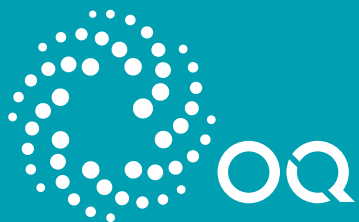


Sustainability Report 2023

OQ Chemicals



04
Company Profile



05
Sustainable Governance



13
Health, Safety, and Environment

03 Foreword
04 Company Profile

05 Sustainable Governance
13 Health, Safety, and Environment
26 Social Performance

30 Imprint

FOREWORD

Dear Readers,

I am pleased to present the latest edition of our Sustainability Report. At a time when sustainability and transparency are becoming increasingly important, we take our responsibility as a leading chemical company very seriously. Due to our intensive preparations for the upcoming requirements of the Corporate Sustainability Reporting Directive (CSRD), we have decided to publish an abridged version of our report this year. The preparations are extensive and require a thorough review and adjustment of our internal processes and data collection. This transition is important to us as we strive to meet the highest standards of sustainability reporting.

With this condensed report, oriented to the reporting standard of the Global Reporting Initiative (GRI), we want to give you a clear insight into our progress and initiatives in the area of sustainability. We recognize that the path to sustainability requires ongoing commitment and adaptability. Therefore, we remain committed to intensifying our efforts and consistently pursuing our sustainability goals.

Thank you for your interest and confidence in our company. We look forward to presenting you with a more comprehensive and detailed report next year, in accordance with the requirements of the CSRD.

Best regards,



Ina Werxhausen



Dr. Ina Werxhausen,
Director Sustainability & Corporate Communications

COMPANY PROFILE

OQ Chemicals is one of the leading producers of Oxo Intermediates and Oxo Performance Chemicals, headquartered in Monheim am Rhein, Germany.

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

Around 1,300 people work for OQ Chemicals worldwide.

For detailed and up-to-date information about our company, please visit our corporate website. Visit us online to learn more

- [About Us](#)
- [Our Corporate Governance](#)
- [Our Products](#)
- [Industry Segments & Applications](#)
- [Our Strategy](#)
- [Materiality Analysis that forms the basis for our sustainability strategy](#)
- [Our reduce program](#)

1.3 million tons
of production capacity

Annual
revenue of
1.4 billion euros

70
products
shipped to every continent

6
production sites

1,300
employees globally

Sustainable Governance



SUSTAINABLE GOVERNANCE

The implementation of our sustainable transformation strategy is based on our Integrated Management System (IMS) and an organizational structure with clearly defined responsibilities.

Shareholders' Committee

The Shareholders' Committee is responsible for the financial and non-financial performance, which includes sustainability. The Shareholders' Committee remains the highest decision-making body for OQ Chemicals and consists of representatives of OQ Group shareholders as well as industry experts.

OQ Chemicals' Leadership Team holds regular meetings with the Shareholders' Committee. These meetings also cover a wide variety of sustainability-related topics, including greenhouse gas reduction (*reduce*), sustainable products and product safety.

The Leadership Team is responsible for strategic and operative governance and bears overall responsibility for our sustainability strategy. It forms the highest senior management level and reports to the CEO.

OQ Chemicals' Leadership Team meetings are held frequently, chaired by the 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.

Information about the current Shareholders' Committee and the management and leadership team can be found on our homepage:

[Shareholders' Committee | OQ Chemicals](#).

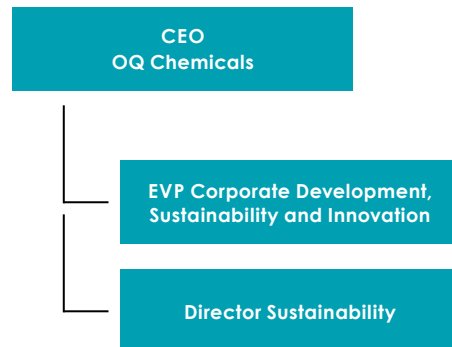


OQ Chemicals GmbH
in Monheim am Rhein,
Germany

Sustainability Management

Sustainability Management is integrated into the Corporate Development, Sustainability and Innovation organization. The Director of Sustainability is responsible for the operational implementation of OQ Chemicals' sustainability strategy and reports to the Executive Vice President (EVP) of Corporate Development, Sustainability and Innovation.

The EVP of Corporate Development, Sustainability and Innovation is responsible for OQ Chemicals' Corporate Project Management Office, the Technology Center, the *reduce* program and all Corporate Development matters. The role reports directly to the CEO.



Integrated Management System

OQ Chemicals uses an Integrated Management System (IMS) to place policy and strategy guidelines in the context of the organization's legal and standards requirements and to address stakeholders' concerns.

The IMS is described in the Management Manual and is attached to the process descriptions and working instructions of all organizational units. It ensures a common understanding of processes and responsibilities throughout the organization and documents them.

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

Company Scorecard (CSC)

The Company Scorecard (CSC) of OQ Chemicals serves as an overarching monitoring and steering tool to show the performance of the company. The CSC performance is updated monthly and shows the relative performance according to the different Key Performance Indicators (KPIs) for the fiscal year.

The KPIs for 2023 entailed those for HSE (health, safety, and environment), sustainability (including the *reduce* program), financial performance (EBITDA and cash), operations and strategic priorities.

The goals for the fiscal year were determined by OQ Chemicals' Leadership Team and the Shareholders' Committee.

The CSC provides the basis for individual performance targets of all employees.

Business Ethics – Compliance Management and Ethical Business Practices

Per legal definition, compliance means "the combination of all measures to avoid violations of the law," and therefore builds the basis for every long-term successful business. Adherence to legal requirements is mandatory for all OQ Chemicals employees.

OQ Chemicals' Compliance Management is designed to ensure adherence with legal requirements, internal company policies and ethical business practices.

The Code of Conduct defines the most important corporate principles and is publicly accessible on our website: [Code of Conduct | OQ Chemicals](#). It sets the standards for conducting business in a responsible and fair manner. The Code of Conduct covers the following areas: fair treatment of employees, social responsibility and prohibition of child labor, business integrity, handling and communication of company information, environmental protection, preventive health, workplace and plant safety, handling of company property, financial integrity / data security, fair competition, anti-bribery, anti-fraud, charitable donations, political contributions, and trading in international markets.

