexible Packaging", going beyond the usual interplay of supply and demand and focusing more on the needs of certain industries and individual customers has already paid off. "We want to build on these past successes," explains David Faust, Head of Industrial Marketing.

Developing Increased Industrial Expertise

"We are increasingly focused on the benefits of our products in (end-use) applications," explains Faust. In the future, OQ Chemicals intends not only to concentrate on the sale of products, but also to enter into an even closer dialog with industries and better understand their respective applications and trends in order to develop and offer suitable solutions.

OQ Chemicals is pursuing this further with the new Commercial Operating Model. Our service is now increasingly oriented towards the industrial segments and end applications in which the products from OQ Chemicals are used.

This also means that employees can continue to specialize and focus their work accordingly. While in the past, marketing looked after product groups such as polyols or carboxylic acids, in selected areas the focus will move to supporting the industrial segments in which the products are used.

"Our goal is to understand the trends, drivers, and technologies of the relevant markets even better, in order to align ourselves accordingly – now and in the future," explains Faust.

"We want to enter into an even closer dialog with our business partners."

— David Faust, Head of Industrial Marketing





Our organizational structure and focus on the corresponding industry segments should put OQ Chemicals in an even better position to base what it offers very closely on the needs of customers. The result ranges from a suitable service package to cooperation in projects and the evaluation of alternative raw materials and technologies. Sustainability topics, which are being appropriately highlighted and, of course, taken into account in the development of segment strategies, are increasingly playing a role.

OQ Chemicals wants to offer its know-how to a greater audience, and thus become even more of an innovative solution provider.

OQ Chemicals has already expanded its technical service for this purpose. "Overall, we now have more employees who are able to actively advise customers," explains Faust. As a result, he also expects cross-selling effects within the portfolio: "This allows us to play to our strengths more effectively and exploit synergies."

Markus Hoschke, Head of Global Marketing, describes another goal of the new model: "Through the reorientation, we want to become a preferred contact partner for our customers. To this end, it is important to understand them even more, in order to be able to support them even better in their product development."

Discussing and Designing

For the employees, the new orientation also means some changes, and for the company it represents a challenging change management process. The segment strategies are due to be finalized by the end of



“We want to be a problem solver, not just a supplier.”

— Markus Hoschke, Head of Global Marketing

2021. These determine in detail in which regions and with which products, solutions, and offers OQ Chemicals wants to have a more powerful presence.

For David Faust, it is important to emphasize how complex identifying and managing the sometimes very different customer needs can be. "Business with oxo chemicals is generally about quantity, availability, delivery time, price, and, above all, reliability in delivery," explains Faust. "Regardless of whether we are talking about intermediates or derivatives, our customers sometimes desire very different services."

Solution-Based Selling: The New Commercial Operating Model

With the new Commercial Operating Model, service is no longer exclusively geared toward products, but also the specific needs of the following industrial segments:

- Feed, Food & Agriculture
- Flexible Packaging
- Infrastructure & Construction
- Lubricants & Functional Fluids
- Automotive & Transportation
- Paints & Coatings
- Pharmaceutical & Medical Care
- Personal & Home Care



Customer Needs in Focus

Dr. Jens Klabunde is Segment Manager for Feed, Food & Agriculture. The trained chemist and biotechnologist has been with the company for ten years. After a period as Technology Assessment Manager in Research and Development, he moved to Marketing and Sales. He increasingly took charge of business development, with a focus on packaging printing and animal feed. In his new role as segment manager, he is a central part of the change to the new Commercial Operating Model.

He says that with the new model, his point of view has changed fundamentally once again, from the product and application to the special requirements of the customers. "This is a change of perspective that also affects the way I think and act," explains the manager. There are many different products in his area of responsibility, he points out: acids, amines, and solvents. Now he is looking at what he offers in an even more focused way "from the other side of the table," from the point of view of industry and the market, he explains.

Role Change and New Areas of Responsibility

For Klabunde, the new orientation also has personal advantages: "I am interested in both technical and commercial aspects. With my previous professional experience, I have a very good basis for the strategic development of a segment." It is clear that the new task brings him a lot of joy: "I couldn't have asked for anything better."

Klabunde feels that OQ Chemicals is on the right track with the new model: "In my area, I expect us to become much more agile, to better adapt our portfolio and capacities to the market," he says. "We are producers, and that will continue to be the case. But in some areas, we will look further beyond our horizons, and that is what we are doing with the new model."

“We are producers, and that will continue to be the case. But in some areas, we will look further beyond our horizons.”

— Dr. Jens Klabunde, Segment Manager Feed, Food & Agriculture



“Interaction with colleagues helps me to apply know-how from other markets in Turkey, too.”

— Fulya Turanli, Chemicals Sales Manager



Not Just Talking about Prices and Quantities

Fulya Turanli is Chemicals Sales Manager and responsible for the sale of oxo products in Turkey. What she particularly likes about her job is the opportunity to combine her academic knowledge with the economic and technical aspects of the chemical industry. Turanli brings extensive experience in the field of sales, both of specialty chemicals and commodities.

She got underway with the new Commercial Operating Model at OQ Chemicals just under a year ago. “The point of view I have is very exciting,” says Turanli. “I look at our customers’ fields of application and am

not limited to just talking to them about prices and quantities. Instead, I look to understand the role our products play in their end-use applications.”

In the process, she always remains in close contact with business and segment managers, and also sales managers in other regions, she says.

Identifying Blind Spots

The dynamics for the same application can vary considerably from market to market, she points out. “As a company that operates in many countries and for very different industries, however, we can gain a good understanding of where these differences lie,” Turanli says. Another one of her aims, she explains, is identifying possible blind spots for her market. The support of her colleagues is helpful in that regard, she says.

Business development managers and segment managers keep in contact with sales managers from different regions and can take a broader look at industries and regions. “In this way, they can see how the markets are changing,” Turanli says. She does not always have the opportunity to deal comprehensively and in depth with current trends herself, she admits: “Thanks to the new model, through interaction with colleagues I still get relevant information that would not otherwise be available to me.”



Becoming a Solutions Partner

Raghav Dandapani is responsible for business development in the field of oxo chemicals for the Indian subcontinent. He is a Masters' graduate in Chemical Engineering from TU Eindhoven, Netherlands and has been working with the company for nearly three years, initially in the Markets & Product development team under Innovation & Technology. "I deal with the blend of technical and commercial responsibilities," says Dandapani about the move to his new role. He asserts, "OQ Chemicals being a young company with long history and deep experience in oxo business, will be of a natural attraction to Indian customers. Strong emphasis and thrust given by OQ Chemicals to the Indian market aligns well with its growth and the potential."

Dandapani opines, "With the new model, we can position ourselves not exclusively as a supplier, but as a partner that can contribute to solutions". He feels the transition so far has been very smooth and continues to open up tremendous opportunities. "It is exciting to apply the new Commercial Operating Model which drives growth through value-maximization to customers," says Dandapani. And he believes there will also be room for learning: "The segment strategy will be more resilient and evolve with each passing day, adopting to market dynamics".

New Segments and Areas of Application

Raghav sums up the future path of OQ Chemicals in India as Establish, Exchange, Expand. Although many customers know OXEA, OQ Chemicals is still new as a brand and needs to be established, he explains. The second point concerns what is offered: "The new model focuses on exchange of ideas & solutions with customers about their applications and end markets," explains the business developer.

In the long term, the company wants to grow in India, says Raghav. "We want to expand our range in key segments, and also tap into new segments and new areas of application."



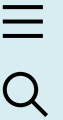
“It is exciting to apply the new Commercial Operating Model which drives growth through value-maximization to customers.”

— Raghav Dandapani, Business Development Oxo Chemicals Indian Subcontinent



2020 was a challenging year that certainly shifted the focus of activities due to the coronavirus pandemic in an unforeseen way.

Despite these global constraints, we have managed to pursue our path and progress toward greater sustainability with all its facets, from economical to environmental and social aspects. In some areas, we were not as fast as we wished to be, but we consider this journey a marathon, not a sprint. A major focus for the upcoming years will be the lowering of our ecological footprint in line with our strategic targets; the first ones being energy consumption and CO₂ emissions.



SUSTAINABILITY AT OQ CHEMICALS



With the establishment of a highly specialized sustainability department at OQ, which will come to full operation in 2021, the OQ Group is strengthening its focus on sustainability. Even with the integration process in full swing, OQ published its first Corporate Sustainability Report for the year 2019 in accordance with the GRI standards: Core option. For this purpose, the OQ Group conducted a materiality analysis for the entire corporate Group over the course of 2020. Guidelines and frameworks for the strategic approach of OQ are the United Nations Sustainable Development Goals (UN SDGs), the United Nations Global Compact (UNGC), as well as the Global Reporting Initiative (GRI). For more details, please go to www.oq.com.

Key Highlights at OQ Chemicals

In 2020, we were able to manifest our sustainability performance and re-confirmed our Gold Status on the EcoVadis platform. We improved our rating, achieving a total score of 70 points (compared to 68 points in 2019). OQ Chemicals belongs to the 5% best performing companies in its section. For the year 2021, the first on-site Tfs (Together-for-Sustainability) audit is planned at our site in Oberhausen, marking the next step of our journey toward greater sustainability.

At OQ Chemicals, we have identified four SDGs that we specifically have an impact on with our core business activities. OQ is also a listed member of the Responsible Care initiative and adheres to its guiding principles.

The basis for our strategic activities is our materiality analysis conducted mid-2019. Details about the process can be found in the Sustainability Report 2019.

The results were supported by the materiality analysis of the OQ Group of 2020 (please refer to OQ Sustainability Report 2019, page 30).

In combination with the relevant SDGs, the analyses set the framework for future activities of the OQ and OQ Chemicals Group.

Our financial, environmental and social activities and targets are described in the different reporting sections.

Implementation of the SDGs at OQ Chemicals

At OQ Chemicals we have identified four SDGs that we actively contribute to:



SDG 4: Quality Education: OQ Chemicals invests in the training and education of its employees throughout the company. In the city of Oberhausen, OQ Chemicals is one of the most important employers in the community and offers vocational training for young people in industry-related occupations.



SDG 8: Decent Work and Economic Growth: The management structure of the company is set for economic success and sustainable growth based on defined procedures and processes. We adhere to a Company Code of Conduct that objects any form of discrimination, child or forced labor.



SDG 12: Responsible Consumption and Production: At OQ Chemicals, we entertain safe and efficient processes. As the founder of the oxo synthesis, we are experts in our processes. Our goal is to maximize output whilst minimizing input. All our products are labeled and supplied with the correct documents to guarantee safe handling by the recipient.



SDG 13: Climate Action: As a manufacturer of chemicals, we acknowledge our responsibility and impact on the environment. We continuously work on the improvement of our energy balance and CO₂ emissions worldwide and have set ourselves short-term, mid-term and long-term goals. >> please refer to section [Global Climate Change](#)



Most Important Topics for OQ Chemicals

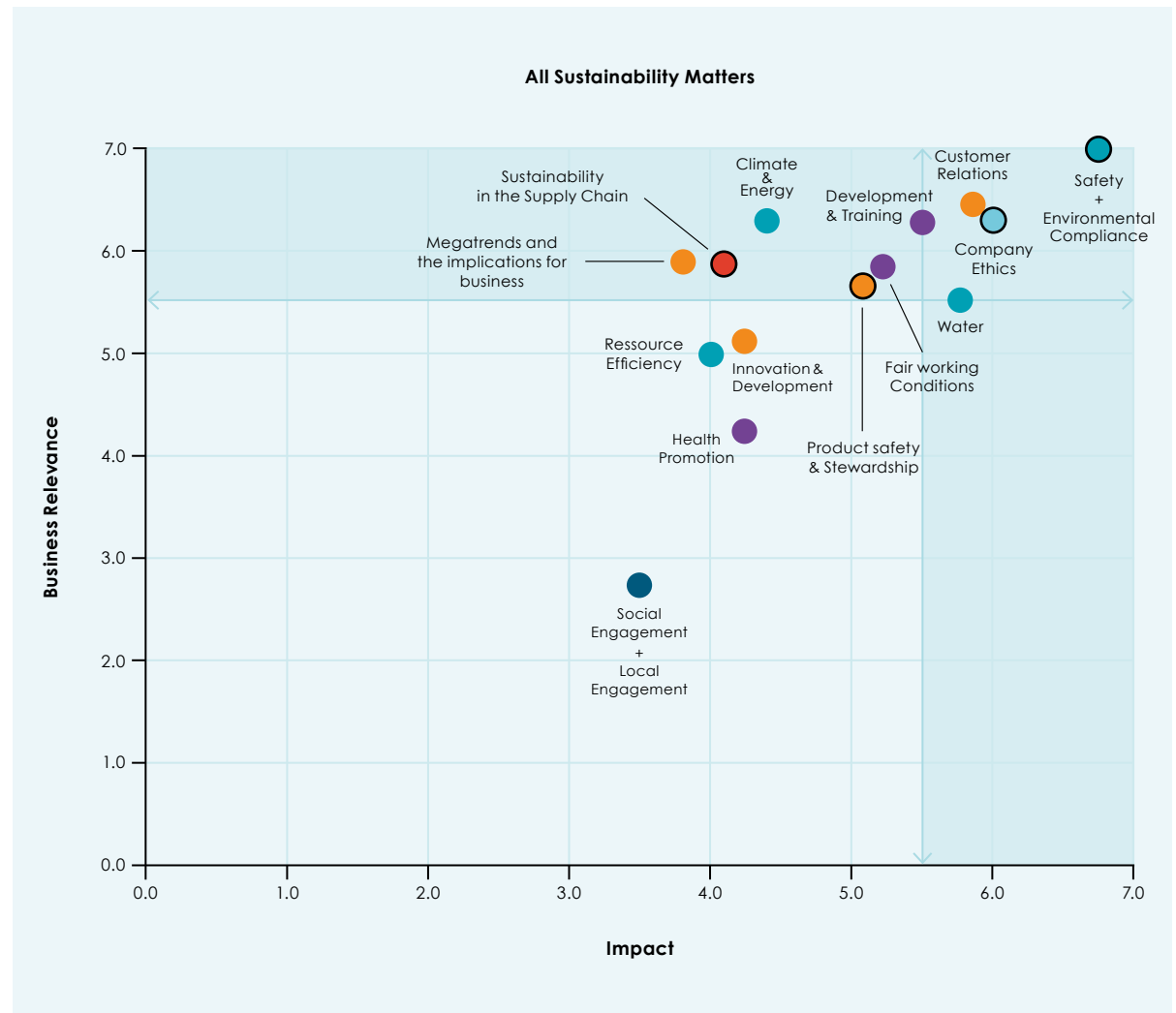
Environment	<ul style="list-style-type: none"> • Safety • Environmental Compliance • Climate & Energy • Water
Employee Topics	<ul style="list-style-type: none"> • Fair working Conditions • Development & Training
Value chain	<ul style="list-style-type: none"> • Sustainability in the Supply Chain
Corruption & Bribery	<ul style="list-style-type: none"> • Company Ethics
Sector-specific	<ul style="list-style-type: none"> • Product safety & Stewardship • Customer Relations • Megatrends

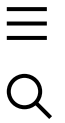
○ stakeholder relevance ≥ 5.5

Relevant Stakeholders:

Customers, investors/owners, government/regulators, OQ Chemicals employees, suppliers, media, NGOs, consumers

