

The power of

*science &
sustainability*

Better science to solve the world's
toughest preservation challenges



Dear Stakeholders,

In 2023, Arxada demonstrated the power of a purpose-driven organization to deliver value and positively impact the way our business is conducted. Our annual sustainability report - The Power of Science & Sustainability is a great opportunity to share the progress Arxada is making in our sustainability journey. It is an exciting time to be part of our organization, as we innovate to address global trends and drive positive change for both Arxada and our valued partners.

We recognize how important it is for our industry to mindfully focus on sustainability, acknowledging the direct contribution our actions have on the environment, society and the communities we serve. Our dedicated team, more than 3,000 strong, work to meet the growing demand for cutting-edge, sustainable products and solutions that not only align with our sustainability objectives but also empower our customers to do the same, complementing their global efforts.

Whether rethinking disinfectant formulations to lower carbon footprints with our Nugen® line, innovating cosmetic solutions towards more natural formulations through Geogard® Boost PGC, or finding new ways to preserve wood products as a sustainable alternative to industrial timbers with our Tanasote® offering, companies today must respond to stakeholders' demands for sustainable products, sourcing, operations and transparency.

From reducing carbon emissions to promoting circular economy practices, we are committed to making tangible, measurable impacts. We regularly evaluate our manufacturing and operational processes to maximize efficiency and minimize our environmental footprint.

Our successes are driven by the talent and dedication of our associates worldwide. We strive to provide a work environment that prioritizes safety above all else, while our behaviors provide a roadmap for our associates to collaborate and innovate with confidence. We are cultivating a culture that celebrates our diversity and how our differences help us provide better solutions to our customers and better serve the communities where we work and operate.

Looking ahead, we are enthusiastic about continuing our advancement towards positive change, both within our organization and on a global scale. With a focus on innovation and sustainability, we are confident that we will drive meaningful progress and create a more sustainable future for generations to come.

We sincerely appreciate your ongoing support of Arxada and collaboration as we work together to build a more sustainable world.

Many thanks,

Sanjeev Rastogi
Chief Executive Officer



Our business & sustainability

Our business, purpose and values

Arxada is a standout player in the global specialty chemicals market, with its headquarters in Switzerland. Established in 2021 through the carve-out and acquisition of Lonza Specialty Ingredients by Bain Capital and Cinven, as well as the sub-acquisitions of Troy Corporation and Enviro Tech, Arxada has a leading presence in the industry. Specializing in cutting-edge microbial control solutions and performance additives, Arxada has a rich history in the specialty chemicals sector. The company offers the largest selection of biocidal active ingredients and the widest range of preservative and disinfectant options in the market.

Arxada's unique backward integration capability at its production site in Visp, Switzerland, enhances environmental efficiencies and is a market differentiator. This positioning allows Arxada to assist customers in meeting the growing demand for sustainable products that protect human health, infrastructure, and the environment. By focusing on addressing global microbial control challenges, Arxada is committed to advancing sustainability in the industry.

Arxada focuses on multiple end-markets, primarily in Human Health and Nutrition, Home & Personal Care, Paints & Coatings and Wood Protection. It provides a broad portfolio of differentiated products and solutions. This is supported by science and innovation capabilities, in-depth regulatory know-how and a proven record in manufacturing and process development. Arxada has a global footprint spanning 24 production sites and 14 research and development centers. Our team of 3,400 dedicated associates serves a diverse array of industries, striving to innovate and overcome obstacles to achieve high performance. We are driven by a passion for empowering individuals to reach their full potential, whether it be within our own organization or for our partners and customers.

Collaborating closely, we work diligently to fulfill Arxada's purpose:

"Better science to solve the world's toughest preservation challenges."

Operating locations



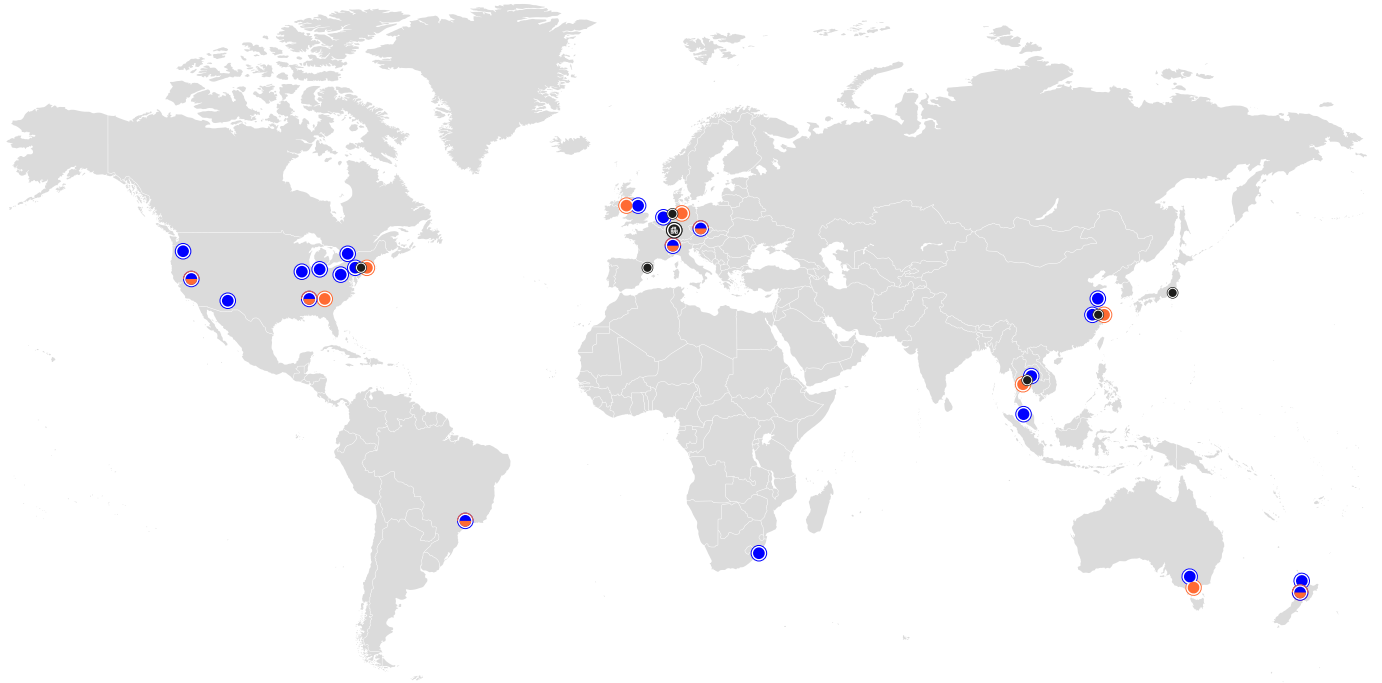
3,400
Employees



24
Production sites



14
R&D sites



Site Legend

<p> Headquarters</p> <ul style="list-style-type: none"> – Basel (Switzerland) <p>Main Commercial Sites</p> <ul style="list-style-type: none"> – Center of Excellence (Barcelona) – Bangkok (Thailand) – Delft (Netherlands) – Morristown (NJ, USA) – Shanghai (China) – Tokyo (Japan) 	<p> Research & Development</p> <ul style="list-style-type: none"> – Alpharetta (GA, USA) – Bangkok (Thailand) – Florham Park & Morristown (NJ, USA) – Hannover (Germany) – Manchester (UK) – Melbourne (Australia) – Shanghai (China) 	<p> Manufacturing</p> <ul style="list-style-type: none"> – Auckland (New Zealand) – Helena (AR, USA) – Huddersfield (UK) – Horhausen (Germany) – Kabin Buri (Thailand) – Kalama (WA, USA) – Mapleton (IL, USA) – Moerdijk (Netherlands) – Nanjing (China) 	<p> Combined R&D/Manufacturing</p> <ul style="list-style-type: none"> – Newark (NJ, USA) – Penang (Malaysia) – Port Shepstone (South Africa) – Rochester (NY, USA) – Suzhou (China) – Trentham (Australia) – Valparaiso (IN, USA) – Williamsport (PA, USA) 	<p> Combined R&D/Manufacturing</p> <ul style="list-style-type: none"> – Conley (GA, USA) – Modesto (CA, USA) – New Plymouth (New Zealand) – Kourim (Czech Republic) – Salto (Brazil) – Visp (Switzerland)
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Our purpose revolves around the importance of protecting both society and the environment. This protection helps to maintain the health of people, improve the longevity and efficacy of vital infrastructure, while safeguarding the future of our planet. To help us achieve this, we follow a set of core values that reflect the longstanding commitments of our heritage companies.



Safety & health

Our unwavering commitment to safety and health for all is a top priority. This encompasses our associates, our contractors, our customers and the people in the communities where we operate.



Ethical behavior

We are esteemed corporate citizens on a global stage. We behave in accordance with the highest ethical standards, and in compliance with all applicable regulations and laws.



Respect for people and planet

We treat all people with professionalism, dignity and respect, fostering an environment of collaboration, innovation and excellence. We provide science-led solutions for our customers, seeking best practices without harm to natural resources now and always.

Our products

We use science, innovation and collaboration to work towards minimizing our ecological footprint to create a sustainable future. Our broad portfolio of products and services helps our customers meet their own sustainability goals. It has been designed to be more efficient, effective and to enhance society and the planet.

Microbial Control Solutions

PEOPLE

- Professional hygiene
- Food and beverage
- Home and personal care

INFRASTRUCTURE

- Wood protection
- Paints and coatings
- Material protection

PLANET

- Water treatment
- Crop protection
- Energy

Nutrition, Care and Environmental

PEOPLE

- Vitamin ingredients

INFRASTRUCTURE

- Composite materials

PLANET

- Custom development and manufacturing organization (CDMO)

Developing our sustainability strategy

At Arxada, we prioritize sustainability and environmental responsibility, and we strive to make a positive impact on both people and the planet. Building on the momentum established in our 2022 inaugural report, we remain committed to leveraging the results and insights gathered from our key stakeholders and investors to shape our sustainability strategy. Arxada's sustainability strategy was formed on a foundation of three critical pillars that ground our responsibilities to associates, customers, investors, owners and the communities where we work and operate.

The Planet Pillar represents our approach to operating in an environmentally responsible manner. We are committed to being a climate leader and achieving Net Zero by 2050 in line with the 2015 Paris Agreement. We recognize the need to make immediate progress, so we have set ambitious yet achievable goals for reducing greenhouse gas (GHG) emissions, validated by the Science Based Targets initiative (SBTi) in 2023. We are also focusing on establishing a roadmap for our water strategy, beginning with a comprehensive water policy covering all Arxada manufacturing sites by 2024. We pledge to evaluate and reduce our water impact in the regions where we operate. Through science, innovation and collaboration, we work towards minimizing our ecological footprint to create a sustainable future.

The Preservation Pillar is at the core of Arxada's purpose: better science to solve the world's toughest preservation challenges. The products and solutions we provide are key enablers of the UN Sustainable Development Goals (UN SDGs), promoting positive impact on the climate and wellbeing of society and conservation of resources. Arxada is committed to delivering low-carbon products that allow our customers, society and the planet to benefit from more sustainable solutions. We align our innovation investments to the UN SDGs, advocating for responsible, science-supported, risk-based decision-making, and strategically partner with our suppliers to ensure responsible sourcing. Product safety is a top priority. We are regularly developing new and inventive offerings, systems and services that provide more sustainable value to our customers. Our compliance with current regulations and industry standards helps support our products' safety for all they serve, including associates, consumers and society throughout their lifecycle. By adhering to current regulations and industry standards, we are designing products that are intended to be safe throughout their entire lifecycle.

The People Pillar reiterates that the people of Arxada are the most important ingredient to our success. At the heart of this recognition is a commitment to ensuring world-class health and safety performance for our associates. Our safety goals have the ultimate vision of zero injuries and incidents. We also proudly commit to an engaging work environment that values diversity and inclusion, a culture where all

associates can be their true selves, thrive and grow. We aspire to improve our associate engagement and expand inclusion and wellbeing to be active members of the communities in which we operate and live, and to be a positive force for change.

Social responsibility is a key component of our business operations. We are working to have a positive impact on society and the environment. As a best practice, we routinely seek input from stakeholders and investors and are continuously refining our approach to reflect priorities.

Collaboration is a powerful way to drive innovation, solve complex challenges and achieve sustainable growth. That is why we are committed to a culture of transparent communication, mutual respect, engagement and teamwork. By prioritizing collaboration at all levels, we can leverage unique perspectives and individualized expertise to deliver broader value and positive impact. We expect our suppliers and service providers to adopt and comply with standards comparable to our policies.

Our Executive Leadership Team (ELT) is jointly responsible for this strategy, setting goals focused on its advancement and tracking progress together.

"The People Pillar reiterates that the people of Arxada are the most important ingredient to our success."

Arxada's Sustainability Strategy



Planet

Decarbonizing our operations with respect for natural resources on our path towards net zero.