Every new employee receives the Code of Conduct and corresponding training based on the exposure level of the employee's role. Refresher training on the Code of Conduct is conducted every two years, or depending on the exposure level of the employee.

Each year, all OQ Chemicals employees are required to complete compliance training on our e-learning

platform. In addition, all employees are offered training on specialized topics like bribery prevention, corruption avoidance, and antitrust and competition law.

Members of the Legal Department are available to answer any questions related to the Code of Conduct and to report violations of the Code of Conduct. Contact details are accessible on the OQ Chemicals intranet. Both our employees and affected third parties can report violations of the Code of Conduct via an anonymous whistleblowing system available in English, German and four other languages.

The system ensures that all incoming reports are encrypted and stored in accordance with ISO 27001 specifications. In addition, the system complies with European data protection requirements and the EU Whistleblowing Directive.

All OQ Chemicals departments are subject to regular audits according to the IMS and to processes defined in the related risk and internal audit management processes. Employees are encouraged to report possible breaches of company policies anonymously via the OQ Chemicals' whistleblowing system.

Failure to comply with the Code of Conduct can lead to disciplinary/legal measures, including possible termination of employment. Illegal behavior will be prosecuted in a court of law. For 2023, no violations were reported.

Supply Chain Management

The Vice President Global Supply Chain oversees logistics, planning and yield accounting as well as customer relations. The Vice President Global Procurement is responsible for procurement of raw materials and Maintenance, Repair, and Operations (MRO). The guidelines and processes for the various functions are described in the IMS.

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

The procurement budget entails the costs of raw and support materials, MRO payments and logistics costs. About 58% 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 for the production of Oxo Intermediates and Oxo Performance chemicals are olefines (ethylene, propylene, higher olefines), synthesis gas and natural gas. Approximately 80% 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 capabilities and standards of quality and safety.

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

The supplier evaluation allows for a ranking of suppliers and 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 Third Party Code of Conduct, which covers human rights aspects in line with the OQ Chemicals Code of Conduct. Related procedures and documentation are set up in the IMS. The scope of the Third Party Code of Conduct currently covers all raw materials suppliers to European and US production sites.

In addition to our Third Party Code of Conduct, OQ Chemicals has a policy statement on human rights. It is stored in the IMS and publicly accessible on our website.

All raw materials suppliers to European and US production sites are screened for their CSR / sustainability performance based on publicly available information (risk analysis). The results are documented by the Procurement department and reassessed at least bi-annually. 96% of OQ Chemicals' raw materials suppliers to European production sites (based on total number of suppliers) are based in Organization for Economic Co-operation and Development (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. The suppliers for the US sites are 100% based in OECD countries. One-third of suppliers hold EcoVadis certification and 94% of suppliers disclose information publicly about their sustainability performance.

Non-OECD suppliers must provide sufficient evidence of business ethics (e.g., an appropriate code of conduct) or obtain the OQ Chemicals Third Party Code of Conduct for signature.

If 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.

In 2023 a risk assessment was carried out in accordance with the requirements of German Supply Chain Due Diligence Act (LkSG**). Depending on the identified net risks, the implementation into the R2C tool and implementation of preventive measures will follow in the course of 2024.

Data Management

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

No complaints were issued in 2023 regarding data protection.

Risk Management & Internal Audit Approach

OQ Chemicals maintains an Audit and Risk Committee as a sub-committee of the Shareholders' Committee. The committee consists of two members of the Shareholders' Committee and the Chief Executive Assurance of OQ Group.

The Assurance function, including risk management, reports to the Audit and Risk Committee (ARC) of OQ Chemicals. Relevant risks are submitted quarterly to this committee, which decides on countermeasures.

The Assurance function supports the OQ Chemicals ARC in two ways: by providing insights and as independent assurance that the risk management, governance, and internal controls are operating effectively and efficiently.

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 uses a web-based risk management system based on R2C = Risk to Chance, in 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' IMS, and all employees are notified of all relevant changes through the change management system.

In 2023, a climate scenario analysis of physical risks was conducted to identify and assess the potential range of plausible business and strategic and financial impacts of climate change. The risk assessment followed the requirements set by the EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD*). The identified physical risks will be transferred into the risk management system in 2024. The determination of transition risks will start in 2024.

In 2023 a risk analysis of our major raw materials and service providers according to the LkSG** was conducted and a transfer of eventual net risks is forecasted for 2024.

* The Corporate Sustainability Reporting Directive (CSRD) is the new EU legislation requiring all large companies to publish regular reports on their environmental and social impact activities.

** "Lieferkettensorgfaltspflichtengesetz" (LkSG): Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains.

Stakeholder Engagement

Identifying the needs and expectations of our stakeholders is key to OQ Chemicals' sustainable success.

OQ Chemicals' key stakeholders 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 do the media and non-governmental organizations (NGOs).

A transparent and consistent information flow is key to maintaining 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

Customers (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 base chemicals, OQ Chemicals' direct involvement with consumers is limited and occurs indirectly through the value chain.

Conferences, trade shows and fairs, regular customer visits, surveys, and special events like roadshows and the OQ Chemicals' website are our main channels for close communication with our business partners.

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

In 2023, OQ Chemicals participated in several conferences. These included the New York Society of Cosmetics Chemists, In-Cosmetics in Barcelona and the American Fuel & Petrochemical Manufacturers (AFPM) Conference in San Antonio, TX, among others.

In 2023, as part of our *reduce* initiatives we conducted a customer survey in the USA on sustainability and greenhouse gas reduction to identify risks and opportunities in relation to future requirements for OQ Chemicals' product portfolio. The 50% response rate alone demonstrates how important the topic of sustainability is to our customers. A similar survey was already conducted for EU customers in 2022.

Investors / Owners

OQ Chemicals is ultimately 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 Shareholders' Committee meetings.

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 Conseil Européen des Fédérations de l'Industrie Chimique (CEFIC), Verband der Chemischen Industrie (VCI), REACH consortia, and the Texas Chemical Council (TCC), OQ Chemicals also communicates with regulatory bodies.