Materiality Analysis





Topic	Description / Scope
Climate & Energy	<ul style="list-style-type: none"> • CO₂ and other greenhouse gas emissions • Further air emissions • Energy consumption (incl. source)
Safety	<ul style="list-style-type: none"> • Process safety • Occupational safety & health • Transportation safety
Environmental Compliance	<ul style="list-style-type: none"> • Compliance with all applicable environmental standards and regulations
Water	<ul style="list-style-type: none"> • Water consumption (incl. source) • Water use (e.g., in production and products) • Wastewater volume and emissions
Fair working Conditions	<ul style="list-style-type: none"> • Non-discrimination, diversity and equal opportunities • Work environment (e.g., work-life balance, employee satisfaction/loyalty and employee retention) • Wages and benefits
Development & Training	<ul style="list-style-type: none"> • Recruiting and formal training • Development of employees along the job
Customer Relations	<ul style="list-style-type: none"> • Customer relations (complaints management, relationship management and collaboration) • (Product/Process) Quality
Product safety & Stewardship	<ul style="list-style-type: none"> • Transparency, communication and labeling • Product safety for people and the environment
Megatrends & Business implications	<ul style="list-style-type: none"> • Mobility, digitalization, urbanization, economic power shift, demographic changes and globalization and their impacts on business
Sustainability in the Supply Chain	<ul style="list-style-type: none"> • Human rights and other sustainability aspects (social and environmental) along the value chain upstream and downstream
Company Ethics	<ul style="list-style-type: none"> • Anti-corruption and bribery • Donation and sponsoring • Transparency • Corporate governance, corporate growth and profitability



Sustainable Governance





SUSTAINABLE GOVERNANCE

Foreword

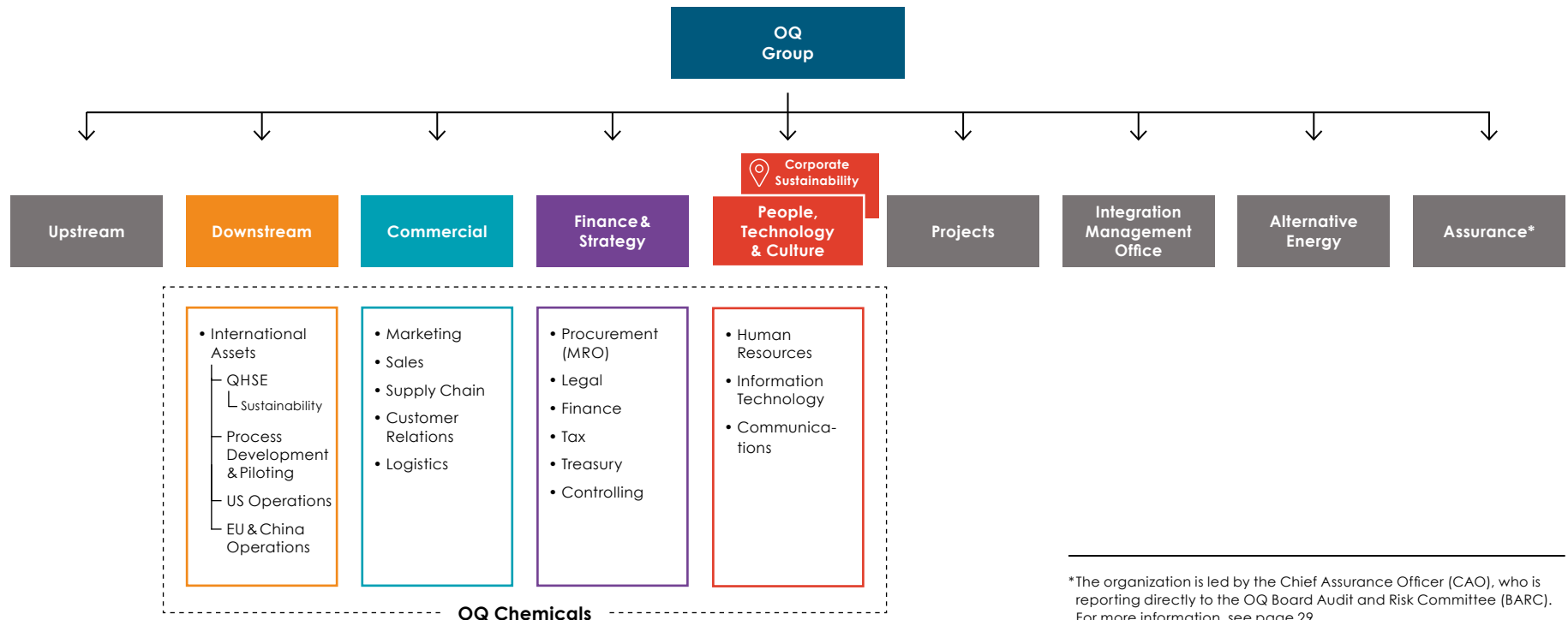
On 15 May 2020, all companies of the OXEA Group were renamed to OQ Chemicals. However, the legal structure did not change. The most important operating companies are OQ Chemicals GmbH, OQ Chemicals Produktion GmbH & Co. KG and OQ Chemicals Corporation. They are led by two Managing Directors, forming main contacts to the OQ Group's Leadership Team.

In general, employees of OQ Chemicals working in Operations and associated functions are organized within Downstream, International Assets, whereas administrative and commercial functions are grouped into the respective business units and workstreams as shown in the graphic.

You will find a more detailed description of the integration of OQ Chemicals into the OQ Group in the following paragraphs.

Organizational Structure

Upstream, Downstream, Commercial, and Alternative Energy build the core business units that are supported by the workstreams of Finance & Strategy, People, Technology & Culture, Projects and an Integration Management Office.



*The organization is led by the Chief Assurance Officer (CAO), who is reporting directly to the OQ Board Audit and Risk Committee (BARC). For more information, see page 29.

The following graph shows the value chain integration and operating model of the OQ Group.

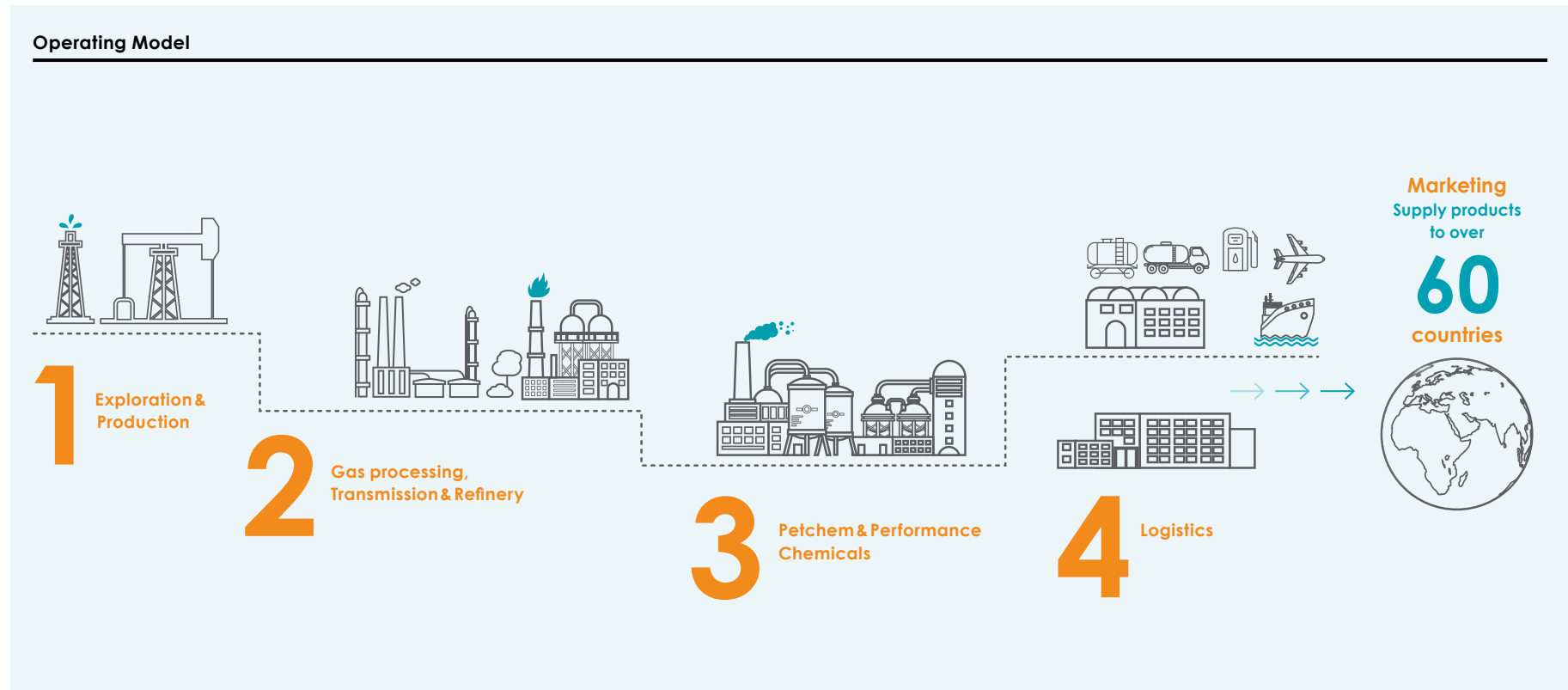
OQ's Alternative Energy (AE) business unit is the cornerstone of OQ's position as a leading sustainable integrated energy company and a new opportunity for sustained, long-term growth. AE will have a broad scope covering a fully alternative energy landscape

and is based on three pillars: "Green Molecules", "Energy Assets", as well as "Energy Efficiency and Optimization". Currently, AE is focused on initiatives in Oman.

The target of the amalgamated Projects team is to offer support using resources that can easily be balanced between projects when required. The aim is to

handle all greenfield and brownfield developments for OQ, to harmonize and streamline all projects as per OQ guidelines while enabling highest safety standards.

OQ Chemicals' production sites and related functions belong to Downstream and are part of International Assets.





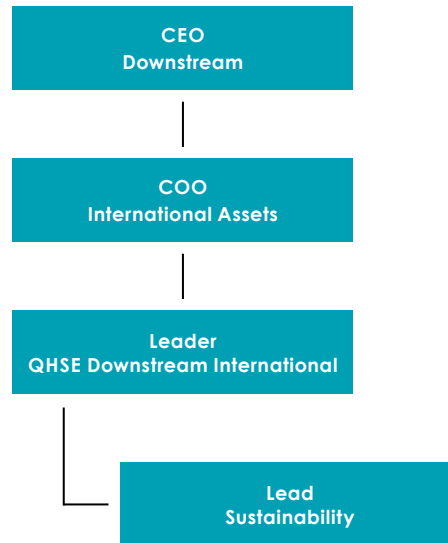
The commercial organization is responsible for the planning process (supply chain management), marketing, and sales of OQ Chemicals' products. Oxo Intermediates and Oxo Derivatives together with polymer products form the portfolio of Performance Chemicals.

OQ Leadership team meetings are held on a frequent basis, led by the Group CEO. Various reporting tools and business meetings across all organizations ensure a constant flow of information and allow for global monitoring of activities and strategy. OQ Chemicals holds regular meetings with its shareholder committee.

OQ is establishing a thorough and highly specialized sustainability department with various functions and oversight that is integrated into the People, Technology & Culture workstream.

The sustainability department and its operational structure will be in full effect in 2021 to ensure that sustainability is further managed from within the business. In addition, it guarantees that adequate expertise and capital are made available to achieve our ambitious targets and aspirations in line with numerous sustainability guidelines and frameworks. >> [please refer to Sustainability at OQ Chemicals](#)

OQ Chemicals continues to entertain a dedicated sustainability management as part of the QHSE (Quality, Health, Safety and Environment) organization* within International Assets. The QHSE organization functions as interface with all departments ensuring that quality standards are met. This process builds the basis for a



strategic and holistic approach of sustainability and a smooth roll-out of operative measures. The Lead Sustainability reports to the Leader QHSE and is the contact point for all sustainability-related matters within OQ Chemicals and the focal point for the exchange with the Sustainability department of the OQ Group.

Integrated Management System

OQ Chemicals uses an Integrated Management System (IMS) that was established in 2007. The management system serves to put the policy and strategy guidelines in the context of the organization's legal and standards requirements as well as to put the concerns of interested parties into practice.

The IMS is described in the available management manual, which is appended to the process descriptions and working instructions of all organizational units.

The IMS ensures a common understanding of processes and responsibilities throughout the organization and documents them.

Key leaders within OQ Chemicals – including the Managing Directors – periodically carry out a review of the efficacy and performance of the Integrated Management System (at least once a year). The preparation and documentation are organized by the appointed Global Management Officer of OQ Chemicals.

With the integration into the OQ Group, OQ Chemicals' IMS will remain in place to ensure the adherence to regulatory standards, ISO norms and other relevant frameworks.

Company Scorecard (CSC)

The Company Scorecard (CSC) of OQ Chemicals serves as an overarching monitoring and steering tool displaying the overall performance of OQ Chemicals. The CSC is updated on a monthly basis and shows the relative performance according to the different key performance indices (KPIs) for the fiscal year.

The KPIs for 2020 entailed those for the HSE (health, safety and environment), operational excellence, financial and strategic performance, as well as a KPI documenting the integration process.

*former PSQ organization, see page 25, Sustainability Report 2019



The goals for the fiscal year were determined by the Leadership Team of OQ Chemicals together with its board in 2019 (please refer to Sustainability Report 2019). For 2021, a comparable process is planned.

The CSC provides the basis for the individual performance targets.

Business Ethics – Compliance Management and Ethical Business Practices

Per legal definition, compliance means “the combination of all measures to avoid violations of the law”. Therefore, it forms the basis for every long-term successful business. Adherence to legal requirements is mandatory for all OQ employees.

OQ Chemicals has established a dedicated Compliance Council in which all functions are represented, i.e. Marketing and Sales, Customer Relations, Supply Chain, Procurement, HR, Quality Management, Finance & IT, HSE, Production & Engineering, as well as legal experts in a consulting role. This group holds regular meetings in order to assess legal risks, coordinate preventative measures, discuss potential non-compliance cases, and continuously improve processes. The meetings are recorded and these records are kept by a dedicated member of the council. In 2020, no physical meetings were held due to the coronavirus pandemic.

OQ Chemicals' Code of Conduct is publicly accessible (listed on the website). Every new employee receives the Code of Conduct and corresponding training depending on the exposure level of the employee's role. Refresher training on the Code of Conduct and compli-

ance guidelines is to be conducted bi-annually – also depending on the exposure level of the employee.

The Code of Conduct sets the standards for the conduction of business in a responsible and fair manner. Scope of the Code of Conduct is: fair treatment of employees, social responsibility and prohibition of child labor, communication of company information, environmental protection, preventative health, workplace and plant safety, handling of company property and corporate information, financial integrity / data security, anti-trust policy, anti-bribery, anti-fraud, charitable donations, political contributions, and the trade on international markets.

The Compliance Council reviews country- and region-related corruption indices on a yearly basis to identify possible areas of risk. Sales Representatives at OQ Chemicals are contacted regularly for the discussion of sensitive matters by the Legal department.

In 2020, a virtual compliance awareness training was conducted by an external law firm due to the coronavirus pandemic. Concerned OQ employees worldwide could follow the session via an online broadcast channel.

All OQ Chemicals organizations are subject to regular audits according to the IMS and to processes defined in the related risk and internal audit management processes. Every employee is encouraged to report possible breaches of company policies anonymously via various channels (in English and / or German).

The members of the Compliance Council are available for all questions related to the Code of Conduct

and in the event that a violation of the Code of Conduct needs to be reported. Contact details are available in the OQ Chemicals intranet.

Additionally, a Compliance Hotline under the email address oxea.compliance@wwwmail.de or the phone number 00800/80050606 can be reached for questions or reports of violations. In this case, the report is sent to a reliable telecommunications provider who assumes the function of accepting the report and forwarding it to the OQ Chemicals General Counsel anonymously.

Failure to comply with the Code of Conduct will most likely entail disciplinary/legal measures, which may lead to the termination of employment. Illegal behavior will be prosecuted in a court of law. For 2020, no violations were reported.