Preservation

Protecting and maintaining the health and wellbeing of people, improving the longevity and efficacy of vital infrastructure while supporting the health of our planet.

People

Caring for people and communities, creating safe, healthy and inclusive workplaces where everyone can thrive and grow.

Net Zero by 2050

Reducing our scope 1, 2 and 3 emissions to zero or to a residual level by 2050, and neutralizing any residual emissions (approved by the SBTi).¹

Advancing the UN SDGs through sustainable preservation

Align Arxada innovation pipeline with goals and targets of UN SDGs by 2024.²

Towards world-class health and safety throughout our operations

Achieve by 2030:

- TRIR (Total Recordable Injury Rate) < 0.3
- LTIFR (Lost Time Injury Frequency Rate) < 0.1.³

50% reduction of scope 1 and 2 emissions and 28% reduction of Scope 3 by 2030 (approved by the SBTi).¹

Advocacy leadership for science-based decision making for a sustainable future

Collaborate, drive and sponsor > 50 scientific advocacy events by 2030.⁴

Creating an engaging and inclusive culture where all associates thrive and grow

Improve year-over-year associate scores on satisfaction, engagement, diversity & inclusion and wellbeing as measured in our survey engagement.

Water

Implement a water policy to all manufacturing sites by 2024.

Responsible sources: addressing sustainability in our supply chain

100% of key suppliers to complete a comprehensive ESG assessment by 2030.⁵

Community engagement and positive impact through volunteering

Hold at least 24 community events per year across our operations.⁶

Sustainability-linked instruments

As the first of its kind for a private equity transaction, Arxada has committed to reducing its environmental impact during its early growth stage. Arxada was partially financed through sustainability-linked loan facilities and sustainability-linked bonds (Sustainability-Linked Financial Instruments), with support from our sponsors Bain Capital and Cinven. A Sustainability-Linked Financial Instrument has financial and structural characteristics that can vary depending on whether the issuer achieves material, ambitious, pre-determined, regularly monitored and externally verified sustainability objectives. Therefore, Sustainability-Linked Financial Instruments present an additional incentive for the issuer to meet future commitments to improve sustainability in areas considered material to overall business operations.

By embedding targets against its Key Performance Indicators (KPIs) into Sustainability-Linked Financial Instruments, Arxada continues to ensure transparent disclosure of our progress toward these KPIs, which aligns with our values and vision for the future. The adopted KPIs tied to the Sustainability-Linked Financial Instruments are (i) our greenhouse gas ("GHG") emissions intensity and (ii) waste intensity with target reductions set from a 2018 baseline. To date, we have exceeded both targets. A Sustainability-Linked Financing Report is provided annually to investors outlining Arxada's progress against the KPIs for each instrument. See our assurance report for our 2023 KPI observation date [here](#).

More information on how we are working to improve our GHG and waste impact and meeting our targets can be found in the Planet Pillar content to follow.

¹ From our 2021 baseline.

² As per the WBSCD PSA or another 3rd party validated methodology.

³ Rates are calculated as the number of injuries or incidents in the reporting period x 200,000 / Total hours worked in the reporting period).

⁴ Advocacy to advance external science-based decision making that drives sustainable preservation.

⁵ Our key suppliers make up approximately 20% of our supplier base and account for approximately 80% of our spend. With a comprehensive ESG assessment, we intend an evaluation that goes beyond legal and mandatory obligations.

⁶ Our community engagement target is driven by our number of manufacturing sites. In 2023, Arxada had 24 manufacturing sites globally. See ['Our Business, Purpose and Values'](#) section for a list of these sites.



Sustainability governance

Our corporate governance plays a vital part in the success of our business and our sustainability strategy. We incorporate the highest level of oversight and due diligence, establishing the right policies and mechanisms to guide ethical business practices, ensuring adherence to recognized sustainability certifications.

A complete overview of our 2023 site certifications and publicly available policies supporting our sustainability efforts are available on our [Resources & Downloads page](#).

Our board and sustainability responsibility

Our 10-member board of directors is responsible for overseeing Arxada's sustainability strategy, risk management and corporate reporting. We have three committees that report directly to the Board: the sustainability committee, audit committee and people committee.

The sustainability committee is responsible for oversight of Arxada's sustainability strategy and goals, including the measurement, improvement and reporting of our environmental impact plans. The sustainability committee ensures that we embed sustainability into our operations and innovation strategy, and that our sustainability goals meet or exceed industry standards. Furthermore, the committee ensures effective tracking and communication of progress on sustainability goals throughout the organization. This committee is composed of four representatives from Bain Capital and Cinven, plus participants including our Chief Executive Officer (CEO) and Chief Technology & Sustainability Officer (CTSO).

Our audit committee assists the board in overseeing various aspects concerning members, potential members, the investment community and other stakeholders. This includes ensuring the integrity of the company's financial statements, evaluating the effectiveness of the company's internal controls over financial reporting, selecting the independent auditor, assessing the auditor's qualifications and independence, monitoring the performance of the company's internal audit function and independent auditors, and managing other committee responsibilities. This committee consists of three members from Bain Capital and Cinven, with participation from our CEO and Chief Financial Officer.

The people committee is responsible for providing strategic input to advance a transformational people agenda that focuses on building a great workplace and supporting our strategic capabilities. Our people committee consists of four representatives from Bain Capital and Cinven, and one independent director, plus participation from our CEO and Chief People Officer.

Our sustainability team is fully integrated throughout our enterprise. Our Chief Technology & Sustainability Officer is accountable for developing an overarching strategy and reporting to the Board. He is responsible for scientific advocacy and sustainable innovation within the Preservation Pillar. Our Chief People Officer is accountable for developing, reporting and deploying strategies related to our People Pillar linked to inclusive culture, community engagement and impact. Our Senior Vice President, Integrated Operations, is accountable for the strategy linked to the many aspects of our Planet Pillar, Sustainable Procurement within our Preservation Pillar and Health & Safety within our People Pillar.

Board of directors

Our board of directors is responsible for overseeing Arxada's strategy, risk management and corporate reporting and approves our overall sustainability strategy.

Sustainability committee

The sustainability committee is responsible for oversight of Arxada's sustainability strategy and goals, including the measurement, improvement and reporting of our environmental impact plans.⁷ The sustainability committee ensures sustainability goals are clearly defined, that sustainability goals meet or exceed industry standards, and that Arxada is held accountable for progress against those goals.

People committee

The people committee is responsible for providing strategic input to advance a transformational people agenda focused on building a great workplace and supporting our strategic capabilities.

Executive Leadership Team

The ELT is responsible for managing our day-to-day business and defining our overall strategy, including our purpose, vision and sustainability strategy.

Audit committee

The audit committee assists the board with its oversight responsibilities to the members, potential members and the investment community relating to: (i) the integrity of the company's financial statements; (ii) the effectiveness of the company's internal control over financial reporting; (iii) selection of the independent auditor and assessment of the independent auditor's qualifications and independence; (iv) the performance of the company's internal audit functionality and independent auditors; and (v) the performance of the other committee functions.

Sustainability team

The sustainability team reports to our Chief Technology & Sustainability Officer. The team plays a key role in setting sustainability goals, meeting external standards and certifications, tracking and communicating progress against goals and driving the implementation of our sustainability strategy.

Business ethics

Our ethics and compliance policies, including a [Code of Conduct](#), [Supplier Code of Conduct](#), [Anti-Bribery Policy](#), [Business Gift Policy](#), [Antitrust Policy](#) and [Whistleblower and Non-Retaliation Policy](#) help ensure our associates act with utmost integrity in all operations. We have continued to build on the compliance program that we launched in early 2022 by customizing training programs on topics such as Anti-Bribery, Conflicts of Interest, Antitrust, Harassment, Discrimination, Confidential Information and Computer Security and Export Control. Our associates undergo annual training on our [Code of Conduct](#). We also offer periodic live and webinar training globally on a wide range of ethics and compliance topics. Our customized training programs take into consideration particular risks that may exist in a region and local laws and regulations.

We emphasize a culture of compliance and business ethics through training, written materials and our internal platforms, including our intranet and our One Arxada channel. All associates have access to our Whistleblower Hotline, which is accessible by phone and via an online portal and accessible directly from our intranet. The Whistleblower Hotline is available 24 hours a day and in all our operating languages throughout the world. Hotline reporters may choose to remain anonymous. Associates who raise concerns are protected through our Whistleblower and NonRetaliation Policy.

⁷ GHG, waste and water.



About the 2023 sustainability report

Herens Midco S.a r.l. is a private limited liability company incorporated under the laws of Luxembourg on January 28, 2021. Arxada AG and Troy Corporation are indirect subsidiaries of Herens Midco S.a r.l. and operate under the name Arxada. Arxada's operational headquarters are located in Basel, Switzerland.

This sustainability report, available for download on [arxada.com](https://www.arxada.com), covers activities from January 1, 2023, through December 31, 2023, unless otherwise noted. To determine the KPIs and disclosures reported on in this report, we referenced the Global Reporting Initiative (GRI) Standards (2021) and the Sustainability Accounting Standards Board (SASB) Resource Transformation - Chemicals (RT-CH) Standard.

This report and the data included are intended to help our stakeholders understand our sustainability performance. Sustainability performance data on GHG intensity and waste intensity for our sustainability-linked loan requirements have been validated by an external third party. Arxada is committed to increasing the scope of our sustainability data collection and data assurance in future years.

For questions, comments and suggestions about our report or this website, please email us at sustainability@arxada.com. For investor inquiries about our sustainability practices please email us at investors@arxada.com. For media inquiries, please email us at media.enquIINS@arxada.com.

Forward-looking statements

This annual report contains forward-looking statements. Forward-looking statements provide our current expectations, intentions, or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases, or the negatives of those words or phrases, may identify forward-looking statements. Still, the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors. They are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Therefore, our actual results could differ materially from those expected in our forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. We urge you to read this entire annual report, including the sections on factors that could affect our future performance and the industry in which we operate.

Any forward-looking statements are only made as of the date of this annual report, and we do not intend nor assume any obligation to update forward-looking statements set out in this annual report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this annual report. As a result you should not place undue reliance on these forward-looking statements.

Disclaimer

Use biocides and chemicals safely. Always read the label and product information before use. All products are for industrial use only. All product information corresponds to Arxada's knowledge on the subject at the date of publication, but Arxada makes no warranty as to its accuracy or completeness and Arxada assumes no obligation to update it. Product information is intended for use by recipients experienced and knowledgeable in the field, who are capable of and responsible for independently determining the suitability of ingredients for intended uses and to ensure their compliance with applicable law. All trademarks belong to Arxada or its affiliates.

Planet





Decarbonizing our operations with respect for natural resources on our path to net zero.

"Considering our growing awareness of the need for environmental stewardship, we are embracing a path of innovation that centers around reducing the environmental consequences of our actions.

This transformative journey aims to safeguard our planet and work towards achieving a net-zero impact. Guided by operational excellence, we are dedicated to making meaningful strides towards a more sustainable future for all."

— **Scott Campbell**, SVP Integrated Operations

Arxada remains dedicated to achieving eco-efficiency and conserving natural resources as we work towards net zero by 2050. Our primary focus remains on decarbonizing our operations through minimizing greenhouse gas (GHG) emissions and improving air quality, water and waste management practices.

We implement our environmental efforts throughout our global operations. In our inaugural 2022 report, we highlighted three main objectives, including our ambitions to achieve net zero by 2050, reduce our Scope 1 and 2 emissions and optimize water consumption. We are excited to announce that our GHG targets, in line with a 1.5°C trajectory, have been approved by SBTi in 2023. The upcoming sections give an overview of our current and future management strategies and the progress we made in 2023.

Goals

Net Zero by 2050

Reducing our Scope 1, 2 and 3 emissions to zero or to a residual level and neutralizing any residual emissions.⁸

GHG emission reduction by 2030

Reducing Scope 1 and 2 emissions by 50% and Scope 3 by 28%.⁸

Water

Implement a water policy to all manufacturing sites by 2024.



Greenhouse gas (GHG) emissions & air quality

Reducing (GHG) emissions and other air pollutants is a key priority for Arxada in our effort to preserve our planet and limit climate change. While our products can have a positive impact, we look to decarbonize our facilities and across our supply chain. This aligns with our ambition to be a low-carbon chemicals company with a Net Zero carbon footprint.

In 2023, SBTi approved our emission reduction targets in line with a 1.5°C emissions reduction trajectory. This recognition solidifies Arxada's steadfast commitment to sustainability and its contribution to our industry's transition to cleaner, greener solutions. Our targets are:

**50%
reduction**

of Scope 1 and 2 emissions by 2030.⁹

**28%
reduction**

of Scope 3 emissions by 2030.⁹

**Net Zero
by 2050**

Reducing our Scope 1, 2 and 3 emissions to zero or to a residual level and neutralizing any residual emissions.¹⁰

OUR ACHIEVEMENT

58%

**Reduction in our
Scope 1 and 2
emissions relative to
2021.**

Arxada's operational team is responsible for delivering our planet strategy. In our second full year as a company, we have already met our 2030 commitment, achieving a 58% reduction in our Scope 1 and 2 emissions relative to 2021.