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

Employees

OQ Chemicals maintains close contact with its employees via the intranet, regular newsletters, town hall meetings – which were held virtually and on-site throughout 2023 – surveys, and other related tools such 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 2023, 238 ideas were collected. 58 ideas were accepted, of which 27 have already been implemented, 102 are currently being evaluated, and 78 have been rejected.

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 maintains long-term and trusting relationships with its suppliers. The global supplier base includes raw materials suppliers, as well as maintenance, repair operations (MRO), and logistics suppliers. Close dialog with suppliers is generally maintained via direct contact, industry-related conferences and meetings, trade shows, and fairs.

Examples of supplier topics addressed: product safety and quality, supply reliability and timing, pricing, (environmental) compliance, renewable feedstock, product carbon footprint.

Local Communities

OQ Chemicals' impact on local communities is manifold; 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 level of responsibility for its impact on health, safety, and the environment.

We interact with local communities via regional media and 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 contributes to the ecological restoration project of the Emscher river. In the local organizations, OQ Chemicals and stakeholders work together on the respective projects.

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

Media and Non Governmental Organizations (NGOs)

For OQ Chemicals, it is very important to have a transparent and open dialog with the media and NGOs

to show what is happening behind the scenes at our chemical plants. Local media in particular are important stakeholders. For example, if OQ Chemicals plans to build a new unit, or a turnaround is coming up (involving a lot of maintenance work), that will likely have an impact on local residents, many neighbors obtain their information through the local press. Media representatives are therefore regularly informed about important topics via press releases, background discussions, or interviews.

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 with the associations.

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

FOCAL TOPICS AHEAD

Based on our materiality analysis and continuous evaluation of our sustainability performance, we have defined our short- to mid-term focus areas. However, we will conduct a double materiality analysis in 2024 following CSRD* requirements to review our focal topics.

Completion of Climate Strategy 	Operational Eco-Efficiency: Water 	People Management 	Human Rights 	Sustainable Procurement 
<p><i>reduce</i> is our program to become climate-neutral by the middle of the century latest. In 2023, we developed a roadmap that describes the direction to achieve our climate targets.</p> <p>In 2023, we defined and managed physical climate risks according to EU taxonomy regulatory (and CSRD*) guidelines. A transitional climate risk analysis will begin in 2024.</p>	<p>We want to reduce our environmental footprint and source our water in a responsible and efficient manner. With the implementation of reduce initiatives and related energy efficiency and saving projects, a more efficient use of water is also being addressed. Since water usage and consumption will become a pressing topic in the future, we plan to start a general re-evaluation of our approach to water management at the end of 2024.</p>	<p>The Human Resources department played a central role in driving the restructuring process forward while also focusing on empowering and supporting our employees during this challenging time. Our focus was on shaping a new organizational structure that meets current and future demands, while ensuring that our employees were strengthened and well-supported in their roles.</p> <p>>> Please refer to the Social Performance section</p>	<p>We have strong ethical principles. All employees are trained according to our Code of Conduct, and we follow a strict human rights policy. We regularly assess our human rights processes for continuous improvement.</p> <p>In 2024, our focus will be to align our approach with the requirements of the CSRD*.</p>	<p>We source our raw materials and services in a sustainable manner.</p> <p>In 2023, we conducted a risk analysis of our major raw materials and service providers according to the LkSG**. Identified net risks will be transferred into the risk management and preventive measures set up, if necessary. We will continue our work in this area in accordance with the requirements of the CSRD.</p>

* The Corporate Sustainability Reporting Directive (CSRD) is the new EU legislation requiring all large companies to publish regular reports on their environmental and social impact activities.

** "Lieferkettensorgfaltspflichtengesetz" (LkSG): Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains.



Health, Safety, and Environment

HEALTH, SAFETY, AND ENVIRONMENT

Health, safety, and environmental protection (HSE) are collectively ranked as the first priority at OQ Chemicals.

At OQ Chemicals, we continue to operate established global HSE and site-specific HSE functions. Historically, OQ Chemicals' HSE organizations have included security matters under the umbrella of "safety" (e.g., emergency management, site security, etc.). The following pages describe our HSE policy and organizational setup and provide an overview of HSE highlights in 2023 and our climate change mitigation activities.

OQ Chemicals' HSE Policy

It is OQ Chemicals' policy to design, build, run and maintain its 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 to meeting all environmental compliance obligations crucial to its industry. Our products are developed, evaluated, and documented in a responsible manner so that our employees, our customers, the public and the environment are protected from avoidable risks. We ensure compliance with all relevant regulations and that all employees receive appropriate training to enable them to effectively contribute to HSE performance and HSE improvement processes. Neighbors, customers and authorities are informed about our activities, including possible risks, through direct dialog, the media and various communication channels.

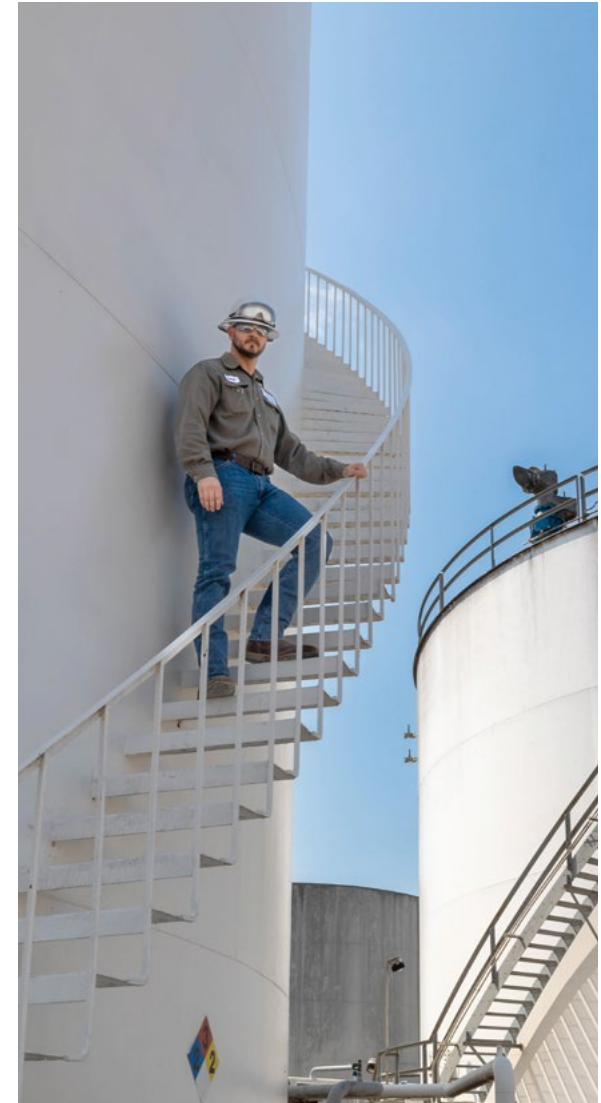
OQ Chemicals' HSE management and standards are documented in our IMS.