With the integration into the OQ Group, a corporate-wide Code of Conduct will replace the OQ Chemicals' Code of Conduct in 2021. Accompanying the roll-out, awareness sessions will be held, an e-learning system will be introduced, as well as a corporate-wide multi-language whistle-blowing hotline and related mechanisms to ensure the possibility to report potential incidents.

In 2020, the formation of a corporate-wide Ethics & Compliance organization was initiated, as well as an independent Ethics Committee, which will replace the former Compliance Council.



ProMOTIV 2.0 – Turn Ideas into Innovation



All project ideas, from technical, productivity, QHSE and administrative to marketing projects or logistics etc., are managed via the "stage-gate process" called ProMOTIV. The target is to prioritize and accompany projects along their life cycle, to manage programs, to budget resources and to enhance knowledge and information transfer in between different organizations. The process enables the organization to assess at any time if the project pipeline functions properly.

Since 2020, the data base also includes a section called ProMOTIV BIP (Business Improvement Plan). This section includes programs that were initiated together with the colleagues from Oman.

By 31 December 2020, a total of 252 ideas, 83 active projects and 18 BIP initiatives were registered in ProMOTIV.

Supply Chain Management

The purchasing of raw materials is part of an integrated planning approach (S & OP process = Sales & Operations Planning process).

The procurement budget entails the costs of raw and support materials, maintenance, and repair operations payments (MRO), as well as logistics costs. Around 55% of the budget is spent at the production sites in Europe. OQ Chemicals has more than 1,900 suppliers globally – the majority providing MRO services.

Major raw materials >> [please refer to section OQ Chemicals Value Chain](#) for the production of Oxo Intermediates and Oxo Derivatives are olefines (ethylene, propylene, higher olefines), syngas and natural gas. Around 70% of the raw materials are sourced locally, close to our production sites.

In general, the qualification process of a new supplier follows a defined process with a focus on the supplier's capability, quality, and safety standards.

OQ Chemicals employs a "supplier evaluation tool" for the rating of its suppliers in the respective procurement organizations. The supplier rating consists of different parameters referring to quality and safety aspects, as well as to environmental parameters.

The supplier evaluation allows for a ranking of suppliers and subsequently has an influence on the preference and selection of suppliers. Over 95% of our suppliers (based on volume and spending) hold ISO certifications.

To ensure sustainable procurement practices throughout the value chain, OQ Chemicals has its own Supplier Code of Conduct in place covering human rights aspects in alignment with the OQ Chemicals Code of Conduct. Related procedures and documentation are set up in the IMS. The scope of the Supplier Code of Conduct currently covers all raw materials suppliers to European production sites.

All raw materials suppliers to European production sites are screened regarding their CSR/sustainability performance based on publicly available information (risk analysis). Results are documented in the Procurement department and are re-assessed at least bi-annually. 96% of OQ Chemicals' raw materials suppliers to European production sites (based on total number of suppliers) are based in OECD countries and disclose extensive information on business ethics and practices. Only a minority of 4% are not OECD-based and do not publish information on their business practices.

These non-OECD-based suppliers have to provide sufficient evidence for company ethics (like an appropriate code of conduct) or receive OQ Chemicals' Supplier Code of Conduct for signature.

In case a supplier fails to sign or is suspected of not fulfilling the requirements, an escalation process with the ultimate step of termination of business relationships will be started. Every new raw materials supplier is screened when commencing a supply relationship.



For 2020, we aimed for a roll-out of a comparable process for MRO suppliers to the Oberhausen site (preponement), followed by the roll-out to the US procurement organization (postponement).

The order has changed due to the ongoing integration process into the OQ Group and a delay due to the coronavirus pandemic.

Data Management

As a company that feels responsible for the protection of its customers, employees, and others, OQ Chemicals works to comply with all data security laws and avoids unauthorized transfers of personal information.

No complaints were issued regarding data protection.

Risk Management

The goal of risk management is to identify and evaluate risks at the earliest possible stage and to limit such risks through adequate measures, as well as to avoid any risk that might jeopardize our ability to continue our business sustainably.

To ensure the capturing and monitoring of all risks – bottom-up and top-down – OQ Chemicals is using a web-based risk management system (based on R2C = Risk to Chance) into which all departments globally (represented by dedicated risk owners) are invited to enter and update their risks regularly. The process is embedded in OQ Chemicals' Integrated Management System, and employees are notified about all relevant changes automatically by the change management system.

The risk management is based on the COSO Framework, supported by the rules of the German Governance Code (GCGC), as well as the Corporate Sector Supervision and Transparency Act (KonTraG) and the German Commercial Code (HGB).

The dedicated Risk Management function oversees all risk entries and reports directly to the OQ Board Audit and Risk Committee (BARC), a sub-committee of the OQ Board. Relevant risks are submitted to the OQ Board quarterly and countermeasures are decided upon.

Areas of risk for OQ Chemicals include (please also refer to the Annual Report 2020 by the Oman Oil Holding Europe B.V.) operating, financial, market, as well as climate change risks and risks derived from megatrends.

Internal Audit Approach

Since 2020, the newly established Assurance group of the OQ Group performs the internal audit activities. The organization is led by the Chief Assurance Officer (CAO), who is reporting directly to the OQ Board Audit and Risk Committee (BARC).

The Assurance function supports the OQ BARC by providing insight and independent assurance that the risk management, governance, and internal controls are operating effectively and efficiently. Furthermore, the Assurance function ensures the monitoring of all organizations and potential risks and opportunities (internally & externally induced) within OQ and helps the organization to accomplish its objectives. OQ's

Assurance function provides internal audit work in compliance with the International Professional Practice Framework of the Institutes of Internal Auditors. In addition to objective evidence collection during an internal audit, opinion-based evidence is collected and reported, regarding such areas as working atmosphere etc. This has been found to improve the quality of advice and corrective measures. Furthermore, as a part of audit planning, audit execution and effective follow-up management as well as mass data analytics are evaluated to provide state-of-the-art assurance.

The timeframe for generating the audit report and drawing up a corrective measures plan is limited to two weeks – fostering a smooth and quick implementation of an improvement plan when necessary.

The BARC meets on at least a quarterly basis and reviews the effectiveness of the Assurance work including governance and risk management processes and outcomes.



Stakeholder Engagement

A constant exchange with our stakeholders is key to OQ Chemicals' sustainable success.

The key stakeholders of OQ Chemicals are customers, investors/owners, employees, government/regulators and suppliers (as identified in the materiality analysis). Local communities play an important role as direct neighbors to our production sites, as well as media and NGOs.

A transparent and consistent information flow is key for trusting relationships. At OQ Chemicals, we employ different channels throughout the different organizational levels; the most important one being direct contact. In the following section, specific examples are provided.

Customers

Conferences, tradeshows and fairs, regular customer visits, surveys and special events like roadshows and the webpages of OQ and OQ Chemicals are our major channels for close communication with our business partners.

Since 2020 was marked by travel and overall contact restrictions due to the coronavirus pandemic, personal face-to-face contacts were limited to an absolute minimum.

During these challenging times, a strong customer orientation and an excellent communication with our suppliers played an even more essential role for our business.

For the majority of the communication processes, virtual meeting platforms were used, accompanied by emailing and phone calls. In the second half of 2020, key conferences in our industry segments were held virtually, and OQ Chemicals started a series of our own webinar sessions, covering information on products, applications and technical developments.

In 2020, the commercial organization conducted a global customer survey with focus on the identification of customer needs, expectations of the chemical industry itself, and specifics in different industrial segments, as well as a view on OQ Chemicals' performance. The objective was the implementation of survey results into the industrial segment strategy development of OQ Chemicals >> [please refer to story on pages 13 ff.](#) The survey was sent out to 925 companies worldwide, comprising regular customers, occasional customers and potential customers. 206 companies returned the survey fully completed, 100 companies answered the questions at least partially.

In general, customers rated "high quality products" as most important feature and OQ Chemicals' performance as very positive in this respect (= highest achievable score). Other important topics were a "strong customer focus" and "fair handling of complaints"; two areas that OQ Chemicals also excels in according to

the survey. Customers see room for improvement in the fields of innovative and sustainable products and the provision of tailor-made technological solutions by OQ Chemicals. At the same time, these topics are regarded as less important.

In comparison to the competition, quality, professionalism, as well as service and technical support were rated as "excellent" and better than those of the competition, whereas the competitors' pricing was rated better than OQ Chemicals.

Only a minority of customers uses online platforms for the purchase of products, and the majority of customers does not plan to use these platforms in the future.

The findings above represent an extract of the different areas the survey has covered.

The next global customer satisfaction survey by the Customer Relations department will be conducted in 2021 (bi-annual rhythm).

Key topics in general: product safety & quality, process safety, (environmental) compliance, supply reliability, pricing, relationship management.

Consumers (end users of products) are important stakeholders for OQ Chemicals – consumers have the largest impact on product demand in the end market. As a manufacturer of mainly base chemicals, OQ Chemicals' direct involvement with consumers is limited and occurs indirectly through the value chain.

Investors / Owners

OQ Chemicals is owned by Oman Oil Company (S.A.O.C (OOC)), a commercial company wholly owned by the Government of Oman. The dialog with the parent company is guaranteed by regular board meetings, as well as the integration of OQ Chemicals into the OQ corporate structure. Different workstreams work together in a co-creation process and help to develop the design of the new organization.

Government / Regulators

Legal compliance has the highest priority and is mandatory for the company and its employees. The dialog with government/regulators occurs through different channels and is maintained according to the different requirements. Through the membership in various industry-relevant associations like the CEFIC (Conseil Européen des Fédérations de l'Industrie Chimique), VCI (Verband der Chemischen Industry), REACH consortia and TCC (Texas Chemical Council), OQ Chemicals is also communicating with regulatory bodies.

Key topics in general: corporate governance and (environmental) compliance, product and process safety.

Employees

OQ and OQ Chemicals maintain close contact with their employees via the intranet, regular newsletters, regular townhall meetings – which were held virtually throughout 2020 –, surveys and other related tools as performance reviews and formats tailored to the organizations.

The IMPULSE online-tool invites OQ Chemicals' employees to submit ideas for improvement in all areas. These suggestions are collected and evaluated by defined and qualified OQ Chemicals employees on a regular basis. In 2020, 188 ideas were collected (203 less than 2019), 132 ideas have been realized, 73 have been under evaluation and 60 were rejected. Though the overall number of suggestions was lower than the years before, the positive financial contribution of successfully implemented ideas exceeded the success of previous years. The lower number of ideas handed in is linked to the coronavirus pandemic and fewer people being present at the offices and sites.

In 2020, two global employee surveys were conducted anonymously to assess how OQ Chemicals employees evaluated the work situation during the coronavirus pandemic with the goal to identify potential areas of improvement.

All employees with an active email address received a direct link for the survey. Participation was also possible via the intranet (for the minority of employees without an active email address). The response rates were high, with 43% of employees taking part and 39% completing surveys. The ratio of employees working entirely from home was at 30% at the beginning of the pandemic and grew to 37%. The scores for employees' satisfaction with the work situation remained at a high level with regard to adequate communication, the OQ Chemicals crisis management and the availability of equipment for mobile working. The demand for further and regular information on the pandemic was recognized by the management and translated into virtual meetings and broadcasts, intranet news and general information by the medical staff.

Key topics in general: fair working conditions, development and training, occupational health and safety, in-house changes, compliance and values, employee satisfaction, business development.



Suppliers

OQ Chemicals entertains long-term and trusting relationships with our suppliers. The supplier base globally entails raw materials suppliers, as well as maintenance, repair operations (MRO) and logistics suppliers.

>> please also refer to section [Supply Chain Management](#)

A close dialog with suppliers is generally maintained via direct contact, industry-related conferences and meetings, tradeshows and fairs.

In 2020, the contact – as in other areas – was maintained via virtual meeting platforms, emailing and phone calls.

Examples for supplier topics addressed: product safety and quality, supply reliability and timing, pricing, (environmental) compliance.

Local Communities

OQ Chemicals' impacts on local communities are multiple; OQ Chemicals represents an important employer, especially in Oberhausen and Bay City, where our major production sites are located, and offers job opportunities and apprenticeships. As a manufacturer of chemicals, OQ Chemicals also has a high responsibility for its impact on health, safety and the environment.

We interact with local communities via regional media, social events like Open House Days allowing our neighbors to get an insight into our current activities. Furthermore, we are active in various local organizations with representatives, e.g., the Texas Chemical Council – Outreach committee or as an active member of the "Emschergenossenschaft" in Oberhausen, where OQ Chemicals actively contributes to the ecological restoration project of the Emscher river. In the local organizations, OQ Chemicals and stakeholders work together on the respective projects.

In 2020, visitors to our sites were strictly limited and the interactions with organizations shifted to virtual meetings.

Examples for topics addressed: process & product safety, (environmental) compliance, OQ Chemicals as an employer, local contributions.

Media and NGOs

For OQ Chemicals, it is very important to have a transparent and open dialog with media and NGOs to show what is happening behind the scenes of our chemical plants. Especially local media are an important stakeholder. For example, if OQ Chemicals plans to build a new unit or a turnaround is coming up (involving a lot of maintenance work), which will likely have an impact on local residents, many neighbors obtain their information through the local press. The media representatives are therefore regularly informed on important topics via press releases, background discussions or interviews.

In 2020, OQ Chemicals was in close contact with local Media to inform and update them on the integration process into the OQ Group and the OXOLUTION program.

OQ Chemicals is also in contact with NGOs or associations in the neighborhood of its production sites. Depending on the project, OQ Chemicals organizes its own information events or maintains direct contact to the associations.

Examples for topics addressed: process & product safety, (environmental) compliance, local projects, in-house changes.



Economic Performance





ECONOMIC PERFORMANCE

Global Economic Development¹

The fiscal year 2020 was highly impacted by the corona pandemic, inflicting high and rising human costs worldwide. The protection of human lives and induced reduction of mobility and contacts to slow down the pandemic, has led to a significant reduction of public life and a drop of major economies worldwide.

After a sharp decline of the global economic activities in April marked by lockdowns and partial closure of businesses, the global economy has been climbing out from the depths to which it had plummeted. Many countries have been slowly re-opening in May 2020, whilst still reinstating partial lockdowns over the year to protect vulnerable populations. The economic recovery in China has been faster than initially expected, but the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

The re-strengthening from the trough in April was most evident in retail sales climbing with the re-opening of stores. However, companies remained cautious in responding to this revival, and industrial production has remained well below pre-pandemic levels in many countries throughout the year 2020.

As economies re-opened and released constraints on spending, overall activity normalized faster though than initially expected.

Global gross domestic product (GDP) outturns surprised on the positive side in the second quarter in China, showing a positive GDP boosted by public investments.

The economies of the USA and Euro zone both contracted, but not as severely as projected.

Global trade began to recover in June 2020, as lockdowns eased. Global growth recovery in the second half of 2020 was stronger than anticipated, reflecting the hope to cease the pandemic with vaccine and additional financial support by politics in large economies.

Overall, the GDP declined by –3.5% in 2020 compared to a stable growth of +3.0% in 2019.

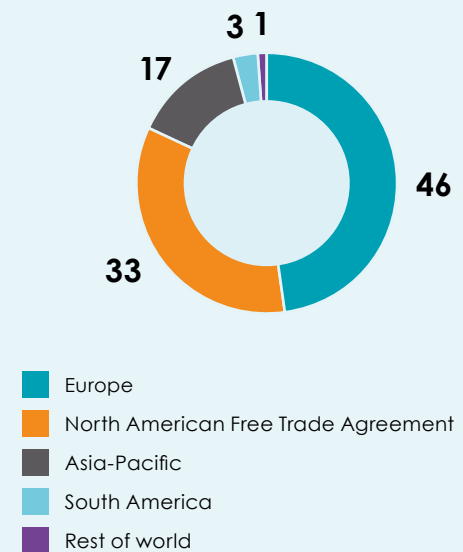
After setbacks in the first half of 2020, the German Chemical-Pharmaceutical industry recovered in the third and fourth quarter. Chemical divisions recorded a particularly strong growth, and industry's sales prices developed positively. Despite these developments, all business indicators were significantly lower than in 2019.