In 2022, we announced a plan to revise our Scope 1 and 2 commitments in 2023. In recognition of the need to address our entire carbon footprint, we have shifted our decarbonization efforts to focus on our Scope 3 emissions. Going forward, we will remain vigilant on making continuous improvements to our operational efficiency and seeking opportunities to further decarbonize.

Our scope 1 and 2 emissions

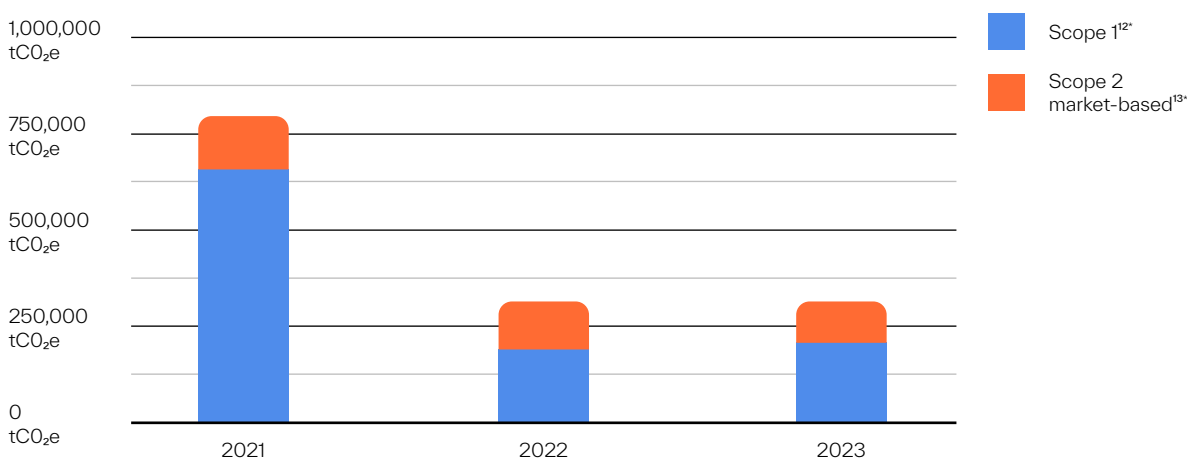
In 2023, we completed a GHG inventory covering our Scope 1 emissions from our manufacturing processes and facilities, and our Scope 2 emissions from purchased electricity and steam. To meet net zero by 2050, we will be working to reduce our emissions in line with our approved SBTi targets.

We continue to seek opportunities for decarbonization across our facilities globally. One such project was the installation of a catalytic converter in 2021 in Visp, our largest production site. This installation led to significant reductions in nitrous oxide (N₂O), which represents a significant portion of our global Scope 1 emissions. To date, the converter has enabled us to reduce our N₂O emissions from Visp by

more than 500,000 tons of CO₂e per year, achieving a reduction of over 70% in our global Scope 1 emissions compared to 2021. The catalytic converter was a key driver in our ability to meet our Scope 1 and 2 target set in 2022, which in turn allowed us to achieve 58% reduction of our global Scope 1 and 2 emissions from our 2021 baseline. However, this achievement does not deter us from seeking to improve the efficiency of our operations and finding opportunities to further reduce our footprint, to achieve our net zero commitment.

Another priority is reducing our Scope 2 emissions from purchased steam and electricity used to run our daily operations. We continue to explore ways to increase our use of renewable energy and other low-carbon energy sources. We are also working to identify equipment replacements that are more energy efficient. The case study below highlights our refrigeration upgrade in Williamsport, Pennsylvania.

Scope 1 and 2 distribution^{*11}



Our Scope 3 emissions

In 2023, our Scope 3 emissions accounted for over 80% of our total GHG inventory. This notable shift in our emissions profile is due to two key factors. Firstly, we successfully enhanced our Scope 3 inventory for 2022 and 2023 by incorporating additional relevant downstream Scope 3 categories. This improvement marks a significant milestone in our commitment to comprehensive and accurate emissions tracking, showcasing our dedication to environmental responsibility and transparency. Secondly, as described in the “Our Scope 1 and 2 emissions” section above, we achieved a substantial reduction in our Scope 1 emissions compared to 2021, thanks to the installation of a catalytic converter in Visp. This advancement underscores our proactive approach to mitigating direct emissions and reflects our ongoing efforts to implement innovative solutions for a sustainable future.

Following the validation of our SBTi targets in 2023, we successfully set a Scope 3 emission reduction target. We commit to reducing absolute Scope 3 GHG emissions by 28% by 2030 relative to 2021. To support this, we are identifying raw materials with the most significant impact on our GHG intensity and seeking opportunities to reduce our consumption of these materials. We are also exploring the feasibility of recovering, recycling and reusing raw materials.

Along with the efforts to reduce our raw material consumption, we are working to further reduce our Scope 3 footprint by advancing responsible sourcing and waste management efforts throughout our value chain. We plan to engage in strategic partnerships with our suppliers and customers to drive our Scope 3 targets. Please see our Responsible Sourcing section for more details on how we evaluate our suppliers.

Arxada's Visp site, our largest production facility, operates on a highly efficient "Verbund" principle that integrates material and energy flows with multiple recycling processes. In 2023, our team investigated the potential for using biofuels from renewable feedstocks to feed the acetylene cracker on site. Innovations like these will further enable Visp to produce low-carbon, cost-competitive, chemical products and advance our Net Zero by 2050 commitment while better supporting our customers'

sustainability efforts. In 2024, we will continue to make improvements in our plants as part of ongoing optimization projects. This will help us better understand our Scope 3 footprint and reduce our emissions, focusing on our raw materials. For further details, please read our case study below.

Scope 3 inventory¹⁴

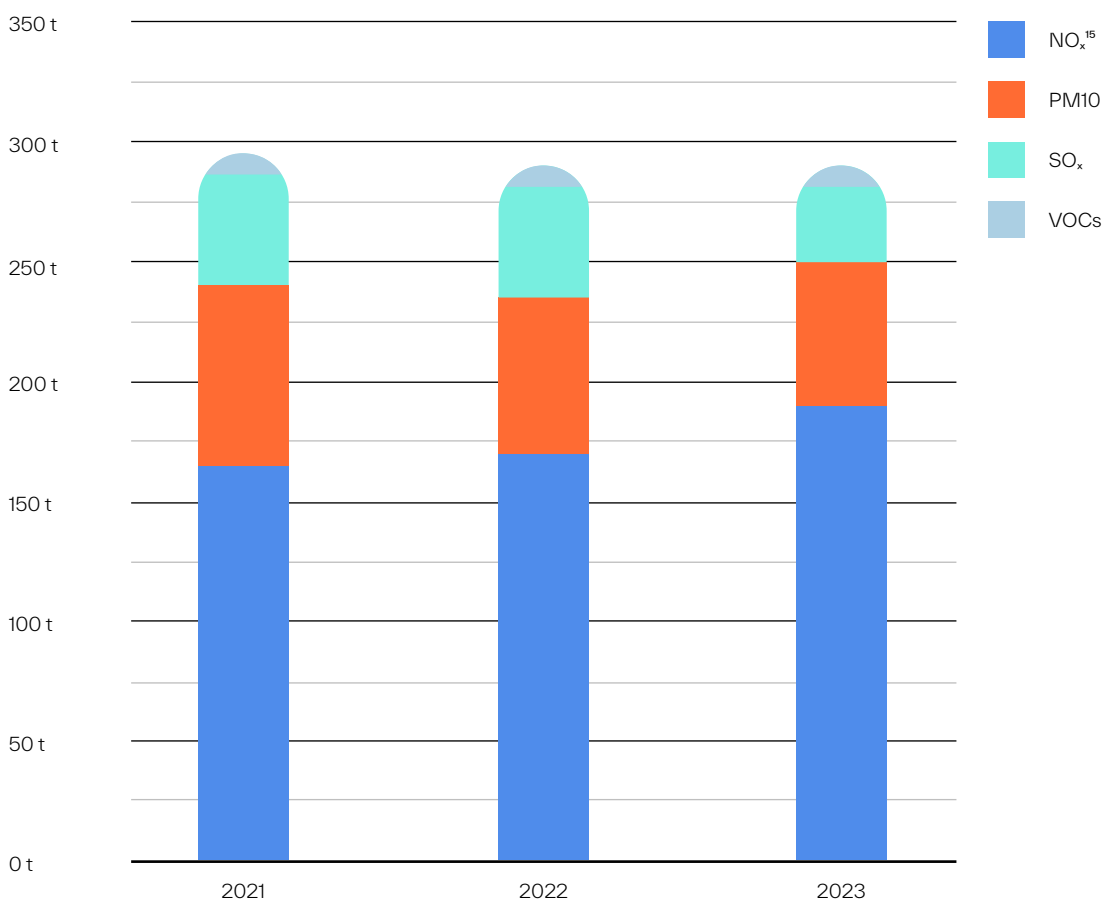
	2021	2022	2023
Scope 3 inventory including downstream transportation emissions	1,725,106 tCO ₂ e	1,538,976 tCO ₂ e	1,465,020 tCO ₂ e
Improved Scope 3 inventory including additional downstream emissions		2,716,589 tCO ₂ e	2,633,184 tCO ₂ e

Air pollutants

In addition to GHG-related gases, we regularly monitor our emissions to air for concentrations of sulfur oxides (SO_x), nitrogen oxides (NO_x) and volatile organic compounds (VOCs) to mitigate emissions of dust and particulate matter.

We monitor these air pollutants in accordance with the timelines and procedures established by the relevant regulatory authorities. We employ various technologies, such as filters and capture systems, to minimize emissions into the atmosphere. In 2023, no violations of air emission regulations were recorded at our production plants.

Arxada's air pollutants



Looking forward to 2024

The validation of our emission reduction targets by the Science Based Targets initiative in 2023 advances our ambitions to scale emissions reduction initiatives and identify additional opportunities to decrease our footprint. In 2024, we aim to establish the foundation of an integrated management system over multiple sites, to increase the overall efficiency of our operations and expand the use of renewable energy to minimize our environmental impact. Additionally, we will seek ways to electrify processes currently dependent on natural gas. Our focus will be on finding the most impactful opportunities and working diligently toward achieving our goals.



Highlights

Achieving net-zero: leveraging biofuel in acetylene cracking at Visp for low-carbon chemical production

Our Visp manufacturing facility in Switzerland operates as a Verbund, which means the facility closely cooperates with its neighboring facilities from other companies to create operating efficiencies for one another. This includes value chain efficiencies such as interlinking energy flows and site infrastructures. Our Visp site has highly integrated material and energy flows, with several established recycling and recovery points shared by its neighboring facilities that make energy use more efficient across the site.

Visp is powered by an acetylene generating unit that relies on a partial oxidation process to achieve the high temperatures and contact times required for production. To improve our future sustainability performance, the Visp team conducted a feasibility study in 2023 and determined that biofuels from renewable feedstocks could be used to run the acetylene generating unit. This innovation will allow the Visp site to produce lower carbon, cost-competitive chemical products - and will have a direct impact on our ability to achieve our net-zero goal by 2050.

Furthermore, this innovation directly impacts the carbon footprint of our products, helping our customers meet their Scope 3 GHG emission reduction targets and other sustainability efforts.

Biofuels from renewable feedstocks have become increasingly popular in recent years as the aviation industry moves toward sustainable fuels. While the supply of these biofuels is limited today, we expect the market to grow rapidly in the coming years, making them an economically viable alternative.

Upgrading our refrigeration assets in Williamsport, Pennsylvania.

As part of our ongoing efforts to refurbish existing sites, we replaced an older ammonia refrigeration system at our Williamsport, Pennsylvania facility with new units to restore capacity and provide greater efficiency. The process began in early 2022 and will be completed at the start of 2024. The project aims to eliminate end-of-life equipment in favor of new, more efficient units and to remove production bottlenecks and risks associated with the legacy equipment.

The production lines at Williamsport rely on chilled water to operate. Recognizing that this water was cooled by four ammonia compressors that were at the end of their design life and no longer able to reach 100% capacity, we replaced the old units that are both reciprocating compressor type chillers, with new screw-driven compressors. Screw compressors are more efficient and provide a savings on electricity during runtime of roughly 33% per unit.

Removal of the previous unit freed valuable space for future expansion projects at the site, while simultaneously reducing the ammonia required by 23%. The refrigeration upgrade is representative of our efforts to identify opportunities to upgrade equipment for enhanced efficiency. This is particularly impactful to our environmental footprint as we move toward a more efficient business model.

Balancing safety, efficiency and environmental impact: process optimization for VOC reduction and enhanced workplace safety in Rochester, New York.