Our standards are based on the requirements of national and international regulations, the requirements of ISO 14001, ISO 9001, and 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 to evaluate if processes are fit for purpose.

All our sites are certified according to ISO 14001 and ISO 9001. All European and Asian sites are also ISO 45001 certified.

OQ Chemicals obtained International Sustainability and Carbon Certification (ISCC) under the ISCC Plus scheme for the German sites in Monheim, Oberhausen, Marl in 2021 and Amsterdam in 2023. OQ Chemicals plans to extend certification to Bay City, USA in 2024. Certification under the ISCC Plus scheme testifies to the sustainable use and traceability of biomass, bio-based, or circular and recycled materials throughout the value chain.

Detailed information on ISO certifications (global) can be found on our homepage: [Certificates | OQ Chemicals](#).



Global HSE Organization

The Global HSE organization works to ensure a continuous improvement of OQ Chemicals' HSE activities. 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 ensures 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 OQ Corporate HSE to ensure exchange and information flow.

The Product Safety and Quality (PSQ) organization is responsible for all matters of product safety and quality management. >> [Please also refer to Product Safety and Labeling](#)

HSE at the OQ Chemicals Sites

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

In cooperation with the Global HSE organization, HSE Officers advise and support managers and employees in resolving HSE-related issues and improving HSE performance and culture. Through auditing and controlling, they help ensure compliance with national regulatory requirements as well as OQ Chemicals' HSE standards and policies. They also support global cross-site and cross-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 respective documents or in the risk database. >> [Please refer to the Risk Management and Internal Audit Approach section](#)

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, odor, and light, soil protection), remediation)
- Occupational safety, industrial hygiene, healthcare and medical services
- Process safety
- Fire protection
- Permits
- Security

All OQ Chemicals employees receive appropriate training on the above topics to enable them to effectively contribute to HSE performance and HSE improvement processes.

HSE Committees and Councils

Each OQ Chemicals site has established HSE committees or councils, consisting of a site leadership team, HSE experts and employee representatives, who work together on HSE topics. At the German sites, the legally required "Arbeitsschutz- und Umwelt-Ausschüsse" (committees for occupational safety and the environment) 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 requirements but also standards and norms as described under the OQ Chemicals HSE policy. Safeguarding of products and services provided by OQ Chemicals is described under the Product Safety and Labeling section of this report. >> [Please refer to Product Safety and 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 damage." Incidents are categorized as environmental, fire and explosion or injury incidents.*

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

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) since the late 1990s and leading indicators since 2018.

The following table depicts the HSE performance (lagging indicators) within each category:

Number of Incidents

	2021	2022	2023
Environmental			
Major	0	0	0
Serious	2	3	1
Injuries (including contractors)			
Fatalities	0	0	0
LTI ¹	2	2	3
MTC ²	3	3	3
RWC ³	0	1	1
Fire and Explosion			
Major	0	0	0
Serious	0	0	0

¹LTI = Lost time incident

²MTC = Injury without lost time (Medical Treatment Case)

³RWC = Restricted Work Case

In 2023, there were no serious or major fire and explosion incidents. One environmental incident resulted from a small product release in a clean ditch, which was removed quickly with no impact outside the site.

Work-related injuries at OQ Chemicals are classified based on the Occupational Safety and Health Administration (OSHA) regulations as an internationally applied standard.

OQ Chemicals records injuries to its own employees as well as those of contractors, which are included in key figures and statistics.

Injury Rates

	2021	2022	2023
TRIF ¹	1.5	1.8	1.1
LTIF ²	0.6	0.6	0.9
OIR ³	0.3	0.4	0.3
LTIR ⁴	0.2	0.1	0.2
TMQ ⁵	0.9	0.9	1.0

¹Total recordable incidents per one million employees and contractor working hours

²Lost time incidents per one million employees and contractor working hours

³OSHA Incident rate = respective incidents per 200,000 working hours

⁴Lost time incidents per 200,000 working hours

⁵Thousand-Man Quota = reportable injuries in Germany per thousand employees

*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, explosions and smoldering fires (smoke) have occurred as a result of unintentional release of flammable substances or unintentional ignition of flammable materials.

The category (personal) injury is assigned to all incidents in which the physical well-being 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 OIR rate decreased to 0.3 (prior year: 0.4) and the LTIR rate increased to 0.2 (prior year: 0.1). For the German sites, the "Thousand-Man Quota" in 2023 was 1.0 (prior year: 0.9).

The main KPI for OQ Chemicals is the total recordable incident frequency (TRIF). The lower number of recordable injuries in 2023 led to a TRIF reduction of 37 %. Due to the slight increase in the number of lost time injuries, the LTIF has risen to 0.9.

Our good safety performance continued and improved in 2023. Nevertheless, our goal remains zero incidents.

As in previous years, there were no fatalities on our premises in 2023.

OQ Chemicals continues to use a reporting classification system for process safety based on API 754, a standard typically used in the oil and gas industry. 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. For more information, please visit <https://www.api.org/>.

Leading indicators are "before-incident measurements" – in contrast to lagging indicators, which evaluate past performance. 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 manage-

ment system and, ultimately, OQ Chemicals' safety culture.

The related key performance indicators (leading indicator KPIs) are targeted to have an impact on the overall HSE performance. Leading indicators will be followed for a minimum period of one fiscal year and are decided upon by the leadership of OQ Chemicals.

OQ Chemicals has succeeded in working on the further development of our environmental management, health and safety culture.

Medical Services

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

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.

OQ Chemicals conducts training for first responders at all sites.