Sales of Germany's third largest industry fell by 6.0% to € 186.4 bn. Compared to 2019, production of the chemical industry dropped by 3.0%.

The chemical industry in the USA has been in a rebound mode after a hard hit due to the corona pandemic. Many companies had to shut down their operations in April and May, but still facing a less severe situation than other industries. Whilst facing a drop in the automotive industry and construction, other segments like appliances, home improvement products and electronics remained strong. The production of chemicals in the USA dropped by approximately 3.6% in 2020.

Revenue by Region

Share of sales in %



Business Development at OQ Chemicals

The start of 2020 was marked with unforeseen high challenges for OQ Chemicals. In late February, the production site in Oberhausen, Germany, was partially shut

¹ OQ Chemicals' analysis of the global economy is based on figures and forecasts provided by renowned institutions, such as the Organization for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF).



down for five weeks after an incident in a syngas unit – owned by a partner – had incurred. This unfortunate event was followed by the global economic slowdown due to the corona pandemic. Due to the corona pandemic, a strict protocol was introduced at the production sites and administrative offices worldwide to reduce personal contact to an absolute minimum. In 2020, only a minor number of infections occurred in the workforce.

Global OQ Chemicals business and financial performance recovered during the second half of 2020, and results of the fourth quarter even exceeded the ones of the previous year.

A strong Oxo Intermediates business was the main driver for the recovery: Overall demand for n-Butanol was strong in both, Europe and the United States, while the demand for n-Propanol significantly increased in the US as well.

Overall sales volume declined by only 2.4% (compared with 2019) to 941.8 kt in 2020, whereas the variable margin declined by 12.6% driven by a larger decline in volume of the higher-margin Oxo Derivatives.

Seeing the challenges ahead, management initiated several Operating Expenditures (OpEx) and Capital Expenditures (CapEx) optimization projects to balance the negative external impacts on OQ Chemicals. As a consequence, both operational costs, as well as selling, administrative and research costs were significantly lower than in 2019. Total Operating Expenditures were 10% lower than prior year, resulting in savings of €28 million.

Group EBITDA reached €132.2 million, ending 22% below the previous year. Despite the lower than planned

Results of Operations

€ million	2019	2020
Net Revenues	1,255.4	1,065.6
Cost of Sales	(1,118.6)	(973.4)
Gross Profit	136.8	92.2
SG & A	(51.7)	(42.1)
R & D	(8.7)	(7.7)
Other Operating Income (Expense)	0.7	(4.6)
Operating Result	77.2	37.8
Financial Result	(77.6)	(63.1)
Income Taxes	(2.3)	(40.5)
Net Income (Loss)	(2.7)	(65.8)
EBITDA	170.0	132.2

EBITDA, cash generation was positive and cash at hand increased to a level of €109.9 million at the end of December, 2020.

As a result of the weakening performance during the pandemic, OQ Chemicals' financial credit rating has been downgraded by both agencies, Standard & Poors Global Ratings (S & P) and Moody's Investors Service (Moody's). In May 2020, Moody's downgraded OQ Chemicals International Holding GmbH's corporate family rating (CFR) from B2 to B3 based on deteriorating external conditions resulting in weaker profitability, while the outlook remained stable. S & P downgraded the group from B to B- (outlook stable) in November 2020, based on their internal risk assessment of the parent company and the sovereign rating of the Sultanate of Oman.

OQ Chemicals is steering and monitoring its business performance throughout the year. Relevant KPIs for the business performance (amongst others) are EBITDA, sales and EBITDA margin.

Risks and chances related to climate change for OQ Chemicals' business performance are documented and monitored through our risk management.

>> please refer to section Risk Management

Resulting strategic targets and measures form part of our integrated business strategy.

Further financial details can be found in the Financial Statements 2020.



Health, Safety and Environment



HEALTH, SAFETY AND ENVIRONMENT

Health, safety, and environmental protection (HSE) are collectively ranked our first priority at OQ Chemicals amongst the core values of Care, Share and Dare.

With the set-up of the OQ corporate structure, a corporate HSSE (Health, Safety, Security and Environment) department has been established as part of the business unit "Projects" in 2020. >> [please refer to Sustainable Governance](#) The experts of the HSSE team are responsible for defining corporate HSSE policies and procedures which build the basis for the company's HSSE priorities.

At OQ Chemicals, we continue to entertain established global HSE and site-specific HSE functions*. Historically, OQ Chemicals HSE organizations comprise the matters of security under the roof of "safety" (e.g., emergency management, site security etc.). The following pages describe our HSE policy, our organizational set-up and give an overview of HSE highlights in 2020. >> [please refer to Occupational Health and Safety](#) for more detailed information.

OQ Chemicals' HSE Policy

It is OQ Chemicals' policy to design, build, run, and maintain our operational units and processes with a focus on high environmental and safety standards. OQ Chemicals is committed to the protection of the environment, the reduction of adverse environmental impacts and meeting all environmental compliance obligations crucial to our industry. Our products are developed, evaluated and documented in a responsible manner so that our employees, customers, the public, and the environment are protected from avoidable risks. We ensure compliance with every relevant regulation and that all employees receive appropriate training, thereby enabling them to effectively contribute to HSE performance and HSE improvement processes. Neighbors, customers and authorities are informed on our activities including possible risks through direct dialog, media, and various communication channels.

OQ Chemicals' HSE management and standards are documented in our IMS. >> [please also refer to Sustainable Governance](#) Our standards are based on the requirements of national and international regulations, the requirements of ISO 14001, ISO 9001, ISO 45001 and OQ Chemicals' internal policies. Core requirements of ISO 50001 serve as a guideline for our global energy management. The HSE standards and policies cover all OQ Chemicals' activities and employees. Regular internal audits take place in order to evaluate if processes are fit for purpose. >> [please refer to Internal Audit Approach](#)

With the ISO 14001 certification of our site in Nanjing in 2020, all our sites are ISO 9001 and ISO 14001 certified.

Our site in Nanjing was certified according to ISO 45001 in 2020. We target the respective certification of our European sites for the first quarter of 2022.

Furthermore, OQ Chemicals is planning to obtain a FamiQS certification in Germany in 2021 and a mass balance certification according to ISCC Plus.

FAMI-QS is a worldwide quality and feed safety management system for the sector of specialty feed ingredients and certifies the suitability of substances for animal feed purposes.

ISCC stands for "International Sustainability and Carbon Certification". A certification under the scheme ISCC Plus testifies the sustainable use and traceability of biomass, bio-based or recycled materials throughout the value chain.

*OQ Chemicals' EHS (Environment, Health and Safety) functions were named HSE (Health, Safety and Environment) in 2020 as part of the integration into OQ.



Certificates	ISO 9001:2015	ISO 14001:2015	ISO 50001:2018	ISO 45001:2018	SCCP	GMP+ B1
Europe						
Marl	X	X	X			
Monheim	X	X	X			X
Oberhausen	X	X	X		X	
Amsterdam	X	X	X			
North America						
Bay City	X	X				
Bishop	X	X				
Houston	X	X				
Asia						
Nanjing	X	X		X		

Global HSE Organization

Within the organization of OQ Chemicals, Global HSE provides proposals to Senior Management to revise and update existing HSE principles, policies and strategies, which are coordinated with all OQ Chemicals HSE departments.

Global HSE is involved in setting HSE goals and key performance indicators. In cooperation with different functions, Global HSE develops programs and initiatives and assures that best practices are shared between the sites and organizational units of OQ Chemicals. Furthermore, the organization is the focal and main contact point for Corporate HSE to ensure an exchange and information flow.

The Global HSE organization stands for a continuous improvement of OQ Chemicals' HSE activities and is part of the QHSE organization of Downstream, International Assets.

HSE at the OQ Chemicals Sites

Each OQ Chemicals site has one or more assigned HSE responsables. Our two biggest sites in Oberhausen and Bay City have HSE site organizations in place with dedicated personnel. The smaller sites have assigned employees who are responsible for HSE topics (e.g., the site directors). They are supported by experts from Global HSE or site HSE experts.

HSE responsables consult and support – in co-operation with the Global HSE organization – leadership and employees to solve HSE-related problems and to improve HSE performance and culture. By auditing and controlling, they aid to ensure compliance with national regulatory requirements as well as with OQ Chemicals' HSE standards and policies. They also support a global cross-site and -functional exchange on HSE topics and best practices. Environmental, health and safety-related risks based on OQ Chemicals' operations and services are evaluated according to defined processes (in the IMS) and are documented in the risk data base.

>> please refer to section [Risk Management](#)



At OQ Chemicals, environmental protection, health and safety are understood to be the responsibility of each employee.

HSE-relevant topics generally cover:

- Environmental protection (water and waste management, energy and emissions (air, noise and light, soil protection), remediation, emission trading)
- Occupational safety, industrial hygiene, health care and medical services
- Process safety
- Fire protection
- Permits
- Security

For all matters of product safety and quality management the organization QHSE is responsible. >> **please also refer to Product Safety & Labeling** Site HSE and QHSE are part of Downstream, International Assets.

HSE Committees & Councils

Each OQ Chemicals site has established HSE committees or councils, consisting of a site leadership team, HSE experts and employee representatives, who jointly work on HSE topics. At the German sites legally required "Arbeitsschutz- und Umwelt-Ausschüsse" work on HSE programs. At our sites in the US, China and the Netherlands similar councils are in place, such as the Employee Safety Councils in the US.

HSE Performance

OQ Chemicals aims to reduce negative impacts on the environment, health and safety to an absolute minimum. All related policies and processes are described in the IMS following not only regulatory re-

quirements but also standards and norms as described under "OQ Chemicals HSE policy".

Safeguarding of products and services provided by OQ Chemicals are described under >> **Product Safety & Labeling**.

Our ultimate key goal within OQ Chemicals is to achieve zero HSE incidents*.

An incident is an "unexpected adverse event that may be associated with a damage".

The incident is categorized as environmental, fire and explosion or injury incident.

All HSE incidents (including near misses) are reported by using the OIS (OQ Chemicals Incident Information System). Incidents are investigated and, if indicated, measures are implemented derived from the identified causes. The OIS database is used for the documentation of incidents worldwide, including categorization and classification. The database also serves as information platform.

*Environmental incidents include all incidents in all areas of the company (e.g., production facilities, warehouses, workshops, office buildings and infrastructure facilities) that have an impact on air, water, soil, noise, waste, sewage, light or human health.

The category Fire and Explosion (F&E) covers all incidents where fires, explosion and smoldering fires (smoke) have occurred as a result of unintentional release of flammable substances or unintentional ignition of flammable materials.

Personal injury category is assigned to all incidents in which the physical wellbeing of a person has been compromised or endangered.

Near misses are incidents that fortunately did not happen. Nevertheless, they are also reported and investigated like incidents. The results are incorporated into processes and programs.

The overall HSE performance is measured and reflected in the Company Scorecard (CSC).

OQ Chemicals has been using lagging indicators for environmental, health and safety performance (tracking of incidents and near misses) since the late 1990s and leading indicators since 2018.

The following table depicts the HSE performance (lagging indicators) in 2020, 2019 and 2018 within each category:

Number of Incidents

	2018	2019	2020
Environmental			
K1 – Major	0	0	0
K2 – Serious	3	0	0
Injuries			
K1 – LTI ¹	4	3	6
K2 – IWLT – MTC ²	3	1	4
Fire & Explosion			
K1 – Major	0	0	0
K2 – Serious	0	0	0

¹LTI = Lost time incident

²IWLT = Incident without lost time (IWLT = MTC*)

*medical treatment case



In 2020, there were no serious or major environmental or fire & explosion incidents.

The OSHA (Occupational Safety and Health Administration) regulations have served as an internationally applied standard for classifying work-related injuries at OQ Chemicals for more than 20 years and will continue to do so.

With the integration into the OQ Group, new KPIs were introduced in 2020 at OQ Chemicals, such as "The total recordable incident frequency" (TRIF).

The major difference compared to OQ Chemicals' established KPIs is not only the recording of contractor injuries, but also the inclusion into key figures and statistics. As part of the TRIF, another category was introduced: the RWC (restricted work case). The RWC describes a situation in which an employee is restricted in carrying out the usual work routines, but can still perform different tasks.

Despite a slight increase, the OIR and LTIR are still significantly lower than the industry average (OIR reference values "US Business of Chemistry": 1.7 (2018), 1.9 (2019) and US Responsible Care Companies: 2018: 0.74; 2019: 0.73)*.

Incident Rates

	2018	2019	2020
OIR ¹	0.58	0.34	0.42
LTI rate ²	0.33	0.25	0.34
TMQ ³	2.67	2.6	3.49
TRIF ⁴	–	–	3.09
LTI rate ⁵	–	–	1.86

¹ Operational incident rate = respective incidents per 200,000 workhours

² Lost time incidents per 200,000 workhours

³ Thousand man quota = reportable injuries per thousand employees

⁴ Total Recordable Incident Frequency

⁵ Lost time incidents per 1 Mio employees and contractor workhours

Typical incidents at OQ Chemicals are "slip, trip and fall" incidents, as well as cuts and bruises. Incidents directly linked to contact with chemicals, which might be thought to be typical for the chemical industry, are in general less common. There were no deadly accidents on our premises in 2020.

With the integration into OQ, we introduced a reporting classification system for process safety based on the API 754, a standard typically used in the oil and gas industry. A discussion of the harmonization of standards of different industries is underway. The key figure records

incidents characterized by a release of substance or energy (Loss of Primary Containment (LoPC), i.e. leakage from the first containment) and is classified depending on the impact of the incident. As we had no major or serious environmental incidents we had no TIER1 process safety incident according to API 754. For more information, please visit: <https://www.api.org/>.

Leading indicators are "before incident measurements" – in contrast to lagging indicators, which evaluate the performance of the past. Safety-related matters are measured to obtain indications on how to improve HSE-related issues in the future. Leading indicators serve to improve the HSE performance, the management system and in the end OQ Chemicals' safety culture.

The related key performance indicators (leading indicator KPIs) are targeted to have an impact on the overall HSE performance (= number and severity of incidents).

Leading indicators will be followed for the minimum period of one fiscal year and are decided upon by the leadership of OQ Chemicals.

For 2020 the leading indicators were selected to improve knowledge of HSE aspects and process safety.

Though the coronavirus pandemic massively affected and, in some cases, fundamentally impacted our business processes and personal interactions, OQ Chemicals succeeded in working on the further development of our environmental management, health and safety culture.

* Values are reported with a lag of at least one year.



Financial Spending on Environmental Protection

As OQ Chemicals we have and will continue to incur substantial on-going capital and operating expenditures for environmental protection measures.

In 2020, we invested €7,360,042 compared to €7,549,143 in 2019 and €7,546,384 in 2018. The sum includes dedicated expenses for HSE activities and projects (e.g., waste management, emission control, ecological restoration of Emscher river) and singular cost positions that can be linked to a direct impact on the environmental footprint.

Spending in 2020 was on a similar level as in the years before, since OQ Chemicals further pursued its mission to invest into modernization projects.

Costs for REACH, energy efficiency program, ISO site (re-)certifications and general product safety as well as other quality-related costs are not included in the environmental spending.

There were no incidents related to non-compliance with regulations or environmental laws in 2020.

Initiatives and Highlights 2020

Global EHS Day 2020

As part of the I-Safety activities, OQ Chemicals' yearly Global EHS Day has been well-established over the years and is usually marked by well attended events at the operational sites and administrative locations. With the coronavirus pandemic, the Global EHS Day has set a new path, and despite the restrictions, employees diligently prepared exciting topics and found creative ways to share them worldwide. Focus topics in 2020 were safety and environmental protection, and employees engaged with matters of importance in their regions.