In our ongoing pursuit of optimization, we initiated a project in 2023 at our Rochester, New York facility, to enhance the safety of our associates, reduce our environmental footprint and improve process efficiency. The project will install a state-of-the-art filtration system to reduce emissions and improve the work conditions and well-being of our associates. The equipment is completely closed, which will prevent emissions from the unit and potential exposure to contaminants, while eliminating the need for respiratory protection in the area. The enclosed system can be operated at lower temperatures and with less water, so not only will VOC emissions from the process be reduced by almost 1000/o, but solubility losses will be minimized, resulting in decreased TOC emissions to wastewater and overall decreased water consumption.

Our proactive approach to process optimization underscores our commitment to sustainable manufacturing practices while prioritizing safety and efficiency. Through innovative solutions and technology upgrades, we not only transform our operations, but ensure a safer workplace, minimize environmental impacts and improve overall reliability.

^{8,9} Based on our 2021 baseline.

¹⁰ Our definition of net zero is aligned to the SBTi definition: Reducing Scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways and neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter.

¹¹ The scope of our Scope 1 and 2 data includes all manufacturing sites with FTE > 10 (note, Auckland New Zealand and Trentham Australia manufacturing sites are included even though they have less than 10 FTEs) and Pilot Manufacturing sites with FTE > 45. Emissions from offices are not included, as these are not material to Arxada's overall emissions.

¹² Our Scope 1 emissions include the direct emissions to air from our operations, including CO₂, N₂O, CH₄, from fuels (e.g., LPG and Fuel Oil). Arxada does not have emissions from PCF, HFCs or SF₆.

¹³ Our Scope 2 emissions are composed of purchased electricity and steam. For European locations, instead of the applicable residual mix factors, location-based IEA factors have been used.

¹⁴ Our Scope 3 data includes Arxada (legacy LSI), Troy and Envirotech. The Scope 3 emissions calculations exclude the following categories: Upstream leased assets (Cat. 8), Processing of sold products (Cat. 10), Use of sold products (Cat.11), End-of-life treatments of sold products (Cat.12), Downstream leased assets (Cat.13), Franchises (Cat.14), Investments (Cat.15). As an improvement of our Scope 3 approach, our 2022 and 2023 data also include Processing of sold products (Cat.10) and End-of-life treatments of sold products (Cat.12). For our Waste generated in operations (Cat. 5) data, the footnote 1 scope limitations apply.

* Metrics have been assured by ERM CVS. For more information, please see the "[External Assurance Report](#)" which details the scope, activities and conclusion of their engagement.



Waste management

Managing different waste streams and focusing on reduction is a large part of our process optimization and commitment to protecting our planet. With local communities and wider society having interests in transparent waste disposal, we recognize the broader role we play in conserving natural resources to support a more circular economy.

Our waste minimization guidelines prioritize best practices and clarify responsibilities for sites to manage and reduce waste. Additionally, we take a site-specific approach to waste reduction, as waste classification and regulatory requirements vary by location and must be localized to ensure compliance.

Reducing our waste offers numerous direct and indirect benefits, such as increasing material efficiency, decreasing raw material purchases and reducing our Scope 3 emissions. As the section on our waste minimization initiatives and progress is outlined below, we understand the importance of addressing challenges and opportunities to make a positive impact and uphold our commitment to waste reduction and circular economy.

Our waste minimization plan

As we integrate our sustainability strategy across our enterprise, we are embedding waste management plans into our core operations. We use a centralized global data system and process to capture and manage environmental data from our manufacturing sites. This data allows the evaluation of links between activities, materials, products, supplies used and the waste generated.

Once assessed, Arxada's prioritization scheme is applied. We consider contributing factors, including regulatory requirements, risk reduction and environmental benefit. Once suitable waste streams for reduction are identified, our sites implement our waste minimization hierarchy with the goal of achieving maximum sustainable waste reduction.

Prevent

Preventing waste from being produced.

Reduce

Reducing the quantity of waste being produced.

Reuse

Using a product, material, or substance again for the same purpose

Recycle

Recovering waste and reprocessing it into products, materials, or substances.¹⁶

Energy recovery

Converting waste materials into usable heat, electricity, or fuel.

Disposal

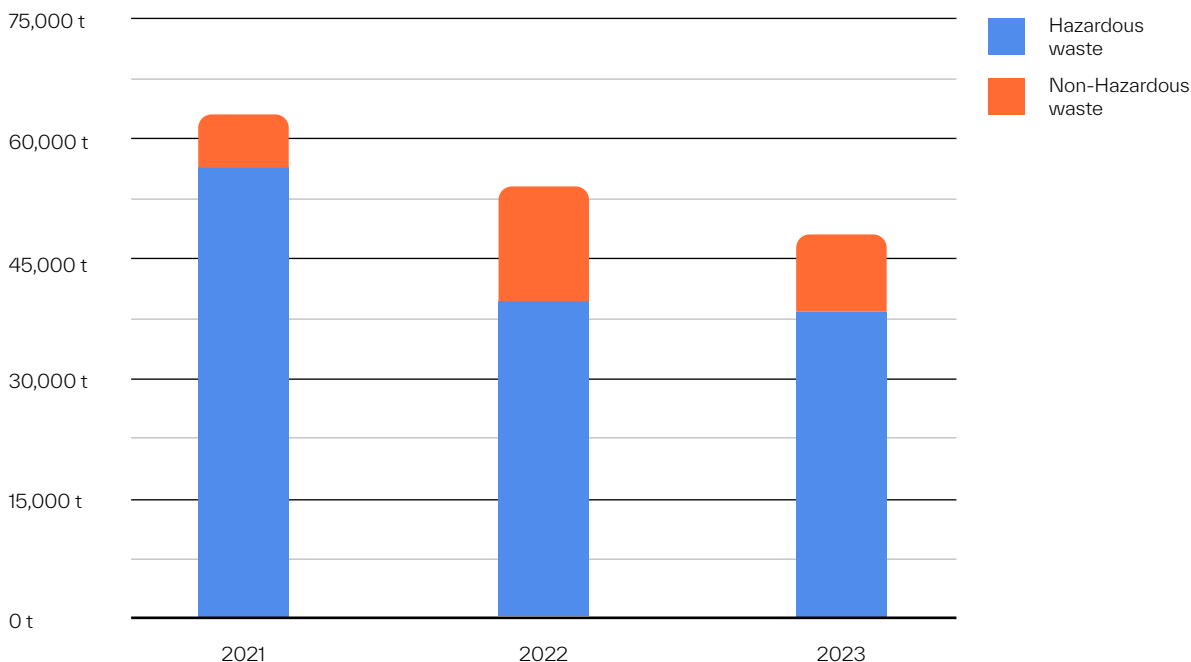
Directing waste towards landfilling and other final solutions.

To ensure our waste management is aligned with local regulations and industry best practices while considering newly available technological solutions, our site teams periodically review the performance of waste management practices to advance progress. Waste data is collected quarterly and reported annually through this report.

Waste management in action

The classification of waste as hazardous or non-hazardous at our facilities depends on applicable local regulations. We look to apply industry best practices to minimize our total waste footprint and promote a circular economy.

Arxada's waste footprint¹⁷



OUR ACHIEVEMENT

31%

Global waste reduction compared to 2021.

In 2023, we continued our focused waste reduction projects as part of our ongoing process optimization initiatives. For example, in 2023, we applied two new separation technologies at our Visp, Switzerland facility, aimed at reducing our volumes of hazardous waste destined for incineration and reducing our water consumption. We have achieved a 31% global reduction in waste compared to 2021, primarily driven by waste reduction activities at our Visp location over the past two years.

Looking forward to 2024

In 2024, we will continue to identify opportunities to reuse and recycle materials, minimizing resource consumption and working towards our objective to operate in a more circular manner. We will drive sustainable waste reduction by expanding our reduction plans to all our sites. At locations where further prevention and reduction of waste is not possible, we will continue our path towards circularity, as we look for alternatives to the by-products created in our processes. This includes by-products in our own operations, or the sale of by-products to other companies as inputs for their processes.



Highlights

Clean streams and sustainable dreams: cutting-edge solutions in waste and water management.

In 2023, we implemented two new separation technologies in processes at our Visp, Switzerland facility, aimed at reducing volumes of hazardous waste destined for incineration and water consumption.

As part of our continuous improvement and process optimization efforts, our engineering team identified a waste stream with a high-water content and containing trace amounts of toxins. It was necessary to dilute this waste stream with a solvent for safe handling before being disposed through incineration. In 2023, the installation of a distillation unit made it possible to separate the impurities from the water without dilution and incineration. This allowed the Visp site to avoid 760 mt of waste: 210 mt of solvent for the dilution process and 550 mt of water. Instead of dilution and incineration, the water is now sent to a nearby wastewater treatment facility and then sent back to the source.

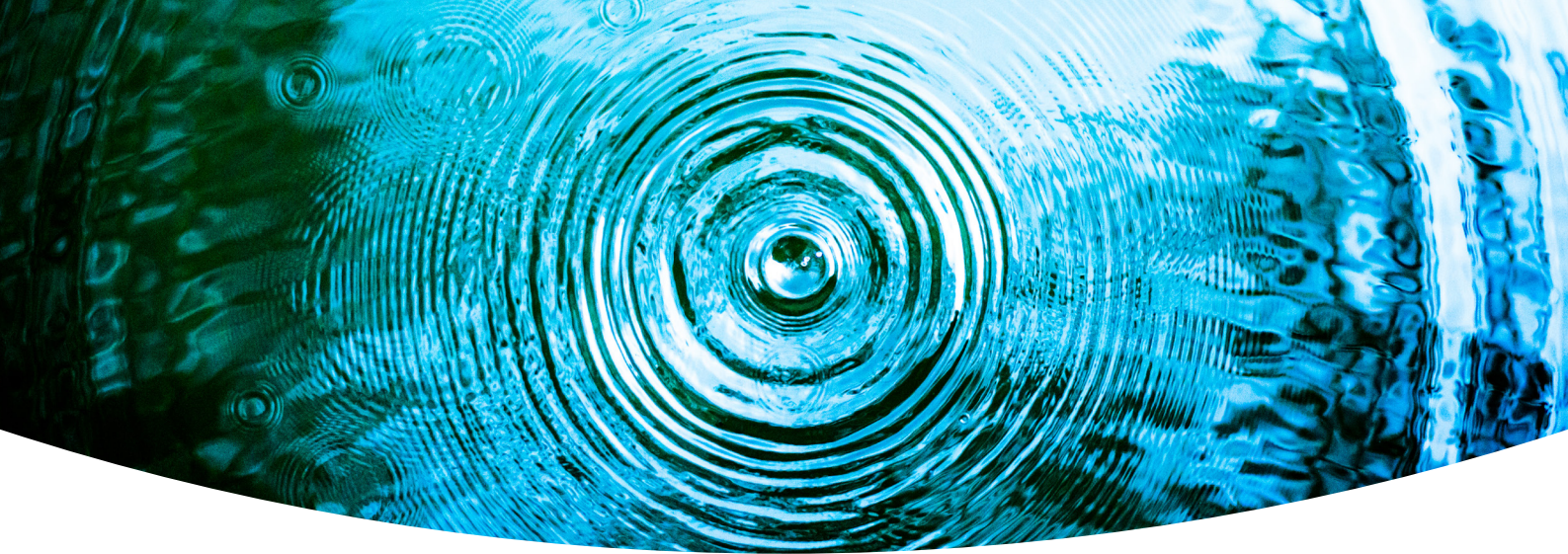
Additionally, our team identified another improvement related to reducing waste and water consumption for a different production line. A waste stream, containing small amounts of non-biodegradable impurities and a high concentration of salt, had to be treated as hazardous waste. This high salt concentration made the waste unsuitable for disposal through the nearby incineration plant and required additional treatment and transportation through a third-party service. In 2023, our team implemented a nanofiltration unit to address this issue. The unit separates the waste into two safer, more manageable streams: one small stream suitable for organic incineration and a larger portion appropriate for wastewater treatment. Both the separation and treatment of these waste streams can now be conducted on-site within our industrial park. After purification, the water is clean enough to be sent directly to the wastewater treatment facility, allowing after treatment the return of 500 mt of water to its original source in 2023.

¹⁵ NO_x emissions do not include N₂O, which is included in our Scope 1.

¹⁶ Recycling includes composting but does not include incineration.

¹⁷ The scope of our waste data includes all manufacturing sites with FTE > 10 (note, Auckland New Zealand and Trentham Australia manufacturing sites are included even though they have less than 10 FTEs) and Pilot Manufacturing sites with FTE > 45. Waste from offices is not included, as this is not material to Arxada's overall waste.

* Metrics have been assured by ERM CVS. For more information, please see the "[External Assurance Report](#)" which details the scope, activities and conclusion of their engagement.



Water management

Water is an essential resource for our operations, used in various ways across our facilities, including to cool our processes and to produce steam. It is used with other materials during manufacturing. With water scarcity as an emerging concern for our operating areas, carefully managing our water consumption is key to our strategy.

In 2023, we defined a roadmap for our water strategy. We are committed to implementing a comprehensive water policy across all manufacturing sites by 2024. Recognizing the importance of preserving water quality and availability, we are focused on taking immediate actions wherever necessary.