Corporate Health Promotion Program

The health and well-being of 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 that OQ Chemicals employees can benefit from, either free of charge or a minor financial contribution.

Services include but are not limited to physical training and preventive courses (physical fitness, relaxation, smoking cessation training, nutritional coaching), participation in public sports events, and sponsored online courses. Program components vary at different OQ Chemicals sites, according to the needs and topics that match the specific preferences of the particular site. Remote employees can benefit from individualized offerings and online courses.

Activities are promoted through the intranet, informational flyers and posters, in meetings (such as the SIP meeting), email communications, or direct promotion by supervisors, including the necessary registration information.

Furthermore, OQ Chemicals uses the online platform "machtfit.de".

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

Financial Spending on Environmental Protection

At OQ Chemicals, we have and will continue to incur substantial ongoing capital and operating expenditures for environmental protection measures.

In 2023, €8,950,726 was invested in environmental protection, compared to €13,460,594 in 2022. The sum includes dedicated expenses for HSE activities and projects (e.g., waste management or emission control) and individual cost positions that can be linked to a direct impact on the environmental footprint.

Due to the strained economic situation, the amount spent on environmental protection was significantly lower than last year.

Costs for REACH, the 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.

Initiatives and Highlights 2023

Global HSE Day 2023

The Global HSE Day has been a successful campaign at OQ Chemicals for many years. The events, discussions and presentations taking place on this day help to deepen the topics of occupational safety, process safety, health and environmental protection.

Among other things, topics such as the prevention of accidents and the reduction of health risks were discussed in various formats and ideas were collected.

The HSE Day in 2023 emphasized how the relevant topics of health, safety and environment are anchored in our working environment.

I-Safety: HSE Awareness Campaign

In 2023 a campaign was launched at the German sites as part of the I-Safety program to maintain and reinforce the colleagues' awareness of work safety issues. 60 workshops were held with a total of 500 participants. The workshops were designed in a very practice-oriented manner and engaged employees in the prevention and the correct process in case of an incident.

Awards for Bay City and Bishop

In the United States, our commitment to safety has been recognized with several awards. The Bay City site received the "Caring for Texas Facility" award, reflecting our dedication to continuous improvement in community involvement, emergency response and sustainability. Both of our Bay City and Bishop sites were also honored with the "Dr. Sam Mannan Award for Zero Process Safety Incidents," showcasing our unwavering focus on safety. Furthermore, the Bay City site was awarded the "Zero Incident Award," highlighting our successful efforts in preventing workplace incidents and ensuring the safety of our employees and "Outstanding Participation by a Member Company" from Process Industry Practice. In the area of railroad product safety, OQ Chemicals received the 2023 Transportation Safety Pinnacle Award from Union Pacific Railroad for the third consecutive year. The prestigious award recognizes companies that had zero Non-Accident Releases (NARs) for shipments of regulated hazardous materials in tank cars. OQ Chemicals also

received the annual Product Stewardship Award for the safe transportation of hazardous materials by rail from BNSF.

Global Climate Change

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

Climate action demands genuine commitment, clear goals and pragmatic solutions. With our strategic company-wide program, *reduce*, to lower our greenhouse gas emissions, OQ Chemicals has set itself the goal of becoming climate-neutral by the middle of the century at the latest.

OQ Chemicals has defined global targets for the areas of energy, emissions and waste reduction, which outline the necessary steps towards climate neutrality. All three matters are strongly interlinked in our setup.

Engagement in Networks and Cross-Sectoral Cooperations

Recognizing the importance of collaboration and shared learning to achieve the goal of climate neutrality, OQ Chemicals actively participates in various networks and cross-sectoral cooperations such as the "Energy Efficiency and Climate Protection Network", in4climate and HydrOB. These partnerships facilitate the exchange of experiences, mutual learning and support. By engaging in these networks, best practices are implemented and innovation in sustainability efforts is fostered.

What does climate neutrality entail for OQ Chemicals?

With the goal of achieving climate neutrality by the middle of the century at the latest, OQ Chemicals is committed to eliminating greenhouse gas emissions throughout the organization. As the main framework to guide this transition, *reduce* relies on the standards of the Greenhouse Gas Protocol and encompasses the direct emissions from production activities (Scope 1), the indirect emissions from purchased energy (Scope 2) and indirect emissions associated with, raw materials, transportation of products commuting by employees, among other areas (Scope 3). Any emissions that cannot be avoided will be offset via contributions to climate protection projects and nature-based solutions.

To contribute to the efforts to reduce CO₂ emissions and reach climate neutrality, OQ Chemicals has established short-, mid-, and long-term targets for our production sites globally:

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

Additionally, a Scope 3 target for the year 2030 is being developed, as Scope 3 emissions are integral to achieving climate neutrality. OQ Chemicals is also actively working on a comprehensive roadmap that details our path to achieving climate neutrality by 2045. This roadmap encompasses several fields of action, including energy efficiency, energy supply, carbon efficiency, feedstocks, logistics & mobility, as well as carbon capture and storage (CCS) & compensation. Through these efforts, we aim to reduce our carbon footprint targeted and lead the way in sustainable practices. In each of these fields of action, a range of initiatives is being launched to maximize reduction potential and make significant progress towards our CO₂ reduction goals.

OQ Chemicals' global goals are based on the reduction targets of the UN Climate Change 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.

Corporate Carbon Footprint

In order to understand the impact of our corporate activities on the climate, a complete inventory of the relevant greenhouse gas emissions is essential, and direct (Scope 1) and indirect emissions (Scope 2) have been determined for several years.



**Energy
Efficiency**



**Energy
Supply**



**Carbon
Efficiency**



Feedstock



**Logistics
and Mobility**



**CCS and
Compensation**

The Greenhouse Gas Protocol (GHG Protocol) was selected as the relevant standard for calculating emissions. In accordance with the GHG Protocol, OQ Chemicals chose the "Control Approach" with "Operational Control" for setting the organizational boundary. A total of six production sites and six administrative offices were included within the organizational boundary for OQ Chemicals.

The following table shows the emission sources included in OQ Chemicals' operational boundary.

For the calculation of emissions, all greenhouse gases defined by the United Nations Framework Convention on Climate Change (UNFCCC), namely carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF₃) and perfluorocarbons (PFCs), have been considered.