Information to be disseminated digitally was prepared and a mixture of virtual and real-life events took place – depending on the pandemic situations locally, accompanied by a virtual session of the COO.

In Oberhausen, the site leaders provided videos covering the significance of guiding principles to enhance safety on-site (please see section below: Focus on Safety Culture). Contractors were included into the event and questioned about their safety measures and work.

The colleagues in China were able to hold a physical event covering competitive safety exercises documented in presentations.

Virtual meetings were part of the event in the US. Various departments presented their functions and tasks and shared their contribution to OQ Chemicals in the area of HSE.

At the Amsterdam site, the milestone of being accident-free for 7000 days was celebrated virtually, in Marl the pandemic rules and their application were covered, and Monheim focused on mobile working and business trip rules during the pandemic.

The new format was very well accepted and emphasized how the present topics of health, safety and environment are anchored in our working environment. In 2021, the Global EHS Day will be renamed as Global HSE Day.

I-Safety Initiative (or Safety = I) – Successful through Safety, Environmental Protection and Health Care

One well-established German initiative is the "I-Safety initiative" that was started at the end of 2014 and has been developed since.

With the I-Safety initiative (also known as "Safety = I" initiative) OQ Chemicals ensures that proposals, observations, concerns and any other HSE-related input of each employee are well received and considered. The I-Safety initiative challenges every single employee to ask him-/herself: What can I contribute to improve safety, environmental protection or healthcare?

This initiative comprises various projects and aspects tailored to the different organizations and has become a solid part of every employee's daily life. The single elements are adapted to the needs of the respective sites.



The I-Safety initiative comprises the monthly conduction of SIP meetings (Safety Involvement Program) at the European sites. A monthly SIP agenda for review is being distributed to all departments and consists of statistics, different operational environmental, health and safety topics and can be adapted as needed. Each employee is expected to be provided with periodic SIP meetings by his/her supervisor. Participation is documented and kept in the respective department. The I-Safety initiative supports role model behavior both of supervisors and employees.

Various focus areas were worked on and covered by I-Safety in 2020; an essential one being the coronavirus pandemic management.

Health Care – Pandemic Prevention Plan

As early as in 2019 OQ Chemicals implemented a version of the so-called “Pandemic prevention global policy”. This directive describes general rules for prevention and emergency planning in the event of a pandemic, according to the phases described by the WHO (World Health Organization). Based on the Pandemic Prevention Plan, measures for pandemic prevention as well as roles and responsibilities were defined.

Based on the preparation for the case of a pandemic, measures to adequately respond to the coronavirus pandemic could be decided upon quickly and implemented efficiently.

Already in February 2020, business travel restrictions were implemented and travelling reduced to an absolute minimum.

A special task force was introduced at OQ Chemicals at the end of February consisting of medical experts, HSE and managerial functions with the target to monitor the unpredictable situation, implement the right measures and ensure the communication and information flow with OQ Chemicals employees.

By mid of March 2020, all employees whose work could be conducted from home were adequately equipped and started to work remotely to reduce personal contacts wherever possible.

Furthermore, site pandemic teams were set up globally, which were in close contact with corporate emergency and business continuity teams. Shift plans of production units were adjusted to operate with a minimum of personnel on-site. Similar models were developed and implemented for, among others, logistics and organizations whose presence is necessary to guarantee a safe and smooth operation.

OQ Chemicals' employees were updated regularly through intranet news, broadcasting events by the leadership, and emailing. Safety and hygiene rules were displayed at sites and offices in the form of posters, presentations and handouts. Measures were present everywhere – virtually and physically.

For the monitoring of the employees' wellbeing, short online surveys were conducted in 2020. >> [please refer to Stakeholder Engagement](#) Overall, OQ Chemicals' employees felt well-informed and were satisfied with OQ Chemicals' management handling the situation.

During these challenging times, a maintenance turnaround of the operational unit producing amines took place at the Oberhausen site. The turnaround of the unit is mandatory every five years and aimed at checking and surveying safe processing. Since various colleagues from OQ Chemicals and external contractor companies meet, it meant additional efforts for all parties involved to live up to the hygiene standards necessary. Intense trainings before the turnaround were held, and the work flow had to be organized differently. Despite these obstacles, the turnaround could be completed safely and on time. The medical supervisors were satisfied with adherence to the hygiene rules.

Due to the diligently implemented measures, no infection routes were caused through work at OQ Chemicals. All operations and business processes could be performed without any interruptions.

With the closure of the year 2020, the newly introduced “Frontliner Award” for continuous commitment during the pandemic was given to all operational sites for their efforts in a virtual ceremony.





For more information on general health care programs >> [please refer to the section Social Performance.](#)

OXOLUTION –

Competitive. Attractive. Safe. Sustainable

The "OXOLUTION" initiative at the Oberhausen site was implemented to shape the future as well as improve the overall performance and competitiveness of the site. The project includes many different facets that are bundled in four different blocks. The project was initiated at the end of 2019 with an investment in the double-digit range, focusing on digitalization, supply capabilities and organizational efficiency. The completion of the project is planned for 2023.

The four blocks:

- Safety Culture
- Maintenance & Turnarounds
- Organization & Work Processes
- Digitalization, Automation & Process Optimization

Safety Culture

It is our goal to further improve safety culture. Expected results of the safety block are strengthening the HSE culture and to establish a best-in-class process. In 2020, a "Leadership & Role model" was developed with 140 managers and leaders. They developed four key guidelines to tackle proactively safety issues. The guidelines were rolled out in 2020.

The four guidelines cover:

Participation/ Error culture/ Communication/
Leadership

Maintenance & Turnarounds

A second area is the improvement of maintenance processes which focuses on the transfer of learnings gained during the turnaround in 2018 into improvements of preparations for the next big turnaround in 2023, the so-called "turnaround excellence program". At the beginning of 2020, OQ Chemicals' experts analyzed existing processes of the turnaround management and identified optimization steps. The improvements have been included into the plan for 2023, and the preparation work has been initiated.

Digitalization, Automation & Process Optimization

"Digitalization, Automation & Process Optimization" centers around new technologies for Engineering and Operations departments to improve process workflows and centralized data systems. Areas for process efficiency and stability are addressed, therefore automation of control systems is covered as well. In November 2020, two control rooms of the Energy department were consolidated into one. The new control room allows for a more efficient process.

Organization & Work Processes

"Organization & Work Processes" describe changes in working culture and structure. Through intensive work in the first months of 2020, a new organizational model was developed for the operational units. Production units were allocated into production clusters that allow for leaner operations.

The transformation of the organization is a very challenging change process and has been accompanied by the works council. The target is to keep OQ Chemicals competitive and to secure the long-term business operations at the site in Oberhausen.

Focus on Safety

Within the further development of OQ Chemicals' safety culture as part of the OXOLUTION program and I-Safety initiative, a major focus was on the pillar of "Error culture".

In 2020, the matters of "Error Culture" were highlighted with the target to increase an open and transparent handling of near misses and errors to prevent them from happening in the future. Posters, trainings and an open exchange in between OQ Chemicals' employees supported the project.

In the months of June and July 2020, the focus was on "Communication". In order to enhance an open communication culture, safety visits in operational units and workshops were carried out. During the visits, routine processes were evaluated by technical and operational leaders who were not necessarily involved in the day-to-day details. The feedback was positive; the project offered the chance to increase the detection of possible errors and recognized the work of the employees at the same time.

Under the umbrella of "Participation", "Communication" and "Error culture", a scaffolding which was not correctly assembled was set up at a prominent location at the Oberhausen site in autumn 2020. All employees were invited to find and document the errors.

Key performance indicators are the level of incidents and near misses.



Digitalization in Bishop – a Milestone for Efficiency, Safety Gains and Sustainability

To improve productivity and control costs, the Bishop site has undergone a massive digitalization and efficiency program in recent years. Part of the program has been the replacement of the site's lighting range.

In the past, various types of lighting were in use at the site causing a high level of maintenance work. From 2013 until the end of 2020 the Bishop site has retrofitted about 226 area lights with LED products and has not had to replace a single fixture during that timespan.

With a focus on sustainability, the energy savings from switching to LEDs was another important benefit. Their at least 60% lower consumption compared to traditional HPS luminaires saves over 500,000 kWh of electricity each year. Conventional HPS (High Pressure Sodium) and fluorescent lights, as previously used, contain hazardous materials. The new lights do not contain hazardous materials, are therefore safer for workers and the environment and require no special handling. Many components can even be recycled.

Amsterdam – Participation in a United Industrial Fire Service

Together with several other companies, OQ Chemicals Nederland signed an agreement with the Port of Amsterdam and the Safety region Amsterdam-Amsteland to participate in a United Industrial Fire service (UIFS) Amsterdam. The cooperation is a public-private partnership and is set up in a similar manner as in the Rotterdam Botlek and the Chemelot Limburg area. With the installation of the UIFS the Industrial firefighting in the Amsterdam area will improve significantly.

In 2018, OQ Chemicals Nederland decided to support this initiative as it will increase the safety for the Amsterdam plant. The response time will be reduced to six minutes. Should the support of a fire brigade be needed, the UIFS will ensure there is enough experience within the unit to handle the incident with confidence.

Awards for Bay City and Bishop

The Texas Chemical Council (TCC) recognizes companies for demonstrating commitment and exemplary results toward safe operations, community awareness, emergency response, security and pollution prevention.

In 2020, both OQ Chemicals' sites in Bay City and Bishop were awarded for outstanding performance in 2019.

Both our sites in Bay City and Bishop were rewarded with the Sustained Excellence Award in "Caring for Texas" and the Dr. Sam Mannan Award for zero process safety incidents. This award recognizes facilities with no TIER 1 or TIER 2 incidents. >> [please refer also to HSE performance](#)

The site in Bishop also received the Mary Kay O'Connor Process Safety Center Award for Distinguished Process Safety Initiative.

OQ Chemicals and the Energy Efficiency Network – EEN becomes EKN

OQ Chemicals is a member of the "Energy Efficiency Network" consisting of fourteen companies of the chemical and paper industry based in the Rhine-Ruhr area. The EEN started its work in 2016 and finished its second two-year program in September 2020.

The initiative is based on the agreement between industry associations and the Federal government to reduce energy consumption by the end of 2020, following the German Federal Government's goal to reduce greenhouse gas (GHG) emissions by 40% by 2020 based on the year 1990 (newly updated to 65% reduction until end of 2030).

The initiative has set itself ambitious energy reduction targets and is set to share experience, best practices and support each other inter-industries to drive energy efficiency projects and a reduction in usage. OQ Chemicals contributes with its knowledge in energy and process management. The initial preliminary target of the latest two-year-period was an overall energy usage reduction of 176 million kWh per year, which is 2.91% of the total energy consumption of the network members. Based on feasibility of targets and related projects, the target finally was adapted to a reduction of 113 million kWh, representing 1.54% of the overall energy consumption, equaling 92 different projects that were successfully realized by the members of the initiative.

OQ Chemicals' energy reduction targets represent our contribution to the EEN. With the end of the last program cycle, the initiative decided to enlarge its scope from energy reduction (energy efficiency increase) to active climate protection and has renamed itself into EKN (Energieeffizienz- und Klimaschutz-Netzwerke). Focus areas will include Life Cycle Assessments (LCAs), process and technology reviews and decarbonization strategies. The new program will be implemented during the network's term from 2021 to 2023.



Global Climate Change

Global climate change and its consequences represent one of the greatest challenges of our time.

>> please also refer to our [Materiality Analysis](#)

In a dynamic and fast-changing environment, OQ Chemicals has defined global targets for the areas of energy, emissions and waste reduction, three matters that are strongly interlinked in our set-up.

The global OQ Chemicals' goals are following the reduction targets of the UN climate conference in 2015 and the emission reduction targets set by the European Commission as part of the "European Green Deal" with the goal of reaching climate neutrality in 2050.

Cross-functional teams were established and congregated under one project umbrella in 2019 and have started their project work in 2020 with focus on separate areas, such as operational process optimization, "break-through technologies" (e.g., alternative feedstocks), the alternative use and reduction of waste streams, and the impact of emission reductions on market segments served by OQ Chemicals.

In Oberhausen, we operate our own power plant (see section below) that is integrated into a site-wide combined system ("Verbundsystem") and is almost completely fueled by production residues and waste. In 2020, the project focused on the site in Oberhausen and a detailed mapping of all core processes as well as their contribution to CO₂ emissions. As part of this work, an update of the determination of site-specific emission factors of our power plant with an external partner was conducted.

Energy Consumption [GWh]

	2017	2018	2019	2020
Total energy consumption	2,280	2,386	2,362	2,318
Energy consumption from fuel	2,613	2,841	2,797	2,749
Electricity consumption from external sources	317	335	324	323
Heating consumption from external sources	0	0	0	0
Cooling consumption from external sources	0	0	0	0
Steam consumption from external sources	733	708	670	595
Electricity sold	-238	-190	-211	-201
Heating sold	-162	-235	-210	-196
Cooling sold	0	0	0	0
Steam sold	-982	-1,071	-1,006	-951

Total energy consumption differs from previous year's reported values due to an updated data basis.

Energy consumption: All energy consumption related to the production units. It does not include energy for transportation between facilities, nor electricity usage in pure administrative offices.

Key target of the project is the development of options to lower energy usage and related emissions accordingly to mitigate OQ Chemicals' impact on climate change. Main focus area is the lowering of direct and indirect CO₂ emissions. All targets are documented and monitored in OQ Chemicals' company targets.

Energy

In an energy-intensive industry, the efficient usage of energy is essential to reduce the CO₂ footprint. In 2019, we have set ourselves the following mid- to long-term reduction goals:

OQ Chemicals' targets to reduce its energy consumption globally by 10% until 2025 by increasing its energy efficiency and/or reducing its absolute consumption where applicable (base year 2017).

Scope for the implementation of appropriate measures are the production sites globally, with a primary focus first on Europe, specifically Oberhausen. At our largest site, we operate our own power plant – a key opportunity for the realization of OQ Chemicals' sustainability-driven changes and improvements with a significant impact. The most important sources for the generation of energy at OQ Chemicals in Oberhausen are liquid wastes, exhaust gas, distillation residues,



and, to a minor extent, natural gas – therefore the re-use of waste (residues from the production units) in a closed cycle represents by far the largest share for energy generation.

Key areas for the optimization of OQ Chemicals' energy profile in Oberhausen – and subsequently the CO₂ emission profile – lie in an increased energy efficiency and lower energy consumption based on operational process optimization, a reduction of waste and a related change of fuel mixture for the power plant (leading to lower emissions).

OQ Chemicals' power plant is the main provider of energy for the complete Oberhausen site. The power plant is also an important provider of district heating to the "Energieversorgung Oberhausen AG" (evo), contributing to an overall reduction of direct CO₂ emissions in the municipal area.

The energy efficiency and reduction project is set to be rolled out globally and the US site in Bay City will implement the first site projects in the course of 2021.

The short-term goal for the European sites of an increase of OQ Chemicals' energy efficiency by 2.5% until the end of 2020 (base year 2017) has been achieved with 2.67%. A major contributor to the success was the replacement of a combined heat and power (CHP) turbine in Oberhausen in 2017, which came into full effect in 2019. This key project was accompanied by modernization measures at all sites (further details can be found in our sustainability reports of 2018 and 2019).

On the road to achieve the 2025 targets, the next step for OQ Chemicals in Europe is the replacement of a compressed air supply unit within 2021. For OQ Chemicals in the US, a major project to generate energy savings will be an optimization of boilers and flaring in Bay City in 2021.

The specific target for 2021 is to save 6% of the total energy consumption of Oberhausen and Bay City (compared with 2020) which stands for savings of 5% of the global energy consumption of OQ Chemicals in 2017.