For more details, please see our case studies at the end of this section, as well our case studies linked to waste in the previous section.

Water withdrawal, use and release

Where possible and available, we draw water from groundwater wells, or nearby sources, such as rivers and lakes. Where groundwater use is not a possibility, we rely on water supplied by municipalities.

Withdrawn water is for various purposes at our facilities:

As a coolant

Steam production

Product generation

Cleaning & sanitary purposes

We use and dispose of water in various ways, always respecting and adhering to the local requirements and regulations, drawing from industry best practices. This includes releasing water back into water bodies or municipal water streams, discharging it into wastewater treatment plants or incinerating hazardous wastewater.

Cooling water in Visp

Located near the river Rhone in Visp, Switzerland, our largest production site benefits from the naturally cold waters of the Swiss Alps, maintaining a temperature of 4°C - 8°C throughout the year. This unique advantage eliminates the need for energy-intensive cooling towers, allowing us to operate our facilities with minimal environmental impact.

In our commitment to sustainable practices, we are currently evaluating our water usage at the site to ensure efficient and responsible use of this precious resource. By identifying areas where improvements can be made, we aim to reduce our water consumption by implementing a new monitoring system that will provide us with valuable insights and enable us to develop effective strategies for conservation.

Looking forward to 2024

Looking ahead to 2024, we are dedicated to continuing our efforts to meet the targets set in 2023 and collaborating closely with our manufacturing sites to protect and preserve this vital natural asset for future generations.



Highlights

Kouřim's water initiative: pioneering quality & sustainability

In late 2023, we commissioned a water treatment facility at our Kouřim facility in the Czech Republic to create a sustainable source of high-quality drinking water essential for our production processes. Previously our facility was reliant on municipal water, and we sought to enhance access to this resource by fortifying our own water reservoir through a new plant that purifies river water that meets drinking standards. The treatment begins at a collection point in the river slightly upstream from where the treated water is reintroduced. Through various filtration stages, organic residues are eliminated, followed by chlorination and transfer via a new pipeline to our site. Rigorous testing is conducted to ensure the water meets the stringent quality requirements for food-grade products.

We implemented several innovative enhancements at Kouřim, including the installation of a heat pump for our new building's heating system. This technology harnesses heat produced by microorganisms in the aerobic phase of wastewater treatment, yielding a conversion rate of 3 kWh of heat from 1 kWh of electricity, a significant increase from the previous direct electrical heating method that offered a 1:1 conversion rate. These improvements not only sustain the production of high-quality drinking water at the site but contribute to reduce our environmental impact by freeing up municipal water resources for the local community.

Optimizing water management: a new solution at Williamsport

In 2022, our Williamsport, Pennsylvania facility began implementation of an ongoing project to better manage and monitor both our stormwater and process water treatment systems. Team members implemented a wastewater technology designed to separate our wastewater and stormwater collection, with the goal of reducing both our process waste and energy use.

Before this project, on-site effluents and stormwater were collected through a trench system. While this design effectively transferred the process water to our treatment system, most stormwater collected did not require further treatment before being discharged. As a result, the overall volume of wastewater processed by our system was much higher than needed. *Cont.*

With the new system, the wastewater generated from our internal operations will not be combined with stormwater and will be routed to a new above ground treatment system.

Our trenches will remain in place to collect stormwater, which will be tested for contaminants before being discharged off site. Separating our process waste stream from our on-site stormwater and moving the wastewater treatment system above ground allows us to enhance process monitoring while significantly decreasing our overall on-site treatment requirement. As part of our new treatment system, we will introduce a dewatering system to reduce solids, resulting in faster settling times in our on-site wastewater and increasing our throughput.

Overall, the new system reflects our commitment to water by treating only processed water and reducing our demand on publicly owned treatment works.

Preservation





Protecting and maintaining the health and wellbeing of people, improving the longevity and efficacy of vital infrastructure while supporting the health of our planet.

"Preservation is at the core of our purpose, a purpose that inspires Arxada to deliver innovative solutions to the world's toughest challenges, working collaboratively with customers, industry associations and regulatory authorities to ensure science-based decision making. Innovative, responsible, sustainable solutions - using better science - are the keys to maintaining the delicate balance between progress and conservation, ensuring that the beauty and resources of our planet are valued and protected for future generations."

— **Rick Strittmatter**, Chief Technology & Sustainability Officer

At Arxada, preservation is a founding principle. It plays a critical role in how we operate as a company. Through our products and solutions, we are working to protect the health and wellbeing of people, reduce waste and greenhouse gas emissions, conserve resources and improve the longevity of infrastructure and materials to preserve the health of our planet. We are dedicated to continuously improving the sustainability of our products throughout their lifecycle and developing newer, more environmentally friendly technologies in line with global regulatory requirements. Our approach not only delivers value-added solutions but also includes being mindful of the materials we use, how we source them and using science to advance sustainability.

To achieve our goal of sustainable preservation, we have established three targets for 2030. Learn more about our targets and progress on the following pages.

Goals

Advancing the UN SDGs through sustainable preservation.

Align Arxada innovation pipeline with the UN SDGs by 2024.¹⁸

Advocacy leadership for science-based decision making for a sustainable future.

Collaborate, drive and sponsor > 50 scientific advocacy events by 2030.¹⁹

Responsible sourcing addressing sustainability in our supply chain

100% of key suppliers to complete a comprehensive ESG assessment by 2030.²⁰

¹⁸ As per the World Business Council for Sustainable Development (WBCSD) Portfolio Sustainability Assessment (PSA) or another 3rd party-validated methodology.

¹⁹ Advocacy to advance external science-based decision-making that drives sustainable preservation.

²⁰ Our key suppliers make up approximately 20% of our supplier base and account for approximately 80% of our spend. With a comprehensive ESG assessment, we intend an evaluation that goes beyond legal and mandatory obligations.



Advancing the UN SDGs through sustainable preservation

We understand that preservation and sustainability go hand-in-hand. By increasing the longevity of something, whether it be a physical material or product, we are helping to build a more sustainable future. Some of our products act directly as preservatives, through material protection, while other products work to combat harmful microorganisms and improve hygiene, helping to support healthier societies. Aligning our sustainability strategy with the UN SDGs is incredibly important to create a more sustainable and equitable world. To do this, we continue to gather data to ensure we transparently disclose our progress so we can make the most tangible and measurable impacts.

Improving the impact of our products

Our commitment to sustainability is closely tied to our focus on innovation and technology. We work to strike a delicate balance between the necessity for microbial control and the use of materials that preserve the health of our planet. We are committed to sustainability through various initiatives, including preserving current technologies that protect public health and developing new, greener, low-carbon and more sustainable chemistries and products that benefit our customers.

At Arxada, we aim to preserve the planet by producing low-carbon footprint products that reduce emissions and minimize resource depletion. By utilizing low-carbon and energy efficient production methods, as well as responsible sourcing of materials, we promote sustainable consumption patterns. This not only helps mitigate climate change (SDG 13: Climate Action) but also supports the transition to a more sustainable economy (SDG 12: Responsible Consumption and Production) and helps the entire value chain to meet its sustainability commitments.

One key area of focus is preventing microbial contamination in consumer products, a crucial endeavor to safeguard manufacturers' and marketers' finances and reputations. Our preservatives are designed to inhibit the growth of harmful bacteria, yeast and fungi, so extending the shelf life of personal care and cleaning products and reducing the need to dispose of products before use. As microbes continue to evolve due to increasing population density and climate change, the threats they pose to people, places and the planet are constantly evolving. We uphold our commitment to pioneering technology and innovation that can protect public health while promoting sustainability.

Our teams work closely to make certain our products meet all current and anticipated regulatory requirements. We have created and instituted a product development process that goes beyond regulatory compliance and is focused on performance, environment and safety goals that benefit customers, associates and end-users alike. In developing our products, our research and development (R&D) and operational teams work together to ensure our products support preservation in their end uses. For example, products that form a component in paints and coatings can be used to protect and preserve the material of the surface they are used on. Coatings used on wind turbines that produce renewable energy must withstand harsh weather conditions, while coatings used on appliances must withstand everyday use.

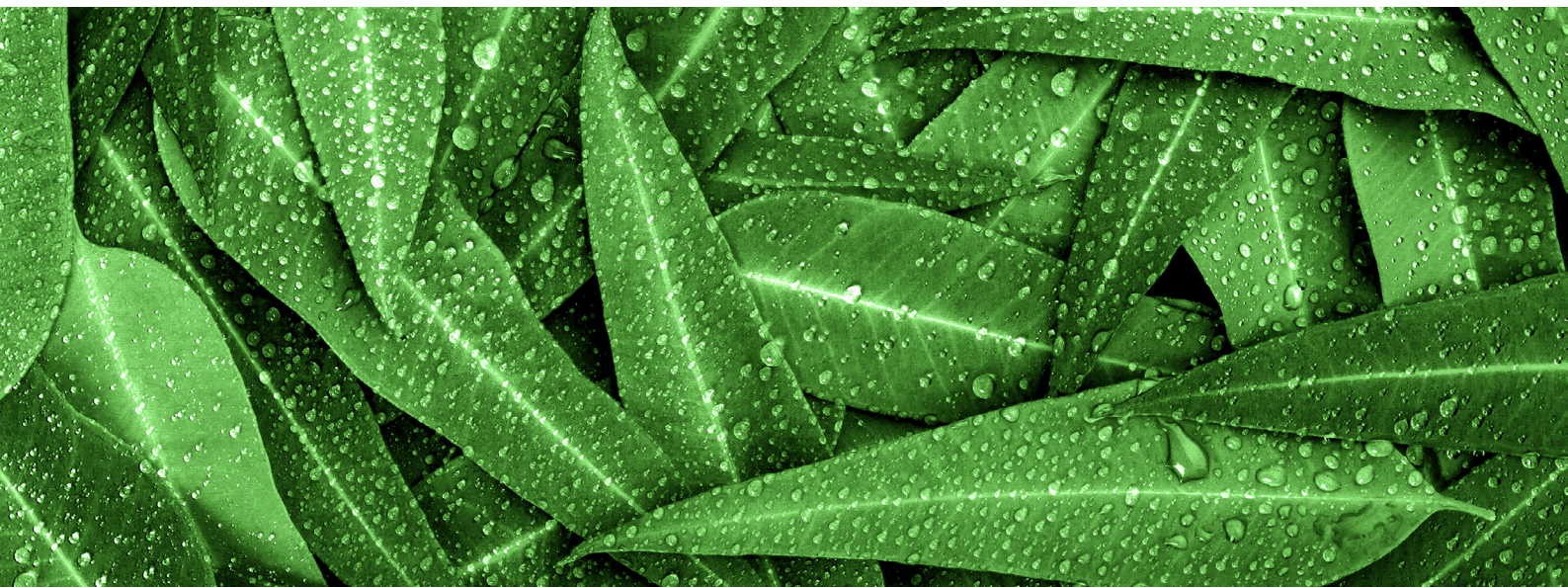
Innovating sustainable products

Arxada's purpose is to advance better science to solve the world's toughest preservation challenges. Preservation is about protecting and maintaining the health and wellbeing of people and improving the longevity of vital infrastructure, while improving the health of the planet. Our ambition is to innovate and be part of efforts to address the UN SDGs.

Effective preservation plays an essential role in enhancing the longevity of water-based products, leading to significant reduction in waste across global supply chains. Preserving products is crucial for minimizing waste and ensuring product safety. Ineffective preservation leads can limit the useful life of products, leading to higher waste and energy use over time. This impacts product development across many of our business lines, namely paints and coating, professional hygiene and marine antifouling.

Globally, the development and use of effective preservation solutions face increasing regulatory challenges. Many active biocidal substances have either been discontinued, unsupported, not approved, or restricted for use. There is an urgent need for innovative technologies that can utilize existing effective biocidal agents in conjunction with new delivery methods and solution enhancements. Additionally, the advancement of sustainable innovations, such as bio-based technologies, adjuvants and potentiators, is essential.

Investing in innovations for microbial control will require significant resources and concentrated effort, with considerable time needed for success. Collaboration with customers, NGOs and regulatory bodies is crucial to navigate the evolving regulatory landscape and reduce uncertainty. Arxada aims to provide valuable insights into the latest developments as a leader in responsible innovation, showcasing cutting-edge technologies that redefine the possibilities for achieving more sustainable preservation solutions.



Highlights

Geogard® Boost PGC: A more sustainable way to boost your preservative potential

As a chemical ingredient supplier to the beauty and personal care industries, it is our responsibility to lead the development of safer and more eco-friendly products moving towards a greener future. This includes developing products that act as key enablers and contributors to the 17 UN SDGs.

To help realize this vision, we have launched a more sustainable, multifunctional ingredient, Geogard® Boost PGC (Propylene Glycol Caprylate). Geogard® Boost PGC is a naturally derived, multifunctional personal care ingredient that boosts the antimicrobial performance of a wide range of preservation ingredients while adding other functional benefits to both formulators and consumers. In addition to this, the product contributes to SDG 3: Good Health and Well-being and SDG 12: Responsible Consumption and Production.