The main contributors to direct CO₂ emissions generated by OQ Chemicals' activities are the generation of energy (steam and electricity) at Oberhausen and the Bay City site, based on distillation residues, off-gas and natural gas. At the Bay City site, the generation of synthesis gas (CO/H₂) for the hydroformylation process

also contributes to direct CO₂ emissions. OQ Chemicals purchases additional energy required for its processes in the form of electricity, steam, hot water, or refrigeration, which causes emissions at its energy suppliers. For OQ Chemicals, these are indirect Scope 2 emissions.

Scope 3 emissions were calculated for 2022 to facilitate further analysis and identify fields of action. Based on these calculations, around 80% of OQ Chemicals' corporate carbon footprint consists of Scope 3 emissions. 2023 have not been calculated yet, the composition of the individual categories of Scope 3 emissions has remained unchanged this year.

We are dedicated to actively reducing emissions in the relevant areas and will continue to calculate Scope 3 emissions in the future. As the monitoring of Scope 3 emissions and, above all, the engagement in discussions and cooperation with suppliers and customers is crucial to jointly identify and implement reduction opportunities. Further information on the calculation of Scope 3 can be found in our Sustainability Report 2022 [Sustainability Report | OQ Chemicals](#).

The sum of Scope 1 and 2 emissions decreased by 18% in 2023 compared to the 2017 baseline and by 8 % compared to last year. This effect resulted from reduced natural gas demand and through the lower quantities of by-products for energetic use due to lower production volumes.

Emission sources

Scope	Emission Source
Scope 1 – direct emissions	Fuels
	Company-owned vehicles
	Refrigerants
Scope 2 – indirect, energy-related emissions	Electricity
	Steam
Scope 3 – other indirect emissions	Purchased goods
	Business travel
	Employee commuting
	Waste generated in operations
	End-of-life treatment of sold products
	Upstream transportation and distribution
	Indirect emissions related to energy and fuels

Indirect Scope 2 emissions decreased by 43% compared to 2017. The reduction was achieved by significantly increasing the share of purchased renewable electricity at production sites and administrative buildings.

Other Emissions to Air

The generation of NOx in 2023 increased compared to 2022 and is back to the same level as in 2021. Additional technical measures were implemented last year to further reduce our emissions.

Energy

OQ Chemicals aims to become a climate-neutral company by the middle of the century at the latest. To achieve this, we are working to implement low-emission technologies, replacing fossil fuels such as natural gas with electricity from renewable sources.

In 2019, we set ourselves the following energy reduction goal:

OQ Chemicals intends to reduce its energy consumption globally by 10% by 2025, by increasing energy efficiency and/or reducing its absolute consumption

where applicable (base year 2017).

The scope for the implementation of appropriate measures covers the production sites globally. At our largest site in Oberhausen, 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 power plant is also the main provider of energy for our site partners – ensuring a fully integrated energy network and reducing the use of primary raw materials. Furthermore, OQ Chemicals' power plant is also an important provider of district heating to "Energieversorgung Oberhausen AG" (EVO), contributing to an overall reduction of direct CO₂ emissions in the municipal area.

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 reuse of waste (residues from the production units) in a closed cycle represents by far the largest share for energy generation.

In Bay City, OQ Chemicals produces steam for its own production and the entire site is based on distillation residues, waste gas and natural gas.

As part of the ISO 50001 energy management system, energy projects at the European sites from 2017 to 2023 resulted in total energy savings of 3.8% (26 GWh in total). As a contribution to reduce energy consumption in 2023, equipment for cooling technology was replaced by a more energy-efficient one.

Greenhouse Gas Emissions [tCO₂e]

	2017 (base year)	2021	2022	2023
Scope 1	624,140	599,973	604,489	548,519
Scope 2*	137,539	140,180	76,248	78,774
Scope 3	–	–	3,674,980	–

* Scope 2 emissions are determined using the market-based approach for all sites.

Other Emissions to Air [metric tons]

	2021	2022	2023
NOx	618	564	625
SOx	5	4	10
VOCs	238	198	227
Particulate matter	113	52	56

In 2023, energy consumption significantly decreased at our largest sites in Oberhausen and Bay City due to lower production capacity utilization.

Renewable Energy

In 2022, OQ Chemicals set a goal for renewable energy: [OQ Chemicals aims to purchase 100% of its electricity from renewable sources by 2030.](#)

The first steps have been accomplished within the *reduce* initiative and through initial contracts with energy suppliers to ensure that the purchased electricity is covered by renewable electricity certificates (RECs).

By the end of 2023, OQ Chemicals had already sourced over 65% of electricity purchased for all production sites globally from renewable sources.

Water Consumption

OQ Chemicals is committed to using 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 that will become even more important in the future due to changing climate conditions around the globe.

A major area of water use is 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 reused and recycled multiple times in cooling cycles within our production processes.

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

The main source of 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-to-medium-risk water stress locations.

Energy Consumption [GWh]

	2021	2022	2023
Total energy consumption	2,344	2,783	2,450
Energy consumption from fuel	2,663	3,044	2,789
Electricity consumption from external sources	320	321	223
Heating consumption from external sources	0	0	0
Cooling consumption from external sources	0	0	0
Steam consumption from external sources	669	462	461
Electricity sold	-202	-187	-163
Heating sold	-200	-132	-144
Cooling sold	0	0	0
Steam sold	-906	-726	910

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

* 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.

OQ Chemicals is in close interaction with the Lower Colorado River Association (LCRA) as the water supplier and has a documented water conservation plan in place.

OQ Chemicals does not source any water from high-risk water stress areas.

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

In 2023, water consumption at all sites was comparable to 2022.

Effluents and 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 pretreatment facility is operated by a contractor company. After pretreatment, the low-concentration wastewater is 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.

Global Water Withdrawal [m³]

	2021	2022	2023
Total water withdrawal	8,668,835	10,043,167	10,063,024
Surface water	4,888,835	6,382,062	6,609,756
Groundwater	25,195	41,492	29,034
Rainwater stored by the organization	53,139	34,394	27,842
Wastewater from other organizations	395,682	323,202	330,067
Municipal water supplies or other water utilities	3,306,569	3,262,017	3,066,325

Entails water withdrawal for Bay City and Oberhausen sites including site partners.