The contribution of our administrative sites to the overall energy consumption is minor, but our aim is still to select the most sustainable energy supply where feasible. Our office in Monheim is powered by 100% certified "Ökostrom" electricity (electricity from renewables), taking into account a higher electricity price than for the "normal" residual mix. The parking lots in front of the building have been equipped with charging stations for e-cars, which can be used free-of-charge by OQ Chemicals' employees and visitors.

In 2020, the global energy consumption was slightly lower than 2019, but still on a comparable level.

At the beginning of 2020, OQ Chemicals' site in Oberhausen was hit by the outage of the on-site syngas supplier in the first quarter, resulting in a shutdown of five weeks. With the economic slowdown in April 2020, induced by the coronavirus pandemic, production started to recover during the second half of 2020 but could not catch up with the production volumes of 2019. The energy consumption at the European sites was overall lower by approximately 15% compared to 2019 but evened out by a relatively higher consumption at the site in Bay City compared to 2019. The production of Oxo Intermediates like n-butanol and n-propanol stayed strong throughout the year in the US with only a small dip in the first quarter and exceeded the produced volumes of 2019.



Emissions to Air – Focus on CO₂ Emissions

Main contributors to direct CO₂ emissions generated by OQ Chemicals' activities are the production of energy (steam and electricity) at Oberhausen and the Bay City site based on distillation residues, off-gas and natural gas. >> [please also refer to the section Energy](#)

At the Bay City site, the generation of synthesis gas (CO/H₂) for the hydroformylation process also contributes to direct CO₂ emissions.

To contribute to the effort to reduce CO₂ emissions, OQ Chemicals has established short-, mid-, and long-term targets at our production sites globally:

OQ Chemicals aims to reduce its absolute CO₂ emissions globally by 6% until end of 2020, 18% until end of 2025 and by 30% until end of 2030 (base year 2017).

OQ Chemicals also aims to reduce its product-specific emissions by 10% until end of 2020, by 25% until end of 2025 and by 40% until end of 2030 (base year 2017).

The initial scope of our emission reduction project focuses on the lowering of CO₂ emissions at our production site in Oberhausen, followed by the implementation in Bay City.

Compared to 2017, the indirect and direct emissions could be lowered by 9% in Europe and 1% globally, driven by the decrease of indirect emissions due to a lower net consumption of externally sourced energy and a favorable grid mix change of energy suppliers.

CO₂ Emissions [metric tons]

	2017	2018	2019	2020
Direct CO ₂ emissions (Scope 1 ^{1,2})	548,480	573,351	563,600	570,239
Indirect CO ₂ emissions (Scope 2 ^{1,3})	186,835	191,131	172,018	158,342

Other Emissions to Air [metric tons]

	2017	2018	2019	2020
NOx	502	639	614	642
SOx	5	5	3	5
VOCs	–	369	393	404
Particulate matter	–	54	63	117

Emission data vary from values of data reported for 2019 based on a data update.

¹ Main reference for the determination of GHG emission factors are the TEHG (Treibhausgas-Emissionshandelsgesetz) and Bundes-Umweltamt, United States Environmental Protection Agency (EPA) and Defra conversion factors 2019 (Department for Business, Energy & Industrial Strategy).

² includes OQ Chemicals' business relevant emissions, as well as third-party energy supplies

³ Scope 2 emissions are determined using the market-based approach for the European sites and the location-based approach for Bay City, Bishop and Nanjing.

Overall, the global reduction goals for 2020 were not reached; one of the main projects in the US (flare optimization) will be implemented during the turnaround of the site in 2021 (see section above).

First significant results of the project are expected for 2022. The next step will be the integration of scope 3 emissions into the project and target setting.

The generation of NOx in 2020 exceeded the output of 2019. The increase is based on higher run rates of the Bay City site linked to a higher steam consumption.



Water Consumption

OQ Chemicals' approach is to use water in a responsible and efficient manner. OQ Chemicals ensures that water is recirculated, recycled and not contaminated with other substances whenever possible. OQ Chemicals sees water usage as a topic of high relevance, becoming even more material in the future due to changing climate conditions around the globe.

One major usage area of water is the cooling in the production units. Wherever the heat of the production process cannot be used for energy recovery, it is cooled by recycling cooling water systems, mostly with cooling towers. The water is re-used and recycled multiple times in cooling cycles within our production processes.

Another major usage area is the generation of steam. Only a minimum of OQ Chemicals' water consumption is used as production process water or cleaning water.

The main source for water is surface water. OQ Chemicals cooperates with local or regional providers for the supply of water.

OQ Chemicals' production sites in Europe and China are located in areas rated as *low risk water stress**-locations, whereas the Bay City and Bishop sites are located in *low-medium risk water stress* locations. OQ Chemicals is in close exchange with the LCRA (Lower Colorado River Association) as water supplier and has a documented water conservation plan in place.

Global Water Withdrawal [m³]

	2017	2018	2019	2020
Total water withdrawal	8,646,296	8,461,886	10,813,996	11,641,589
Surface water		4,474,716	6,972,179	7,929,523
Ground water		35,313	25,399	20,932
Rain water stored by the organization		185,069	53,467	53,219
Waste water from other organization		364,458	386,286	345,886
Municipal water supplies or other water utilities		3,402,330	3,376,704	3,292,028

Entails water withdrawal for Bay City and Oberhausen site including site partners. Values differ from previous report due to a data update (Marl site).

Wastewater is conditioned or purified and discharged according to regulatory requirements. All processes and policies are documented in the IMS.

In 2020, the water consumption increased at the Bay City site due to high ambient temperatures and high production volumes, at all other sites the water consumption was comparable to 2019.

*Tool applied: Aqueduct Water Risk Atlas, Subcategory: Water stress 2019: Baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses.



Effluents & Waste

Wastewater treatment and waste handling are performed differently at each of our sites according to the applicable requirements and general conditions. At all our sites, contaminated water is treated in wastewater treatment units before its discharge.

In Nanjing, the wastewater pre-treatment facility is operated by a contractor company. After pre-treatment, the low concentration wastewater will be drained to the contractor's wastewater pipe network for further treatment. Our facilities at Bishop and Marl are connected with the wastewater treatment units of Celanese and Evonik. Our facility in Amsterdam is also serviced by a wastewater treatment unit operated by a third party.

In Bay City, OQ Chemicals runs wastewater treatment units. The wastewater treatment unit comprises a physical & biological cleaning step. Clean water is then released back into the Colorado river.

At the Oberhausen site, OQ Chemicals currently operates a physical wastewater treatment for a part of the effluents. Furthermore, the wastewater is biologically treated at the wastewater treatment plant of the "Emschergenossenschaft (EG)".

OQ Chemicals is actively involved in the ecological restoration project of the Emscher river as a member of the "Emschergenossenschaft (EG)". Driven by the formation of the coal industry in the Rhine-Ruhr area over 100 years ago, the former unrestrained Emscher river was transformed into an open sewage channel system. The EG wastewater treatment plant, located 2 km downstream of the OQ Chemicals Oberhausen

Waste Numbers [metric tons]

	2017	2018	2019	2020
Total hazardous wastes	60,192	58,891	67,680	59,164
Hazardous waste recycling		736	732	717
Hazardous waste energy recovery		52,558	61,468	54,077
Hazardous waste incineration		4,369	4,662	3,664
Hazardous waste other disposal		1,068	850	725
Total non-hazardous wastes	5,594	7,149	6,236	3,982
Non-hazardous waste recycling		86	29	21
Non-hazardous waste energy recovery		2,879	2,556	1,583
Non-hazardous waste incineration		15	7	26
Non-hazardous waste other disposal		4,169	3,644	2,355

Values differ from previous report due to a data update.

site, cleans the whole Emscher river before it flows into the Rhine. With the introduction of the "EU Water Framework Directive" (2000/60EC) in the 1990's and the goal to achieve "good ecological and chemical status" of all community waters, the target was set to channel wastewater in closed conduits through the Emscher region and the conversion of the Emscher river and its tributaries into natural waterways again.

The Emscher conversion project is targeted to be finalized end of 2021 with the target to be wastewater free. The next step will be to re-naturalize the areas of the former channel where possible. One of these areas will be next to the Oberhausen site and will serve as flood control and area of ecological development of the new river.



With our extensive experience in the production of oxo chemicals of more than 80 years, OQ Chemicals runs its production units most efficiently. Our value chain of Oxo Intermediates and Oxo Derivatives is highly integrated, and the side product of one reaction builds the starting material for another production chain. Therefore, the generation of “waste” as materials for disposal is kept to a minimum. OQ Chemicals is dedicated to work on further improvements in projects across the value chain in material efficiency to minimize the input of raw materials and maximize the output of product. We plan, construct and operate processes to generate either no waste or as little waste as possible. Where possible, OQ Chemicals recycles generated waste.

With the set-up of the global project to tackle global climate change, OQ Chemicals has established a project team explicitly looking into the alternative use of waste streams generated in our production units, as well as a possible reduction of the latter.

OQ Chemicals has established the following long-term waste reduction goals:

OQ Chemicals aims to reduce its waste globally, by shifting 5% of the total waste (in metric tons) into a “higher-category” waste section¹ by 2025 (base year 2017).

For the disposal of waste (solid & liquid) OQ Chemicals globally cooperates with qualified and specialized waste disposal companies. Each OQ Chemicals site has a waste management systems in place. Our sites in Marl and Bishop are connected with the waste management systems of Evonik and Celanese.

Waste numbers were on a lower level than in 2019, corresponding to the production levels and activities at the sites.

Product Safety & Labeling

As a manufacturer of Oxo Intermediates and Oxo Derivatives, OQ Chemicals is responsible for the safe handling and usage of its sales products. All our sales products are therefore tested accordingly and accompanied by appropriate documentation and labeling that allows all people in contact with our products to safely handle them. The responsibility for accurate documentation and labeling lies within the QHSE department as part of International Assets.

OQ Chemicals' safety data sheets (SDS) entail all safety-relevant information necessary for the identified usage of the product. All SDS are published on the company's webpage: www.chemicals.oq.com

Safety data sheets are available for all OQ Chemicals sales products; for each sales product either the national or a standard SDS is provided for the countries in which the product is marketed. For national SDS more than 30 languages are supported. Electronic distribution ensures that customers receive the latest SDS before the first delivery of a product or once a SDS has been updated. In addition, SDS are available on OQ Chemicals' website. OQ Chemicals' target is to keep all SDS up to date. SDS are therefore re-evaluated at regular intervals.

In 2020, no incidents were reported related to documentation and labeling of OQ Chemicals products.

¹ Waste hierarchy and sections: 1. Avoidance/Prevention, 2. Re-Use, 3. Recycling/Recovery (energy), 4. Disposal. We focus on waste of the production processes.



REACH

As importer and exporter of chemicals into the European Union, OQ Chemicals is responsible for the REACH registration of OQ Chemicals end products and intermediates and the provision of data regarding product safety and impact on the environment. [>> please also refer to Product Safety & Labeling](#) Responsibility lies within the QHSE group as part of International Assets.

*“REACH (EC 1907/2006) aims to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. This is done by the four processes of REACH, namely the registration, evaluation, authorisation and restriction of chemicals”**

In line with the rebranding activities of OQ, all registrations, consortia contracts and similar commitments were transferred to the new legal entities in 2020. Several dossier updates, two new registrations and an application for product and process oriented research supported the OQ business.

Internationally, OQ Chemicals has started selective registration activities under the South Korean and Turkish REACH-equivalent legislation, prepared for the BREXIT and upcoming UK REACH regulation and notified relevant substances for the Russian Chemicals inventory list.

100% of its sales products, as well as all interim products/precursors relevant for import and export into and out of Europe are REACH registered. OQ Chemicals is the lead registrant for 40% of its sales products.

As a member of CEFIC, OQ Chemicals sends one representative to the “Evaluation Network of Experts”, a working group dedicated to the process of improving the quality of the dossiers.

OQ Chemicals acts as an active member of the VCI (Verband der Chemischen Industrie) and is represented in the “Arbeitskreis REACH Umsetzung” dealing with the implementation of REACH regulatory.

Beyond the requirements of the ECHA, OQ Chemicals is proactively checking all relevant product data on a regular basis and is evaluating the correctness of the dossiers handed in to ensure best data quality. OQ Chemicals' target is to evaluate 25% of the REACH dossiers per year.

OQ Chemicals does not have any sales products in its portfolio that are considered SVHCs (substances of very high concern) or PBTs (persistent, bioaccumulative and toxic).

Biodiversity

All OQ Chemicals production sites are located in established industrial areas. In general, OQ Chemicals sites do not include any natural habitats. Our production sites are either surrounded by farmland, inhabited areas, or adjacent to rivers.

On the Oberhausen site, OQ Chemicals entertains nesting aids for the peregrine falcon, an endangered bird species, at chimneys. Since 2004 a couple of peregrines is bringing up to four young birds each year. The project is supported by the plant's fire brigade and the “Wanderfalkenschutz NRW”.

As a member of the AAV (Verband für Flächenrecycling und Altlastensanierung), OQ Chemicals engages in activities supporting clean soil, clean groundwater and a reduction of land usage together with other industrial companies and the land North Rhine-Westphalia.

At our Bay City facility, the mature forested areas and wastewater ponds attract different bird species like the Belted Kingfisher, as well as other animals. The water quality of the ponds is suitable for the birds to serve as food source.

* Citation from the ECHA website



Social Performance





SOCIAL PERFORMANCE

Working at OQ Chemicals – People, Technology & Culture

Our employees form our most important resource. OQ Chemicals – as part of the OQ Group – believes in the value of its employees, the diversity and experience they bring to the Group. Our company core values of Care, Share and Dare build the basis for all our decisions and activities. As described in our Sustainability Report 2019, OQ Chemicals Human Resources (HR) department has been integrated into the People, Technology & Culture (PT & C) organization of the OQ Group. The organization will be fully implemented in 2021.

The following functions are subsumed under one roof:

- People, capturing Human Resources and administrative functions like facility management
- Continuous Improvement, comprising business process performance and respective change management
- Sustainability, as corporate function for the OQ Group >> [please also refer to Sustainability at OQ Chemicals](#)
- Corporate Identity & Culture, entailing communications, but also brand management, corporate social responsibility, and well being
- Technology, dealing with information management and digital transformation

The Human Resources functions are divided into six different centers of excellence, such as "talent care (or people services)", "talent partner", "talent safe (or policies and procedures)", "talent elevator", "talent hunter" and "talent transformer".

"Talent care" specialists ensure the provision of services for employees in a lean matter – they are the everyday contacts for administrative matters. "Talent partners" take care of the HR needs of all business functions and represent the link to other centers of excellence.

"Talent safe" works on retainment measures, such as establishing the right reward systems and safeguarding of people matters.

"Talent elevators" aim to grow and develop capabilities of our employees. The group of "talent hunters" is dealing with all processes of staffing and attracting the talents needed.

The organization is completed by "talent transformers", a unit taking care of strategy performance reporting and data analysis, delivering the basis for decisions and directions to achieve targets measured by key performance indicators.

The goal of the new organization is to elevate efficiency based on the bundling of tasks and enabling a high grade of specialization focusing on the business areas' needs.

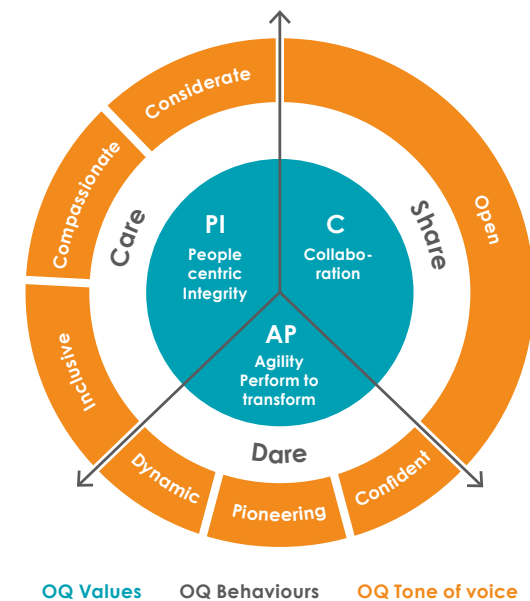
Over the course of 2021, strategic targets and corresponding key performance indicators will be defined.