Geogard® Boost PGC brings multifunctional benefits to personal care formulations including: Skin Mildness: Suitable for all skin types and does not cause skin irritation.

- Increased Skin Hydration: In multiple studies, we were able to demonstrate increased skin hydration potentiation.
- Enhanced Skin Feel: Through a sensory panel test, participants agreed that our product improves the non-sticky skin feel properties of Glycerin.
- Friendly to the Skin Microbiome Balance: Effectively maintains the balance between beneficial and harmful bacteria.
- Provides Co-emulsification Stability Benefits: Enhanced stability and formulation of microemulsions at both room and elevated temperatures.

Tanasote® - helping keep wood in the game

Industrial timber has many applications in today's world, including railway sleepers, utility poles, as well as in heavy-duty agricultural applications. Ensuring the timber is safe to use for these purposes and maintains longevity is key to contributing to global industry and infrastructure. Traditionally, creosote (a wood preservative pesticide) has been used to protect the timber and increase its longevity.

Notably, the safety and environmental credentials of creosote have been under review in Europe for years, and its use has been restricted under the EU's Biocidal Products Regulation (BPR). Over the past decade, our wood protection R&D team has worked to develop a BPR authorized alternative; in April 2021, we introduced Tanasote®. The oil-based copper wood preservative is designed to deliver a long service life (typically beyond 40 years depending on timber species and end-use application), while minimizing the risk of early failures. It is the only oil-based wood preservative approved under the BPR and all its active ingredients are approved for wood preservative use in Europe. Tanasote® has passed the BPR risk assessments to be used for the treatment of timbers in industrial heavy-duty applications both above ground and in-ground contact.

While providing a safer and more sustainable alternative to creosote, Tanasote®, due to its wood protection and longevity enhancing qualities, contributes to two of the 17 UN SDGs, specifically SDG 9: Industry, Innovation and Infrastructure and SDG 12: Responsible Consumption and Production.

During our extensive R&D process, we tested the performance of the product beyond the required industry standards to ensure that a longer service life for industrial-use timber can be achieved. This included testing in high humidity, aggressive field test sites and laboratory fungal studies. In addition, to provide confidence in our test performance data, it was reviewed by a third party and we engaged in full scale trials with commercial partners across Europe, including railway sleepers, utility poles, equestrian and agricultural fencing.

To help our partners demonstrate the reduced environmental impact of timber treated with Tanasote® compared with other materials such as cast concrete, steel and fiberglass, we invested in life cycle analysis (LCA) for both utility poles and railway sleepers. The LCAs confirmed that, compared with other materials, both timber poles and sleepers treated with Tanasote® had the lowest impact on ecosystems, human health and natural resources.

"Preservation is about protecting and maintaining the health and wellbeing of people and improving the longevity of vital infrastructure, while improving the health of the planet."



Advocacy leadership for science-based decision making for a sustainable future

To develop products that effectively meet the needs of the planet, communities and our customers, it is crucial to continuously innovate and stay informed about new regulations. With a rich history in the specialty chemicals sector, we possess deep industry knowledge and a clear understanding of the global regulatory landscape. To maintain our industry leadership and promote the use of sound science to drive sustainability, we actively engage with national, regional and global industry associations. Our direct communication with decision makers, authorities and regulatory agencies enables us to advocate for science-based decision making that supports sustainable practices. This includes Arxada's participation with the U.S. Environmental Protection Agency's (EPA) Pesticide Product Dialogue Committee (PPDC) whose purpose is to provide feedback to EPA on various pesticide regulatory, policy and program implementation issues.

Our goal is to collaborate with customers and industry partners to organize, drive and sponsor more than 50 events focused on scientific advocacy by 2030. This commitment underscores our dedication to advancing external science-based decision making for the preservation of a sustainable future. In 2023, we successfully coordinated 14 scientific advocacy events, demonstrating our ongoing efforts in this area.

Arxada's global regulatory and advocacy approach is designed to uphold our leadership position and promote stewardship by offering compliant and sustainable products and services that prioritize the safety of both people and the environment. By leveraging our international experience and expertise in local markets and regulations, we can navigate the evolving global business landscape effectively. Our regulatory and advocacy practices serve as key differentiators in achieving strategic and sustainability objectives and we are fully committed to leading these initiatives.

Supported by a team of over 70 regulatory affairs experts worldwide, we provide a comprehensive global, yet market-specific, approach to regulatory and advocacy strategies. This enables us to enhance the value we offer to our customers while ensuring that our products and services meet regulatory standards and contribute to a more sustainable future.

Our global regulatory and advocacy approach

Arxada's approach to global regulatory and advocacy efforts is designed to solidify our position as a leader in the industry while promoting responsible practices and sustainable solutions. Our goal is to offer products and services that not only meet the needs of our customers but also prioritize the safety of people and the environment. We are dedicated to continuously improving the value we bring to our customers by staying informed of international regulations and adapting to local market dynamics.

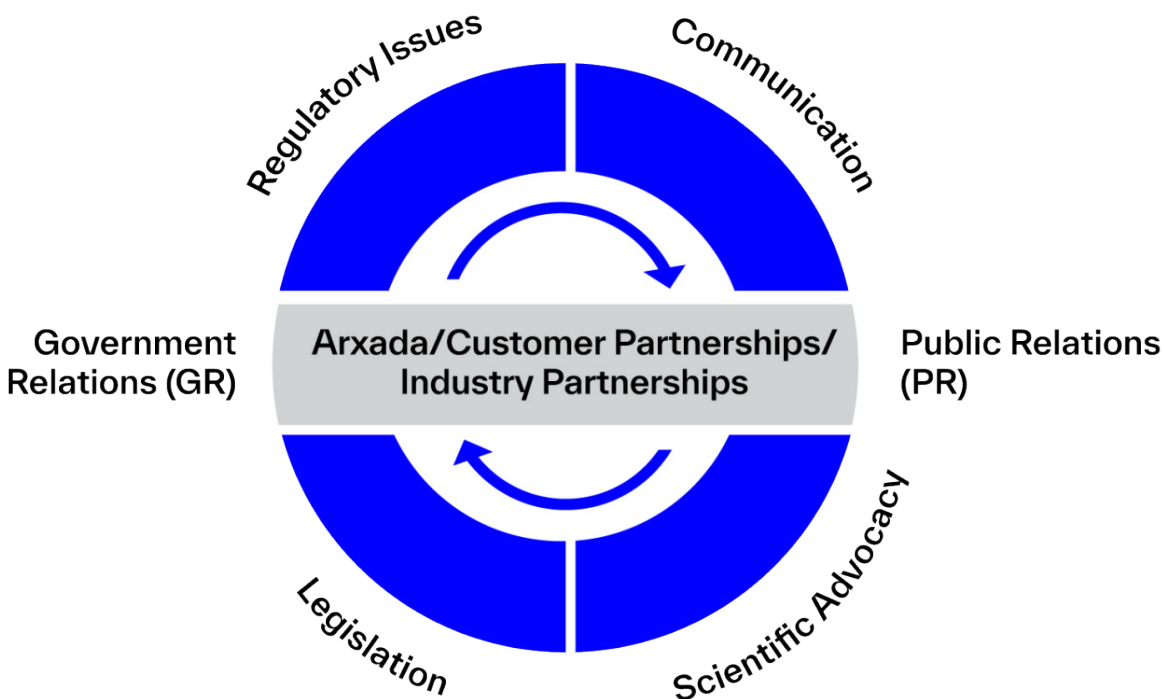
Regulatory and advocacy initiatives are crucial in achieving our strategic goals and maintaining sustainability. We are fully committed to taking the lead in these efforts. With our regulatory affairs experts worldwide, we ensure a comprehensive and market-specific approach to our strategy.

Some of the key organizations we engage with and are active members of include:

<p>Cefic European Chemical Industry Council</p>	<p>MCEC Microbial Control Executive Council</p>	<p>AISE International Association for Soaps, Detergents and Maintenance Products</p>	<p>VCI German Chemicals Industry Association</p>
<p>EFFCI European Federation for Cosmetic Ingredients</p>	<p>HCPA Household and Commercial Products Association</p>	<p>ACI The American Cleaning Institute</p>	<p>ACC CBC American Chemistry Council Centre for Biocide Chemistries</p>
<p>EPA's PPDC Environmental Protection Agency Pesticide Program Dialogue Committee</p>	<p>CLA Crop Life America</p>	<p>EU Transparency Register</p>	

Our active engagement with the key organizations above demonstrates our commitment to regulatory compliance and advocacy. By collaborating with these influential groups, we can stay ahead of industry trends and drive positive change.

At Arxada, we prioritize transparency and accountability in our regulatory and advocacy practices, setting a high standard for the industry.

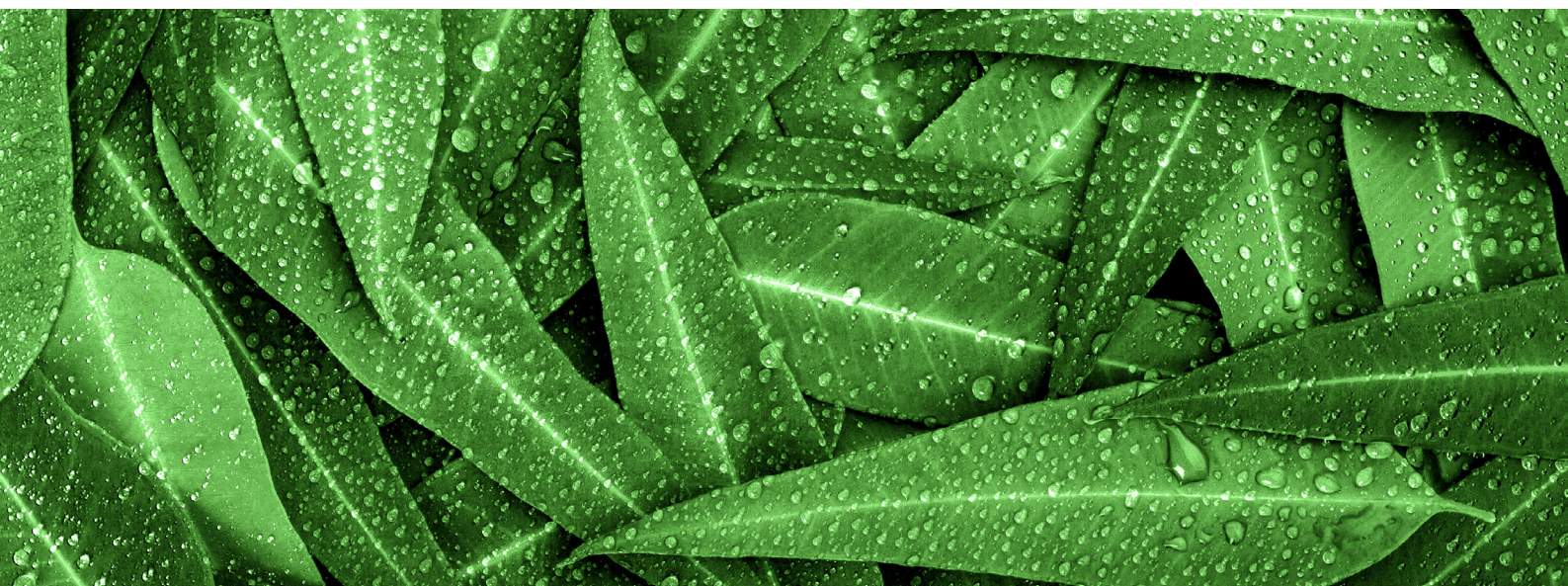


Driven by science, legislation, regulation and communication, we work bilaterally through customer and industry partnerships, to meet our objectives while engaging in government and public relations. Our regulatory and advocacy strategy is designed to support innovation by delivering a portfolio of new products, integrated solutions and non-chemical alternatives. This enables us to deliver a globally differentiated customer-focused service that demonstrates the benefits of our products and services; attract and retain the best people with the right competencies, knowledge and talents; and ensure our systems and processes, including new digital methods, create a smooth-running and efficient delivery.

Actively managing our chemical substance portfolio

We prioritize the safety of our associates and customers in the manufacturing of our products. We have implemented robust processes that include monitoring regulatory changes and adding best practices for the safe use, handling, storage, transportation and disposal of hazardous chemicals.

To ensure our commitment to safety, we proactively monitor and track our use of substances classified as category 1 and 2 under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) for Health and Environmental Hazardous Substances. We have established clear safety protocols for all chemicals used in our operations, regardless of whether they are classified as hazardous. Furthermore, we are dedicated to sustainability and are continuously exploring and implementing safer alternatives to hazardous chemicals in our operations where feasible and appropriate.



Highlights

Arxada's advocacy for responsible, science-based decision making for a sustainable future

Arxada is focused on advocacy in microbial control. We are cooperating with our industry peers on education, collaboration and prioritization to support stakeholders including law makers, NGOs and customers in making responsible and science-based decisions in relation to innovation for a sustainable future.