Waste Figures [metric tons]

	2021	2022	2023
Total hazardous waste	69,753	63,924	56,540
Hazardous waste, recycling	81	3,247	2,234
Hazardous waste, energy recovery	64,490	58,951	52,693
Hazardous waste, incineration	3,887	1,636	1,120
Hazardous waste, other disposal	1,295	88	493
Total non-hazardous waste	6,178	5,050	4,954
Non-hazardous waste, recycling	331	2,061	2,191
Non-hazardous waste, energy recovery	2,063	0	827
Non-hazardous waste, incineration	34	2,290	1,340
Non-hazardous waste, other disposal	3,750	699	596

In Bay City, OQ Chemicals runs wastewater treatment units, which comprise a physical and 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 part of the effluents. Furthermore, the wastewater is treated biologically at the wastewater treatment plant of the "Emschergerossenschaft (EG)."

The total volume of waste continues to decrease in line with the trend of recent years.

With over 80 years of extensive experience in the production of oxo chemicals, OQ Chemicals operates its production units in a highly efficient manner. Our value chain of Oxo Intermediates and Oxo Performance Chemicals is highly integrated, and the by-product of one reaction builds the starting material for another production chain. In this way, the generation of "waste" as materials for disposal is kept to a minimum.

OQ Chemicals is committed to working on further improvements in carbon efficiency in projects across the value chain 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.

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 section* by 2025 (base year 2017).

For the disposal of waste (solid and liquid waste), OQ Chemicals cooperates with qualified and specialized waste disposal companies globally. All OQ Chemicals sites have waste management systems in place. Our sites in Marl and Bishop are connected with the waste management systems of Evonik and Celanese.

Product Safety and Labeling

As a manufacturer of Oxo Intermediates and Oxo Performance Chemicals, OQ Chemicals is responsible for the safe handling and usage of its sales products. All our sales products are 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 Product Stewardship and Quality Management (PSQ) department of our company.

OQ Chemicals' safety data sheets (SDS) entail all safety-related information necessary for the specified use of the product. This includes information on the composition and ingredients of the product.

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. Automated electronic distribution ensures that customers receive the latest SDS before the first delivery of a product or when an SDS has been updated. All SDS are published on the company's webpage: [Products | OQ Chemicals](#).

In 2023, no incidents were reported related to documentation and labeling of OQ Chemicals products.

Global chemicals regulations

Being an importer and exporter of chemicals in the European Union, OQ Chemicals is responsible for the REACH registration of the company's end products and intermediates and the provision of data regarding product safety and impact on the environment.

"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."*

* The European waste hierarchy refers to the five steps included in Article 4 of the Waste Framework Directive; Prevention, Reuse and Preparation for Reuse, Recycling, Recovery and Disposal.

* Citation from the ECHA website

As of 2018, the initial registration deadline for existing substances produced or imported in volumes of one ton or more per year has expired. Companies must have their substances fully registered to continue manufacturing or importing them legally. This follows the general principle of REACH Article 5: "No data, no market."

That means all the needed requirements in REACH consortia as a member and particularly as the lead registrant for these consortia must be fulfilled.

As an international producer of chemicals, OQ Chemicals also actively pursues registrations of its substances under further jurisdictions, e.g., in South Korea, the UK or Turkey. KKDIK and UK-REACH are adaptations of the EU REACH regulation by Turkey and the UK, respectively. Korea-REACH (K-REACH) is an independent chemical management framework implemented by South Korea. Like the EU REACH, each of these regulations is designed to ensure the safe handling, registration and evaluation of chemicals within their respective jurisdictions.

As a member of CEFIC and their specific subgroups, OQ Chemicals has taken part in the activities of the "Evaluation Network of Experts," a working group dedicated to the process of improving the quality of the dossiers. OQ Chemicals also acts as an active member of the VCI (Verband der Chemischen Industrie, German Chemicals Industry Association) dealing with the implementation of REACH regulatory matters.

OQ Chemicals does not have any sales products in its portfolio that are considered Substances of Very High Concern (SVHC) or persistent, bioaccumulative, and toxic substances (PBT).

Responsibility for these activities lies within the PSQ (Product Stewardship and Quality Management) organization.

Social Performance



SOCIAL PERFORMANCE

Our employees are our most important resource. OQ Chemicals believes in the value of its employees and the diversity and experience they bring to the company. Our company core values build the basis for all our decisions and activities.

Continuity and Challenges in the Reporting Year

Corporate social responsibility is a key element of our business strategy. Our commitment in this area is an expression of the way we see ourselves as a responsible employer and as an active member of society. In this reporting year, we once again made a clear commitment to these values and adhered to our proven strategy.

Nevertheless, some of our ambitious plans in the area of personnel development and talent management could not be implemented as planned due to necessary structural changes.

The structural measures implemented in the reporting year will strengthen OQ Chemicals for the long term and enable the company to sustain a profitable business model geared to the company's needs and help us to pursue our social goals in an even more targeted manner.

Human Resources Department

The mission of our Human Resources department is to enable OQ Chemicals to perform at its best by attracting, developing and retaining the right people with the right skills, at the right time and at the right cost.

Local responsibilities are shared between **HR Services** and our **HR Business Partners**. The HR Services team is the point of contact for day-to-day administrative matters for employees, including taking care of payroll and time recording, among other tasks.

HR Business Partners work closely with various levels of management to support the implementation of the HR strategy within their departments (e.g. future staffing needs, training needs, organizational structure).

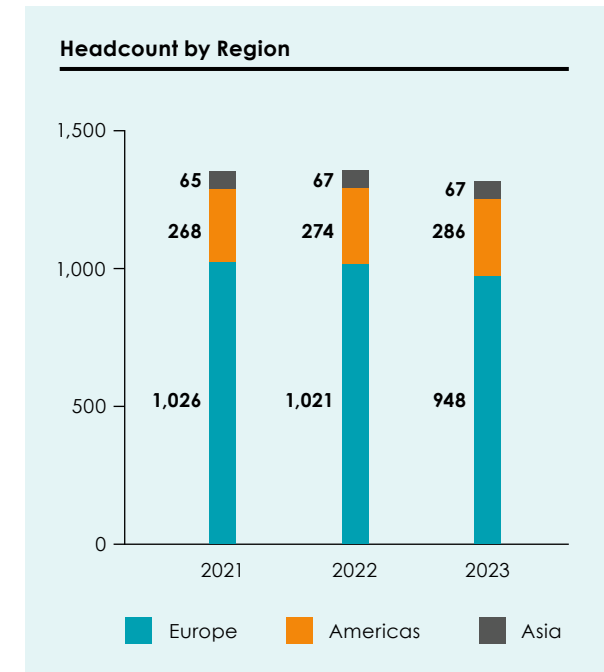
The **Apprenticeship function** is responsible for the development, organization and implementation of the vocational training required for OQ Chemicals and site partners in Germany. This function is also critical to mitigating the risk of talent shortages in the market.