PICAP Model and the OQ Values Care, Share & Dare

The PICAP model (leadership capabilities model) stands for People-Centricity, Integrity, Collaboration, Agility and Perform to Transform, and integrates the OQ values of Care, Share and Dare. These values represent the guiding principles for all endeavors of the company.

The values build the basis for the set-up of strategic targets and build the reference for performance targets for OQ employees.

All OQ Chemicals employees receive an annual feedback on their performance. >> [please refer to Annual Performance Review 2020](#)





Definition of Strategic Goals and Concepts

A major future challenge will be to maintain a high rate of attraction, growth and retention of talent.

Based on the PICAP model, the integration and development of a "People's" strategy for OQ and OQ Chemicals follows a multi-step approach:

Set-up of Strategic Goals

Step 1 = Define material topics

Step 2 = Focus on top business priorities

Step 3 = Set measurable targets and establish related programs

In the course of 2021, strategic targets and their corresponding key performance indicators will be defined.

Demographic Changes

The demographic changes of society have an impact on OQ Chemicals and are reflected in the age structure of the workforce. Amongst others, there are two focal areas for OQ Chemicals: the establishment of working structures and conditions for an aging workforce and the attraction of young people as successors to ensure a smooth operating model and knowledge transfer.

At the largest production site in Oberhausen, the so-called OXOLUTION program was initiated at the end of 2018 and entered into its final stage of implementation within operations at the end of 2020.

The project forms a bridge between the four areas of safety culture, improving maintenance processes, process optimization and digitalization, and organization. The project has been accompanied by an external partner.

One measure of the item "Organization & Work Processes" has been addressing the demographic changes at the production sites. To foster improved working conditions and higher efficiency, a five-shift system was developed and implemented, replacing the former four-shift system. A five-shift system with shorter shift blocks has been medically proven as better for the health of the operators and also allows for a better work-life balance. The new organizational structure was published in July 2020 and rolled out in the fourth quarter of 2020.



Besides the changes in operations, the next steps will be taken in the area of production-related services, such as logistics, the workshops etc.

Until the end of 2023, OQ Chemicals will invest significantly into digitalization, automation and supply capabilities at Oberhausen.

The OXOLUTION project aims to secure the competitiveness of the site in Oberhausen in the long term.

Another measure to address demographic changes is to establish a harmonized, forward-looking manpower planning. HR has been working on the establishment of a five-year staffing plan for all areas and on the proper tools and processes to master knowledge transfer efficiently.

In a first step towards managing knowledge transfer more proactively, an e-learning tool specifically for apprentices has been implemented, which was extremely helpful during the pandemic.

Programs already established to fill the workforce pipeline are covered by the apprenticeship program in place at Oberhausen.



Employee Involvement

In the course of 2020, several short surveys addressing OQ Chemicals' management of the coronavirus circumstances were completed.

Furthermore, a global employee survey was conducted in November 2020 with the objective to evaluate the well being of OQ Chemicals employees, and subsequently identify areas for improvement. Matters tackled were hard facts, such as financial reward systems, but also soft facts like social aspects at work, as well as nutrition, lifestyle and others. The results of the survey will be finalized and published in the fourth quarter of 2021.

Diversity and Inclusion

Fair treatment of all employees in areas like equal opportunities, ethics and harassment in the workplace is of highest importance. OQ Chemicals is aware that its success depends on the competency and involvement of each and every employee. For this reason, we will treat every employee with fairness and respect, as well as advance and challenge his or her responsibilities and abilities in accordance with the highest of professional standards. Furthermore, OQ Chemicals respects the rights of our employees and is obligated to comply with all laws that prohibit discrimination or harassment in the workplace on the grounds of race, skin color, religion, gender, nationality, sexual orientation, age, physical or mental condition or family status. During the hiring process, the qualification of potential employees is determined based on objective, justifiable criteria. The rules prohibiting discrimination apply equally to company decisions with the respect to internal promotions, furthering edu-

cation, compensation, and termination of the employment relationship (principles are stated in the Code of Conduct on the OQ Chemicals website).

OQ Chemicals is responsible for preserving the principles of equal opportunities and for creating a culturally diverse working environment. Germany's General Equal Treatment Act (or AGG) has a high priority and similar rules apply under US law.

Any kind of discrimination may be reported anonymously via the whistleblowing hotline (available languages English and German), the Compliance Council, the supervisor or directly to the HR contact.

>> please refer to [Sustainable Governance](#)

For 2020, no recordings were listed.

The age structure at OQ Chemicals is closely monitored. Adequate and measurable targets and concepts in the field of diversity are being worked upon with the establishment of the new People, Technology & Culture organization.

The percentage of female employees of 18% lies within the typical range in the chemical industry. The number remained unchanged compared to 2019.

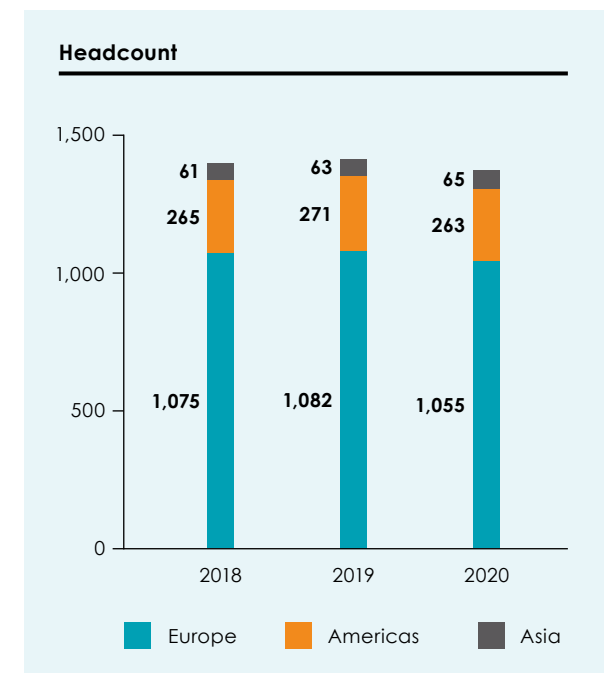
18% of leadership roles at OQ Chemicals are performed by female employees. The remuneration rate of male:female is 1:1.

OQ Chemicals offers individualized solutions to employees returning from parental leave. The return rate after parental leave was at 100% in 2020, with a retention rate of 93% after twelve months.

The annual "Girls' Day", which is normally held in companies throughout Germany, was cancelled in 2020 due to the coronavirus pandemic. The next event is planned as a virtual one for 2021. The Girls' Day is specifically aimed at informing young women on apprenticeship and job opportunities in male-dominated technical areas.

Headcount and relevant KPIs

The number of people employed by OQ Chemicals in the 2020 financial year was 1,386 (recording date: 31 December, 2020, excluding apprentices). At OQ Chemicals, we hired 44 new qualified staff members worldwide. Approximately 77% of our workforce operates in operations and engineering.





Employer Branding – Talent Attraction

For talent attraction, the “talent hunters” of OQ Chemicals use different channels for different employment areas.

In Oberhausen, OQ Chemicals plays an important role as an employer. By offering apprenticeships in technical and commercial areas, OQ Chemicals is the most important provider of industrial apprenticeships in the city. The apprenticeship model is run as “dual education”, offering apprentices the opportunity to work and study at the same time.

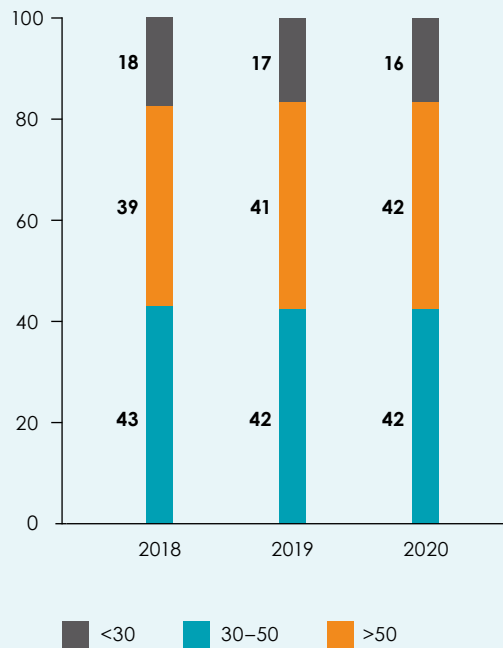
Nearly 100% of the apprentices are offered a permanent job within OQ Chemicals once they finish the program successfully. The apprenticeship program is an important pillar to balance out demographic changes. In 2020, 29 apprentices finished their education, and 27 started a permanent job at OQ Chemicals.

With 20 new apprentices, a current total of 102 young people work and study at OQ Chemicals' own center for vocational education and on the job in 2020. Compared to 2019 (number of apprentices 114), this number was reduced by twelve, due to different factors, such as the coronavirus pandemic and organizational changes.

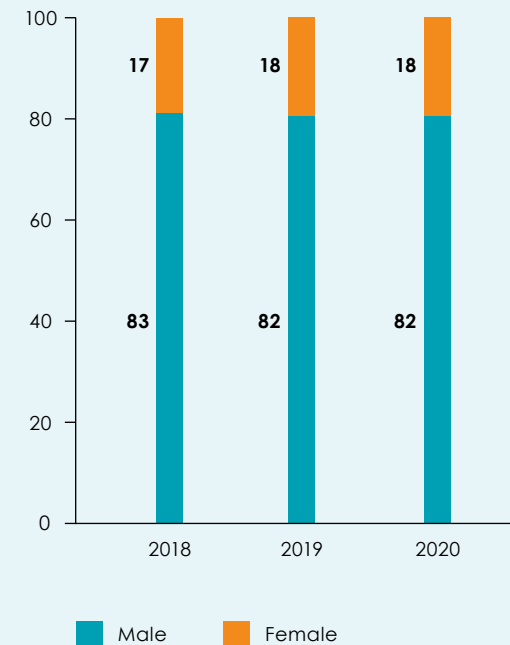
The FOX trainee program was stopped in 2020 with the integration into the OQ Group. New concepts and programs are being worked on.

OQ Chemicals implements exchange programs in cooperation with the Oman Oil Group (e.g., Oman Oil Graduate program) and strives for knowledge exchange through mutual secondments as part of the Group mobility efforts.

Employees by Age in %



Employees by Gender in %



OQ Chemicals globally fosters the cooperation with universities in different areas and offers opportunities for graduate students to conduct part of their thesis at or with OQ Chemicals.

A new employer branding function was introduced at the end of 2019, which is part of the “talent hunter” group. Based on the results of the employee survey, a new employer branding concept is being developed.



TOP Employer

In 2020, the German locations of OQ Chemicals were evaluated and subsequently certified as "Top Employer" by the Top Employers Institute, which is an independent, globally recognized institute for the certification of companies and their people practices.



The institute was established 30 years ago and assesses and certifies companies in key industries worldwide. For more information, please visit www.top-employers.com. To become a recognized Top Employer, an organization is evaluated according to specific entry criteria to be eligible for participation (formalized HR and communications practices build the basis).

Once approved, the organization will participate in the so-called HR Best Practices Survey based on six domains, comprising the following key topics: "Steer" (strategy and leadership), "Shape" (governance and structure), "Attract" (talent acquisition, branding etc.), "Develop" (performance reviews, trainings, career), "Engage" (well-being, off-boarding), "Unite" (company values, sustainability, diversity and inclusion etc.). The scoring model and weighting of questions and options is reviewed and updated annually, as well as the survey itself.

Based on data, documents and relevant proof provided, the performance will be rated in comparison to other

companies. A certification is provided if the company ranks in the top 40% of the program.

OQ Chemicals was rated as strong in domains like the establishment of a business strategy and development of people strategy, clear company values, and the implementation of a sustainability program. Fields of improvement are the digitalization, off-boarding of employees or talent acquisition. The certification is valid for one year.

Learning and Development

To ensure the best development of OQ Chemicals employees, training, coaching and personal development are key components of our personnel policy. Through internal training programs, we provide our employees with state-of-the-art individual development and qualification opportunities. Trainings cover a wide variety of topics and range from software trainings, intercultural trainings over job-specific trainings to OQ Chemicals-specific topics and can be conducted internally or externally.

The definition of trainings lies in the hands of the "Develop" function of HR and the respective supervisors. For certain job areas, regular training is mandatory.

Training needs are usually identified and agreed upon together with the direct supervisor and documented in the performance review. Training records are usually kept and tracked in the individual departments.

One key goal is to promote leadership capabilities of individual employees, and to define development goals for each person in the best possible way. Overall, an inspiring atmosphere with possibilities for development,

extension of the professional network and more personal responsibility are the main objectives. The consensus at OQ Chemicals is that demonstrating leadership is not the same as carrying out a supervisor role. Instead, leadership is something an individual takes on to inspire others and have a positive impact on them.

In the course of the integration program, training concepts and strategies are being re-evaluated and redefined to match the global organization's requirements.

Annual Performance Review 2020

All employees receive a yearly feedback, which is usually conducted by the employee's direct supervisor and should be accompanied by two to three intra-year reviews or feedback sessions.

A feedback tool of the performance management system is the employee performance review for managers and exempt staff. Respective employees are assessed using predefined categories. An assessment scale is used to grade the achievement of each category's requirements. The results are officially recorded and evaluated by "talent partners", who forward the agreed development measures such as further training activities to "talent safe" for scheduling and implementation together with the organizational units. All non-managerial staff is covered by feedback sessions with their supervisors.

100% of OQ Chemicals employees are covered by the annual performance review and / or feedback sessions.

In 2020, this process was automated for managers and exempt staff, and covered by OQ Chemicals' HRMS solution Success Factors.



Compensation & Benefits

Employee compensation is linked to both company and individual performance goals. OQ Chemicals' benefit system reflects national practices and can vary depending on factors such as hierarchy and remuneration levels, duration of employment, etc.

OQ Chemicals offers supplementary health insurance to all employees. Furthermore, OQ Chemicals employees in Europe can benefit from the programs presented in the following paragraphs.

OQ Chemicals provides a defined benefit that will be paid upon retirement. Employees who are employed for more than six months are included in the collective agreement for single payments and retirement provision.

OQ Chemicals also offers flexible working hours (respecting core requirements) and long-term accounts for European employees. This model offers to save up parts of the salary or extra work hours in order to retire prematurely or schedule a personal break while still receiving salary payments. In addition, private accident insurance is provided. Above mentioned benefits resemble an extract and are offered to permanent full- and part-time employees.

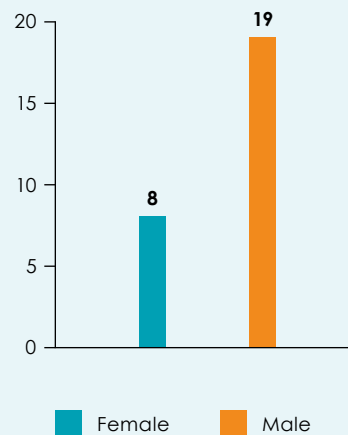
At the US sites, OQ Chemicals offers flexible working hours with certain core requirements. Each employee must work 30 hours a week to be considered a full-time employee and eligible for benefits. Employees are able to receive all provided benefits on date of hire, which include medical, dental, life, accidental

death and dismemberment, short- and long-term disability insurances. Employees must be employed for one year to be eligible for long-term disability.