To advance our ambitions in this area, we have taken leading positions with the following organizations for microbial control around the globe:

- Biocides for Europe (B4E) - Management Committee
- Microbial Control Executive Council (MCEC) - Executive Member EU Wood Preservative Manufacturer's Group (EWPM) - Chair Center for Biocidal Chemistries (CBC)
- American Cleaning Institute (ACI)
- Household & Commercial Products Association (HCPA)

Arxada actively contributes as a member of other industry associations, and often takes the lead on topics related to microbial control. *Cont*

Arxada advocates for the cleaning industry on Capitol Hill

In June of 2023, Arxada took part in The American Cleaning Institute's (ACI) mid-year meeting on Capitol Hill in Washington, D.C. Alongside other leaders in the cleaning industry, Arxada participated to highlight the sector's significance, educating policymakers on the critical role of cleaning and disinfection in safeguarding public health.

The event covered three main topics:

1. **Ingredient Communication** - Support a national standard for ingredient transparency, similar to other consumer product categories such as food and cosmetics. Arxada believes that consumers deserve full disclosure regarding the composition of cleaning products and a right to understand those ingredients. A coherent and clear national standard fosters consumer clarity and avoids potentially confusing and conflicting state requirements.
2. **Sustainability** - Promote the cleaning industry's proactive stance in pursuing sustainability goals rooted in transparency, reducing emissions and environmental stewardship. ACI also highlighted several sustainability success stories from companies across the industry.
3. **Packaging** - Arxada supports policies and innovations that foster the development of more sustainable packaging and products. This entails initiatives such as enhancing efforts to reuse packaging through product concentration, innovative packaging design and alignment with circular economy principles. ACI is working with industry stakeholders to eliminate all cleaning packaging waste by 2040, achieved through comprehensive collection and reuse, recycling, or composting.

Arxada is dedicated to promoting responsible decision-making based on science with regulatory authorities, utilizing our expertise in microbial control to address the increasing demand for sustainable protection of human health and infrastructure. We continue to advocate for the critical role that microbial control technology plays in creating a healthier society and preserving the environment.

"Driven by science, legislation, regulation and communication, we work bilaterally through customer and industry partnerships, to meet our objectives while engaging in government and public relations."



Responsible sourcing

It is important to us that the materials we use to manufacture our products are procured in a socially and environmentally responsible manner. Responsible sourcing allows us to positively impact stakeholders in our supply chain. Ensuring that we have a deep understanding of these issues also helps us identify and mitigate potential risks.

We manage our supply chain through our two business units: Microbial Control Solutions (MCS) and Nutrition, Care and Environmental (NCE). Many of the materials we procure are site and product specific. However, common approaches are used across both. We prioritize procuring goods from renewable resources that are grown and produced under environmentally and socially responsible conditions. To ensure our suppliers are aligned with our values and ambitions, we conduct supplier screenings and assessments. Our global [Supplier Code of Conduct](#) was updated in 2022.

Additionally, we comply with regionally specific requirements, such as the [UK Modern Slavery Act Statement](#) and the [California Transparency In Supply Chains Act Statement](#).

Our procured materials contribute to our GHG emissions footprint reductions. We prioritize selecting more environmentally friendly transportation methods and materials. We ensure workers at our supplier sites are treated safely, ethically and with respect, in line with our corporate values of Safety and Health, Ethical Behavior and Respect for People and Planet.

To achieve more sustainable supply chains across the business, we have set a goal for 100% of our key suppliers to complete a comprehensive environmental, social and governance (ESG) assessment by 2030.²¹

In 2023, we launched our EcoArx program that aims to drive our responsible sourcing activities throughout our supply chain. The name EcoArx comes from a combination of the prefix 'Eco,' which underscores our dedication to both 'Ecology' and 'Economics' - two key aspects of sustainability, while also nodding to our collaboration with EcoVadis - and 'Arx', which is our pledge to uphold the integrity of Arxada's supply chain.

The EcoArx program is grounded in Arxada's sustainability strategy, which is seamlessly integrated across the entire enterprise. In our pursuit of understanding the potential ESG impacts of our suppliers, we require a customized supplier sustainability assessment and/or audit, to be facilitated by an external provider. Our sustainable procurement program builds off the foundation of our updated [Supplier Code of Conduct](#), which emphasizes our commitment to following the key principles of the United Nations Global Compact (UNGC) and the International Labor Organization (ILO) Forced Labor Standards.

We have planned strategically to utilize the EcoVadis IQ Plus platform to complete supplier risk assessments to better understand the sustainability and risk performance of our value chain.

Supplier screening & assessment

Prior to entering into a contractual agreement with a supplier, we conduct supplier screening and assessments that consider risk factors such as financial, geopolitical and environmental risk. In addition to regularly reviewing this risk assessment, we ask all our suppliers to complete an EcoVadis questionnaire. This provides a thorough overview of a supplier's corporate social responsibility performance. Our EcoArx responsible sourcing program provides greater insight into the activities of our suppliers and we look forward to highlighting results of the program in our 2024 report.

We are committed to making sustainability improvements within our and our suppliers' operations. We rolled out our sustainable sourcing strategy in late 2022, designed to comprehensively manage and reduce our Scope 3 emissions by working collaboratively throughout our supply chain.

Supplier code of conduct

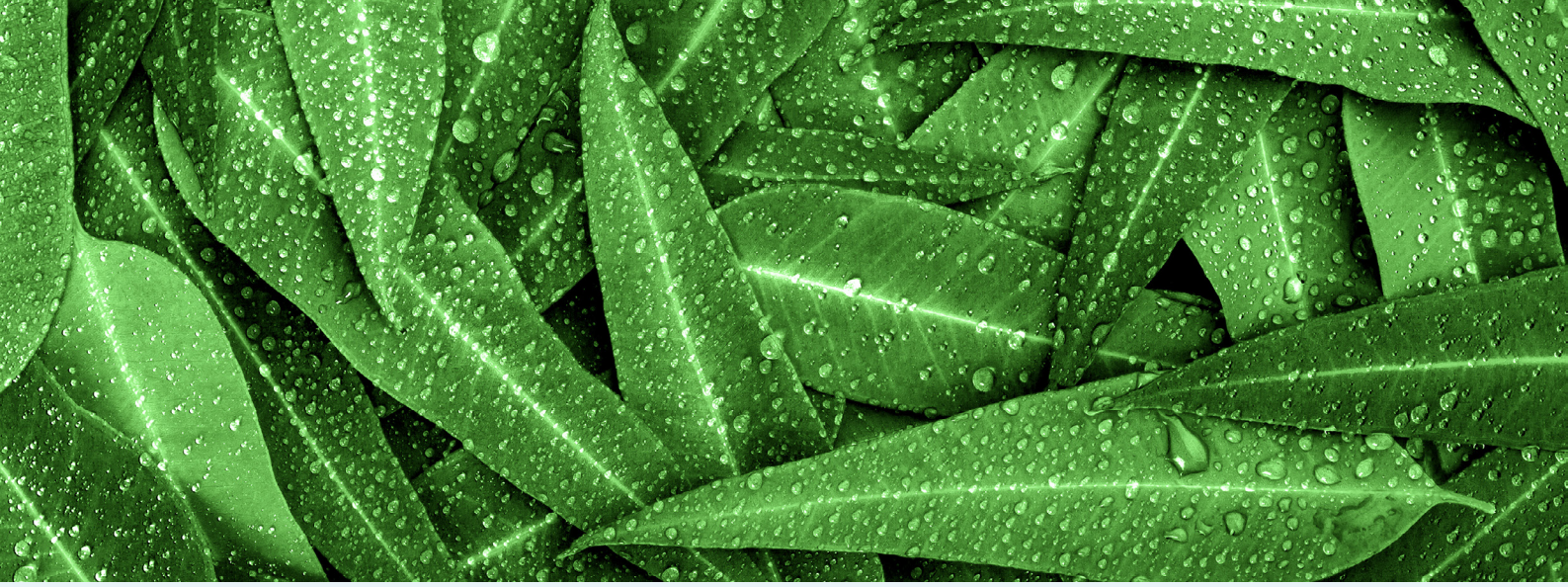
In 2022, we refreshed our [Supplier Code of Conduct \(SCoC\)](#), setting forth our principles for labor, environment, health and safety that we expect all suppliers to observe and follow. The code consists of nine sections:

1. Principles
2. Ethics
3. Labor
4. Health and Safety
5. Environment
6. Internal Measuring Procedures
7. Information
8. Report to Arxada
9. Termination of Agreement

The code emphasizes our commitment to following the key principles of the United Nations Global Compact and the ILO Forced Labor Standards, the Foreign Corrupt Practices Act, the UK Bribery Act and all applicable anti-bribery and anti-trust laws of other countries. Through our audits and through our upcoming adoption of EcoVadis IQ Plus, we are monitoring our suppliers' adherence to our [Supplier Code of Conduct](#). When non-compliance with our [Supplier Code of Conduct](#) is apparent, we have the right to request corrective action and reserve the right to terminate our agreement with that supplier.

Looking forward to 2024

We are excited to continue the implementation of EcoArx and the finalization of the onboarding to EcoVadis IQ Plus. This will include additional organization of our company-wide procurement process, the implementation of a new Sustainable Sourcing Vision and Sustainable Sourcing Policy, and improvements to internal and external communication channels. We are aiming to implement new processes, creating standard operating procedures to support and enable our sustainable procurement strategy. This will help us continue to improve our responsible sourcing efforts across Arxada and our supply chain.



Highlights

Optimizing truck loads and improving efficiency at our Visp production site

At our Visp location in Switzerland, we collaborated closely with one of our filtration aid suppliers to streamline our deliveries and enhance transport efficiency. Through this, we increased the amount of product transported per delivery from 10,000 kg to 12,000 kg. By maximizing the volume of product per shipment, we successfully reduced our overall number of truck trips by 6,000 km per year, resulting in approximately 5.17 tCO₂e emissions avoided.²² Arxada intends to expand this approach across other delivery operations, aiming to replicate these benefits company-wide.

²¹ Our key suppliers make up approximately 20% of our supplier base and account for approximately 80% of our spend. With a comprehensive ESG assessment, we intend an evaluation that goes beyond legal and mandatory obligations.

²² The estimate for reduced emissions was calculated using the 2023 U.S. *Environmental Protection Agency (EPA)* Emission Factors for Greenhouse Gas Inventories. The emissions factor used was EPA Medium- and Heavy-Duty Truck.

People





Caring for people and communities, creating safe, healthy and inclusive workplaces where everyone can thrive and grow.

"At the heart of our commitment to sustainability are our passionate associates, whose dedication and hard work guide us towards a greener, more sustainable future. Their unwavering enthusiasm drives our initiatives. By fostering a culture of environmental stewardship and continuous improvement, our associates not only uphold our core values but also inspire positive change within our communities and industry. Together, we are creating a legacy of sustainability that will benefit future generations."

— **Annette Bergknut**, Chief People Officer

At Arxada, we recognize that our vision to tackle the world's toughest preservation challenges can only come to fruition through the unwavering dedication and hard work of our people. We are committed to creating an environment where every individual can thrive and reach their full potential.

We believe in fostering a workplace that is inclusive, healthy, safe and inspiring for all. Transparent and respectful communication is fundamental to our operations, both within our teams and in our interactions with the communities we serve. By empowering each of our associates to continuously learn, grow and bring their unique skills and talents to the table, we are able to not only succeed but to flourish.

To further strengthen our business and organizational culture, we have established three key goals. These goals are aimed at engaging our people and communities to cultivate an inclusive and safe environment. Learn more about our strategies to achieve these objectives and promote safe, healthy and inclusive workplaces in the following pages.

Goals

<p>Towards world-class Health & Safety</p> <p>throughout our operations</p> <p>Achieve by 2030:</p> <ul style="list-style-type: none"> - TRIR²³ (Total Recordable Injury Rate) < 0.3 - LTIFR²⁴ (Lost Time Injury Frequency Rate) < 0.1 	<p>Creating an inclusive culture</p> <p>where all associates thrive and grow</p> <p>Improve year-over-year associate scores on, engagement, diversity & inclusion and wellbeing as measured in our survey.</p>	<p>Community engagement</p> <p>and positive impact through volunteering</p> <p>Hold at least 24 community events per year across our operations.²⁵</p>
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²³ An injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed healthcare professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

²⁴ Rates are calculated as the number of injuries or incidents in the reporting period x 200,000 / total hours worked in the reporting period.

²⁵ Our community engagement target is driven by our number of manufacturing sites. In 2023, Arxada had 24 manufacturing sites globally. See '[Our business, purpose and values](#)' section for a list of these sites.



Health & Safety

Our associates are our greatest asset and we want to ensure we are respectful, nurturing and prioritizing safety. Health & Safety (H&S) has been identified as one of our three corporate values. Strong safety and health processes are essential to our business.