The purpose of the organizational structure is to enable OQ Chemicals to bring out the best in its workforce in order to achieve the overall strategic targets.

Headcount and Relevant KPIs

The number of people employed by OQ Chemicals in the 2023 financial year was 1,301 (recording date: December 31, 2023, excluding apprentices). In 2023, 79 new qualified staff members were hired worldwide (60 in the Americas, 17 in Europe and two in Asia).

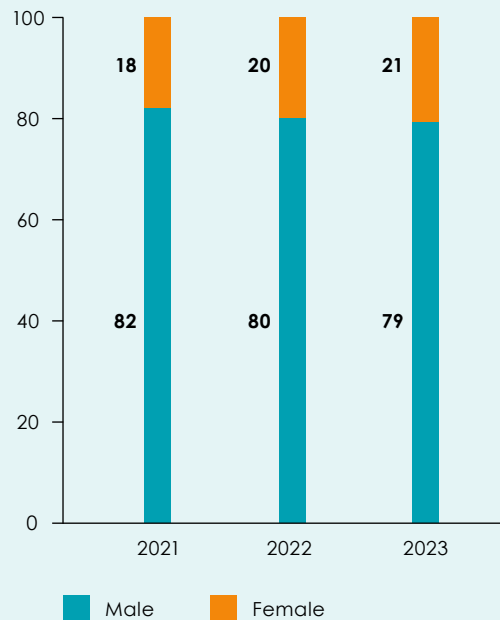
As part of OQ Chemicals' recent restructuring process, the organization was adjusted, particularly at the German locations. This change is also reflected in the chart below. Operations and engineering account for approximately 74% of our workforce. Further KPIs can be found in the following diagrams:



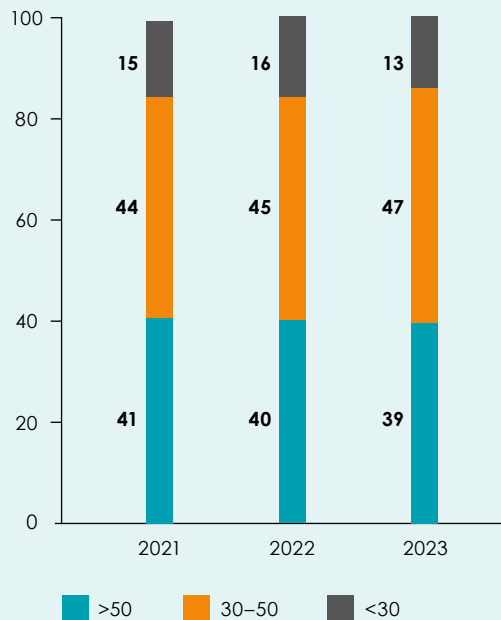
At 21%, the percentage of female employees is within the typical range in the chemical industry. The number has increased by 1% compared to 2022.

21% of leadership roles at OQ Chemicals are held by female employees.

Employees by Gender in %



Employees by Age in %



Apprenticeship – Young Talents

In Oberhausen, OQ Chemicals plays an important role as an employer. Offering apprenticeships in technical and commercial areas makes OQ Chemicals 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.

In 2023, all apprentices were offered a permanent position within OQ Chemicals after successfully completing the program, which 78% accepted. The apprenticeship program is an important pillar to balance out demographic changes. In 2023, 27 apprentices finished their education and 21 started a permanent job at OQ Chemicals.

With 14 new apprentices, a current total of 46 junior employees worked and studied at OQ Chemicals' own center for vocational education and on the job in 2023.

Performance Management & Evaluation

All employees receive an annual performance appraisal based on a structured process, which is usually conducted by the employee's direct supervisor and should be accompanied by a mandatory mid-year review.

One of the feedback tools in the performance management system is the employee performance review for managers and employees. Employees are assessed using predefined categories. An assessment scale is used to grade the achievement of the requirements of each category. The results are officially recorded and evaluated by the Talent Management team to define individual training needs, which will be scheduled and implemented together with the organizational units. All non-managerial staff are covered by feedback sessions with their supervisors.

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

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. OQ Chemicals' employees in Europe can also benefit from the programs presented in the following paragraphs.

OQ Chemicals provides a 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 offers flexible working hours (respecting core requirements) and private accident insurance for all European employees. Long-term accounts are offered for German employees. This model offers the possibility to save parts of the salary or extra working hours in order to retire prematurely or schedule a personal break while still receiving salary payments. The above-mentioned benefits represent only a selection of the range and are offered to permanent, full-time and part-time employees.

At the US sites, OQ Chemicals offers flexible working hours with certain core requirements. Each employee must work 30 hours per week to be considered a full-time employee and eligible for benefits. Employees are eligible for all benefits offered upon hire, including medical, dental, life, accidental death and dismem-

berment insurances, and short-term 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's contributions and contribute an additional 5% of the employee's biweekly salary to the account every pay period.

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 operates.

Collective Bargaining Agreements

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

All European employees of OQ Chemicals are covered by collective agreements and have elected works councils in place. In Amsterdam though, employees have elected representatives instead due to the size of the site. In the event of a violation of employee rights, all employees can turn to the respective works council or their elected representatives. In 2023, 62% of all OQ Chemicals employees globally were covered by collective bargaining agreements.

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

Local Community Involvement

Our contribution to the community and the support we give to social projects are of great importance to us. In 2023, we have continued to support local initiatives and reaffirm our role as a responsible corporate citizen. We did postpone some of our planned charitable projects until next year, as resources had to be reallocated during the reporting year.

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