OQ Chemicals participates in the 401(k) retirement plan where we match up to 5% of employee contributions and contribute an additional 5% of the employee's bi-weekly salary every pay period to the account.

OQ Chemicals encourages both paternity and maternity leave models and provides for the employees according to the national regulations of the countries in which OQ Chemicals is operating.

Number of Employees Returning from Parental Leave 2020



Collective Bargaining Agreements

OQ Chemicals adheres to and supports the right of freedom of association.

All European employees of OQ Chemicals are covered by collective agreements and have elected works councils in place. In Amsterdam, employees have elected representatives instead due to the size of the site. These representatives operate like a works council. In 2020, 73% of all OQ Chemicals employees globally were covered by collective bargaining agreements.

In the case of company measures with a direct impact on OQ Chemicals employees, a reconciliation of interests is defined with the works council and the Management Team. In addition, a social compensation plan is negotiated between the employer and the works council.

Occupational Health and Safety

Occupational health and safety has highest priority at OQ Chemicals as integral part of our HSE management. >> [please also refer to section Health, Safety and Environment](#) for relevant KPIs and targets. Our target is to enhance the health and well being of our employees and to protect them from any avoidable risk at their workplace.

Compliance with all regulatory requirements to safeguard health and safety of our employees worldwide is mandatory, and ISO 45001 serves as a guideline for OQ Chemicals' global Occupational Health and Safety system. All related standards, policies and processes are documented in our IMS and cover all OQ Chemicals'



employees. Our site in Nanjing was successfully certified according to ISO 45001 in 2020, and the certification of the European OQ Chemicals sites is planned for the first quarter of 2022.

All workplaces are regularly audited and results are documented with regard to potential health and safety impacts to guarantee the initiation of adequate measures when needed. Our activities, such as our Global EHS day or HSE walkthroughs (as part of our leading indicators) are geared toward making OQ Chemicals a safe and healthy place to work.

To foster health and safety of our employees, we offer different services and programs beyond their work life as described in the following sections.

Medical Services

At our OQ Chemicals sites in Oberhausen and Monheim, we offer medical services to employees including medical check-ups, vaccinations, as well as services of an optician and orthopedist through our own medical team. In Marl, those services are provided by the “Chemical Park”.

The number of paramedic treatments was significantly lower than in previous years, since the number of employees at the sites was reduced to an absolute minimum during the pandemic. Furthermore, people were encouraged to avoid any unnecessary contacts, especially during the first phase in spring 2020, when infection routes were still unclear. In contrast, the number of vaccinations more than doubled compared with 2019, since employees were encouraged to get flu shots in autumn and contribute to keep the number of flu patients in hospitals low during the winter months.

At our US locations in Bay City, Bishop and Houston, OQ Chemicals also offers medical services including vaccinations. Records are kept at the sites with the third-party medical service or the site nurse.

At our site in Nanjing, a medical check-up is offered to our employees once a year. At our site in Amsterdam, all employees are offered a medical-check-up every three years.

In general, medical check-ups are offered to all OQ employees worldwide including remotely located personnel and administrative offices with tailored-offerings. The participation of employees is voluntary.

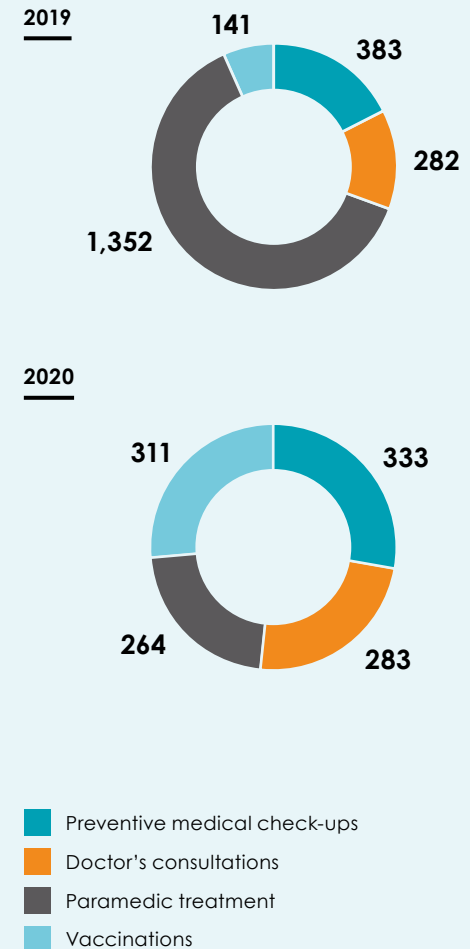
OQ Chemicals conducts trainings for first responders at all sites.

Corporate Health Promotion Program

Our employees’ health and well being is a priority at OQ Chemicals, and the Corporate Health Promotion program is aimed at promoting physical and mental capabilities both at work and in their personal lives. The Corporate Health Promotion program comprises four pillars and covers the areas of mobility, nutrition, prevention and relaxation. It offers a wide range of services, activities and courses, from which OQ Chemicals employees can benefit – either for zero costs or a minor financial contribution –, and addresses the whole workforce from manager to operator.

These include among others: physical training & prevention courses (physical fitness, relaxation, smoking cessation trainings, nutritional coaching), participation in public sports events and sponsored online courses. Program components vary at different

Total number of Medical Appointments at Oberhausen and Monheim 2019 & 2020



OQ Chemicals sites according to the needs and topics, and the specific preferences of the particular site. Remotely located employees can benefit from individualized offerings and online courses.

Activities are being promoted through the intranet, informational flyers and posters, in meetings (like the SIP meeting), email communication or direct promotion by the supervisors including the necessary registration information. Furthermore, OQ Chemicals uses the online platform "machtfit.de" (see section below).

The Corporate Health Promotion program is currently established at the German OQ Chemicals and US sites. Administrative offices and smaller sites globally offer tailored activities for employees.

In total, over 80% of OQ Chemicals' workforce are currently covered by the program. In 2020, the possibility to attend courses and classes together with other participants in person was limited due to the coronavirus pandemic.

"OQ Chemicals macht fit":

Digitally, Locally and Individually

In Germany, OQ Chemicals uses the platform "machtfit.de". Each employee can choose from a wide variety of activities according to their interests and preferred location. All courses are supported by a yearly subsidy.

The platform offers sports activities (e.g., boot camps, pilates and spinal exercises), stress management courses (e.g., relaxation training) and areas of nutrition and addiction cessation (e.g., smoking). In addition, all company-internal and existing offers, such as company runs, can be viewed and booked on the portal.

During 2020, the booking behavior changed due to the coronavirus pandemic. The total number of offers booked went down compared to 2019, since contact-involved activities (like attending the gym) were not allowed or very limited in 2020. Booking of online offers increased in relation.

Nutritional and cooking courses were chosen more frequently by employees compared to previous years, whereas the number of fitness trainings with a physical presence was tremendously lower than in 2019. The bookings for climbing / bouldering gained a relatively high share (overall number was stable, but in relation to overall booked classes higher).

VIActiv Company Race 2.0

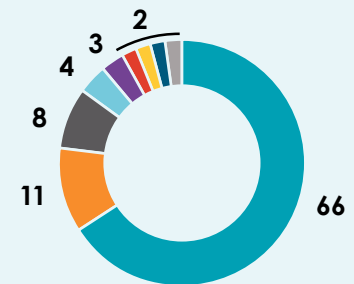
A highlight is the yearly "VIActiv-Firmenlauf" in Oberhausen, an event for runners, in which company teams compete against each other. In 2020, the event was replaced by a "virtual run". Teams collected their completed distances individually (using tracking apps) in between 18 June – 20 August 2020, with the goal to reach the highest distance as a team. The OQ Chemicals runners ranked fifth (of 47 teams) with a total of 6,985 km run. 67,102 km were completed by all teams together. For each kilometer, €0.02 were donated to an initiative for handicapped citizens in Oberhausen.



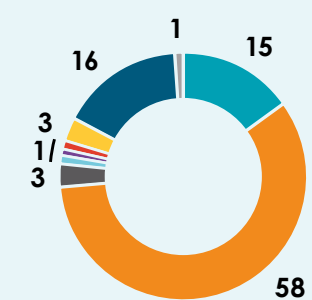
Booked Tickets (Category) in %

Offers that were booked via oxea.machtfit.de

2019



2020



- Fitness training
- Climbing/Bouldering
- Yoga
- Spinal exercises
- "Aqua Fit" / Pilates
- Stress management
- Memberships¹
- Nutritional advice
- Others/Body analyses

¹ e.g., gym



Wellness Committee in Bay City

The Wellness Committee in Bay City has established different programs and activities for the Bay City employees in order to support a healthy and satisfying lifestyle (work-life balance). The program also comprises the Bishop site and Houston office, with volunteers who champion the activities at the respective location.

Since physical activities at the sites and offices could not take place due to the pandemic, the focus of the programs shifted last year. With employees working from home and being confronted with a new work and life situation, employees were offered mental health and well being tools, including counseling sessions and referrals. Additionally, COVID-19 also brought new economic challenges. In response, employees were also offered so-called financial wellness online training to better understand how to leverage their retirement accounts.

Furthermore, the Wellness Committee supported the preparation and conduction of the virtual "Global EHS Day" in 2020. >> [please refer to Global EHS Day 2020](#)

Local Community Involvement

Growth and success require a solid foundation. At OQ Chemicals, this means trust and responsibility. We appreciate and nurture the trust that our customers and our neighbors have placed in us. We intend to be recognized as a valuable corporate citizen and make every effort to operate responsibly in our local communities.

We take responsibility for the people who work for OQ Chemicals and those who live in the surrounding areas of our sites.

We support projects in cooperation with partners such as communities, associations, local governments, and nearby institutions, and extend financial support to programs covering environmental and social aspects.

Our aim is to be a responsible community partner and corporate citizen by positively impacting social development. OQ Chemicals specifically supports projects and facilities in the surroundings of its sites / offices and concentrates on:

- Social engagement in the field of youth work and support of children
- Scientific projects of general interest
- Environmental protection
- Community projects

We strive to develop a volunteering work culture and encourage our employees to get involved in activities with a positive impact on society. OQ Chemicals fosters "matching gifts", e.g., doubling of employees' donations for projects being initiated or supported by

OQ Chemicals employees. With the integration into the OQ Group, new concepts for volunteering are additionally worked on.

Usually, initiatives are being posted on the intranet and in paper form at the different sites and offices. Our general concept is covering various facilities in the direct neighborhood with smaller support sums, rather than concentrating on one big project.

OQ Chemicals has a guideline in place covering the criteria for donations and sponsoring. Recommendations and ideas can be communicated and handed in by all employees via various communication channels like the Impulse Tool, the supervisor or directly to the colleagues of People, Technology & Culture at the European and US sites. At the end of each fiscal year, donations and supported projects will be communicated to the Management Team of OQ Chemicals and a proposal for next year's activities will be handed in.

OQ Chemicals opts for a mix of support worldwide. In Europe, two major initiatives are supported: the MULTI project and the Friedensdorf International.

Every two years, OQ Chemicals supports the MULTI project in Oberhausen. Due to the coronavirus pandemic, activities of 2020 have been postponed by one year and will take place in an online format in 2021. The basic idea of this project is a peaceful meeting of young people from different cultural backgrounds. In common activities young people recognize similarities, but also differences. The MULTI project aims to build bridges between the young people and to foster a tolerant diverse culture.



Another important partner is Friedensdorf International, an institution OQ Chemicals supports annually. Friedensdorf International is a NGO in Oberhausen that brings sick and injured children from war and crisis zones to Germany for medical care. After receiving medical treatment, the children return to their families.

In the USA, OQ Chemicals employees are active in reoccurring events together with the non-profit organization "United Way". United Way is the world's largest privately funded non-profit organization that works together with companies, governments and other organizations to support local communities – not only financially, but also with volunteering, ideas and in-kind support. The projects are very diverse and include mentoring programs at schools, multi-generation projects and collective impact initiatives. United Way is dedicated to serving the local communities by bringing systemic change through developing and strengthening the lives of families, young people, and seniors.

In addition, we support schools, kindergartens, sports clubs etc. next to our production sites with various donations.

In 2020, OQ Chemicals donated €15,975 to facilities in and around Oberhausen and Monheim. In the USA, OQ Chemicals supported initiatives with a total amount of US\$ 26,300 (please see below).

Multiple activities that our employees regularly participate in, like the Matagorda Beach Clean-Up in the USA or the yearly race for a youth foundation in Marl, Germany, were canceled due to the coronavirus pandemic.



OQ Chemicals' Communications department distributes hand sanitizer to local facilities

Support for activities in 2020 covered among others:

- Corona pandemic-related initiatives ("Help the Helpers")
- Educational programs (schools and kindergartens)
- Donations to medical and social institutions, as well as charities
- Cooperation with schools and universities

Support in Times of the Coronavirus Pandemic

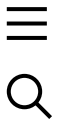
In Germany, OQ Chemicals supported pharmacies with n-propanol* in Oberhausen as a basis for the formulation of sanitizers, specifically in the first phase of the coronavirus pandemic during disinfectant shortages. By the end of March 2020, OQ Chemicals had already provided 3,000 liters to pharmacies in cooperation with a logistics partner. Until the end of the year, a total of approx. 5,000 liters were distributed, also supported by the fire brigade of OQ Chemicals.

Employees also volunteered to produce face protection visors in a 3D printer, which were distributed to the German Red Cross, the Friedensdorf International and other institutions.

In November 2020, OQ Chemicals donated hand sanitizers to schools, kindergartens and interested groups in the north of Oberhausen.

In the USA, OQ Chemicals continued the tradition of supporting local communities, despite the challenging economic times, by continuing to sponsor United Way through employee donations, pledges and company sponsorship.

* n-propanol received a temporary approval (six months) for the formulation of hand sanitizers by the BAuA (Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, Federal Institute for Occupational Safety and Health).



GRI CONTENT INDEX

This report was prepared in accordance with the GRI Standards: Core option. The Global Reporting Initiative (GRI) is the most established framework for sustainability reporting worldwide. The report covers OQ Chemicals, formerly known as OXEA Group, as part of the integrated energy company OQ.

GRI-Standards		Page	Comment
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GRI 102: General Disclosures			
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GRI 102-41	Collective bargaining agreements	58	
GRI 102-42	Identifying and selecting stakeholders	30–32	
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GRI 102-44	Key topics and concerns raised	30–32	



Reporting Practice		
GRI 102-46	Defining report content and topic Boundaries	20–22
GRI 102-47	List of material topics	22
GRI 102-48	Restatements of information	A few figures were updated with explanatory footnotes under respective disclosures.
GRI 102-49	Changes in reporting	In accordance with the updated materiality.
GRI 102-50	Reporting period	1.1.2020 – 31.12.2020
GRI 102-51	Date of most recent report	July 2020
GRI 102-52	Reporting cycle	Annually
GRI 102-53	Contact point for questions regarding the report	66
GRI 102-54	Claims of reporting in accordance with the GRI Standards	63
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GRI 102-56	External assurance	Apart from Annual Report related business figures, information of this report was not reviewed for external assurance.
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GRI 303-2	Management of water discharge-related impacts	49
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GRI 304	Biodiversity 2016	
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		Market-based or location-based figures are not yet reasonably available.
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		Rate and figures are currently not available as GRI requires. Improved reporting is intended for future reports.
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GRI 414	Supplier Social Assessment 2016	
GRI 103	Management Approach (including 103-1, 103-2, 103-3)	28, 29
GRI 414	Negative social impacts in the supply chain and actions taken	In 2020, no incidents were reported related to negative social impacts in the supply chain and actions taken.
GRI 416	Customer Health and Safety 2016	
GRI 103	Management Approach (including 103-1, 103-2, 103-3)	50, 51
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020, no incidents were reported related to non-compliance concerning the health and safety impacts of products and services.
GRI 417	Marketing and Labeling 2016	
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