Our Environmental, Health & Safety (EHS) team oversees our H&S strategy by conducting audits of our operations, addressing remediation issues at our sites and assuring overall safety compliance. EHS efforts are divided between our two business units: Microbial Control Solutions (MCS) and Nutrition, Care and Environmental (NCE). Our MCS business unit has a shared EHS approach that is supported by our newly forged corporate EHS organization, transcending business unit boundaries to leverage best practices. To ensure that our H&S efforts are fully implemented at our individual facilities, the corporate EHS team, together with operations, is supported by dedicated personnel at the site level. These teams report to our group operations function and are primarily responsible for managing day-to-day H&S activities at our sites and facilities. By establishing clear lines of responsibility and oversight at both the corporate and business unit levels, we are effectively managing and promoting a H&S culture throughout our organization, positioning us to achieve our global H&S goals.

By 2030, we aim to achieve:

Below 0.3

Total Recordable Injury Rates²⁶ (TRIR)

Below 0.1

Lost Time Injury Frequency Rate²⁷ (LTIFR)

Safer Together at Arxada

Our Safer Together at Arxada initiative reaffirms and further integrates the H&S culture at Arxada. Led by our corporate EHS team, Safer Together at Arxada focuses on our core values of Safety and Health, Ethical Behavior and Respect for People and Planet. The program aims to engage all associates to work collaboratively and foster new leadership behaviors in safety. It also acts as a key driver for our 2030 H&S goal. Safer Together at Arxada emphasizes the importance of bringing people together locally and globally, encouraging the collaboration and sharing of learnings and best practices.

1. EHS Aspirations and Purpose

2. Organizational Philosophy and Principles

3. Serious Injuries and Fatalities (SIF) Foundations

4. Operating Discipline

5. Infrastructure and Mechanical Integrity

6. Management of Change – People

7. Associate Engagement

8. Leadership Behaviors

We engaged a wide range of associates in the rollout of our program through various digital and in-person channels, including targeted webinars, workshops and discussions involving team members at all levels of the business. We hosted more than 20 seminars on safety leadership behaviors, which were attended by over 200 leaders, ranging from senior executives to front-line supervisors.

In November 2022, we conducted a survey that showed 79.8% of all our associates were familiar with the program and 68% were seeing a positive impact related to it. Additionally, our survey showed that 92% of all associates see themselves as committed to the new EHS Aspiration and Purpose statement that was developed and communicated by a global team as part of this roll out effort. We plan to conduct this survey again in Q3 of 2024.

In 2023, we implemented our new Life Saving Rules, a set of essential, non-negotiable safety protocols intended to prevent Serious Injury or Fatality (SIF) incidents by addressing relevant safety-related topics. Through these Life Saving Rules, we aim to improve worker safety, enhance operational efficiency and promote a strong safety culture within our company directly and positively.

Arxada life saving rules

Respect safety controls

Obtain authorization before overriding or disabling safety controls

Be fit for the duty

Be in a state to perform work safely

Follow safe driving rules

Always follow safe driving rules

Practice safe lifting

Plan lifting operation and control the area

Stay out of the line of fire

Keep yourself and others out of the line of fire

Follow process safety requirements

Follow process safety guidelines

Work with a valid permit

Work with a valid permit when required

Confined space

Obtain authorization before entering a confined space

Lock-out / Tag-out/ Try-out (loto)

Verify isolation and zero energy before work begins

Protect against falls while working at height

Hot work

Control flammables and ignition sources

As part of efforts to implement Safer Together across Arxada, we also revised and entirely reshaped our policies and procedures landscape to better give clear and hands-on guidance on how to achieve best-in-class safety results. This new landscape is now split into high-level standards, mandatory procedures and supporting step-by-step guidance documents fully aligned and built on our non-negotiable Life Saving Rules. This step ensures strong support for our purpose of using better science to solve the world's toughest preservation challenges.

Creating a Health & Safety culture

We want our associates to understand the importance of H&S and live our Safety and Health values in their everyday actions. To help embed H&S into all we do, our associates on all levels have an annual H&S performance goal tailored to their specific role that reflects their contribution to Arxada's overall H&S performance. All Arxada associates are required to complete H&S training, including all relevant standard operating procedures for the processes they perform. For example, office-based and sales associates may be required to receive training on topics such as our policy for using phones when driving, while those who work with chemicals receive training on safe handling. In addition, all associates must complete H&S refresher training on an annual basis and take part in regular emergency response drills specific to each location. By providing tailored training to our associates, we are ensuring that they are equipped with the knowledge and skills needed to work safely and effectively, no matter the role.

In 2023, we focused on increasing and measuring the H&S related engagements made available to our associates. Our goal was to make sure these engagements were valuable and relevant to their work. Throughout various trainings and initiatives, we have ramped up our individual associate safety engagements from 17,451 in 2022 to 74,593 in 2023.

To further prioritize safety throughout our company, in 2023 we launched comprehensive SIF prevention inspections. These inspections identify SIF precursors, such as high-risk activities or equipment malfunctions, and assist with implementing proactive injury mitigation measures. SIF prevention inspections are carried out by a team of trained associates who thoroughly observe and evaluate the conditions, equipment, procedures and associate practices. The team evaluates 18 key risk areas, including Lock Out/Tag Out, loss of primary containment and other safety controls, using a customized checklist. This year, 1,994 in-depth SIF prevention inspections were conducted throughout our operations, compared with 502 in 2022.

Management & auditing of sites

The corporate EHS team is responsible for regular audits of every Arxada facility to ensure that site-level EHS practices comply with regional laws and our own policies. Our audits allow us to better mitigate EHS-related risks and to ensure standardized H&S practices globally.

In addition to following regulatory auditing requirements, we follow a risk-based auditing system, grouping our sites into categories that determine the frequency of their auditing. At a minimum, every site is audited every three years.

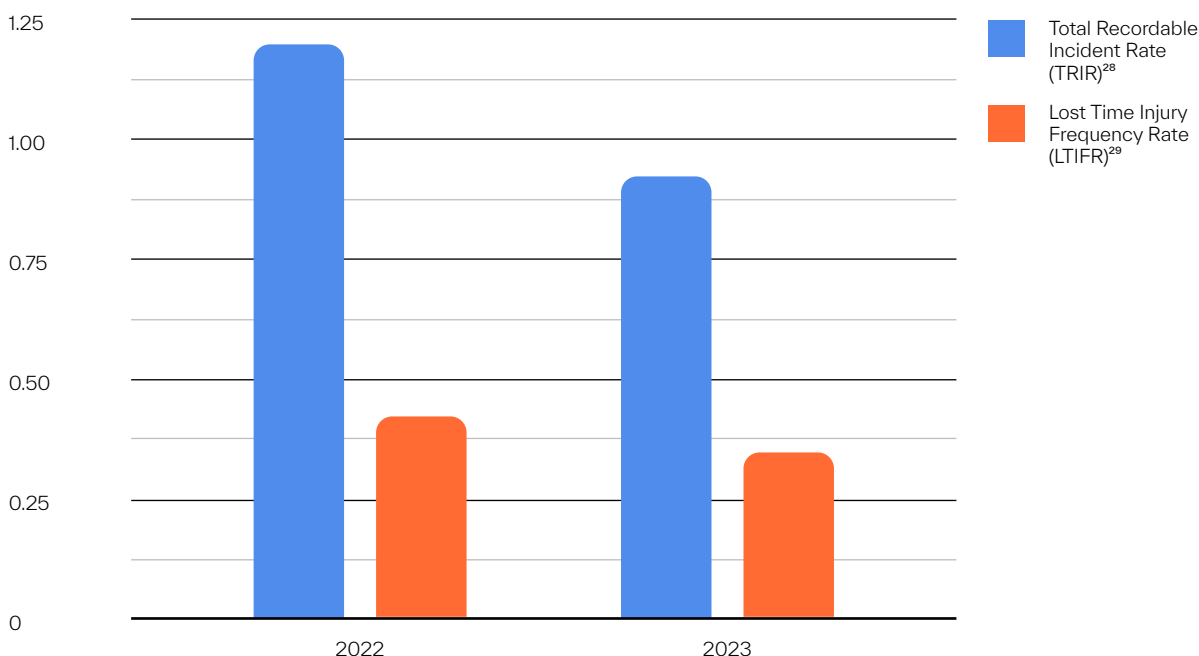
During audits, we assess our sites based on their risk management systems and performance and their compliance with a range of EHS-related issues, including H&S measures, emergency preparedness and response, and the handling, storage and disposal of waste. We also conduct assessments for industrial hygiene and personal protective equipment. In 2023, we carried out nine audits and assessments across the 28 sites of our global audit program.

When Arxada acquires a new facility, we conduct a separate EHS gap assessment in addition to our regular auditing process. This assessment is designed to identify areas where current practices may need to be improved or established to meet our standards. After completing the assessment, our EHS teams work with the evaluated sites to discuss the findings and develop an action roadmap for the next 12 to 18 months to address any identified weaknesses. By proactively identifying and addressing potential EHS issues, we are ensuring that all our sites operate in a safe, compliant and sustainable manner.

One hundred percent of our operational sites have conducted associate H&S risk assessments, which evaluate potential workplace hazards and how to minimize the impacts. These assessments are routinely updated to reflect the latest regulations and industry standards and take into account any audit findings or other safety events including near misses.

Our Health & Safety Performance

In 2023, we improved our H&S performance, with our Total Recordable Incident Rate (TRIR) and Lost Time Injury frequency rate (LTIFR) decreasing by 0.34 and 0.03 respectively. Read more about our Safer Together at Arxada program and our efforts to identify root causes of H&S incidents to prevent reoccurrence below.



Events & incidents

While we are working hard to maintain a rigorous and comprehensive H&S culture, incidents can happen. When they do occur, we learn and adapt to prevent reoccurrences. We utilize two specific approaches:

1. **Root cause analysis:** Using the definitions of the Center for Chemical Process Safety for leading and lagging process safety metrics, we require a thorough and detailed root cause analysis for every registered Tier 1 and 2 incident.^{30,31}

Through root cause analysis, we can identify why an accident occurred and implement measures to prevent it from occurring again. This approach has been in place at our legacy sites for some time. We have been working to align this methodology across all our global operations, offering training in EMEA, APAC and the Americas. To broaden the reach and effectiveness, the analysis and cause mapping are shared with all EHS and site managers during a monthly global call. This allows us to implement our learnings on a global scale.

2. **SIF program:** As part of our Safer Together at Arxada program, we implemented a SIF program and integrated this into our corporate H&S processes. As part of this, SIF training was carried out at manufacturing sites globally, and we are committed to thoroughly investigating all registered incidents and examining their potential to cause acute injury or fatalities. By actively engaging our associates and managers in this process, we aim to identify and eliminate any potential sources of serious harm in our operations.

Looking forward to 2024

In 2024, we are setting our sights on further improving our process safety by bolstering our Process Hazard Analyses (PHA) and control measures for Loss of Primary Containment (LOPC). Our primary objective is to identify, assess and prioritize potential hazards, such as chemical, physical, or mechanical hazards, which could lead to accidents, incidents, or adverse consequences. By involving multidisciplinary teams to examine various aspects of PHA and LOPC, we can better understand the



present hazards, mitigate risk and prevent potential incidents.

Highlights

From close calls to critical insights: the power of proactive near miss reporting

Arxada's plant in Kouřim, Czech Republic achieved over five million associate-hours without a Lost Time Injury (LTI) in September of 2023. This incredible milestone was achieved through a strategic safety program overhaul that prioritizes proactive risk mitigation and associate engagement.

Central to this initiative was the implementation of a user-friendly reporting system, empowering every associate to swiftly report near misses and other incidents in real-time. Kouřim conducted thorough training sessions to ensure all associates understood the system's purpose and functionality. Interactive workshops and simulations further reinforced this training, fostering a culture of safety consciousness and ownership among our teams.

Leveraging the data collected from near miss reports, Kouřim leadership conducted in-depth analyses to identify recurring risks and inform necessary updates to existing safety policies and training modules. Our leaders established continuous monitoring and transparent evaluation mechanisms to assess the effectiveness of the new process and provide ongoing feedback to the workforce, to reinforce the positive impacts of their contributions. By recognizing the contributions made by our associates, we are cultivating a sense of ownership and pride in the plant's safety

practices. Through these comprehensive measures, Kouřim is not only improving safety outcomes but also nurturing a culture of safety excellence. *Cont.*

Elevating safety leadership: safety leadership workshop series

At our Visp, Switzerland facility, we introduced Safety Leadership Workshops aimed at training senior leadership, managers, supervisors and other leaders responsible for overseeing workers in safety-centric environments on safety leadership principles. The training series consisted of four, two-hour workshops with embedded group exercises and scenarios for discussion. Each leader completes one workshop per quarter. Examples of the key topics covered include:

- Visible Felt Leadership
- The "Why" of Safety
- Psychological Safety
- The Leaders Role
- Engaging Others via Rapport, Respect and Reciprocity

The Safety Leadership Workshop Series emphasizes engagement, forging personal connections and taking purposeful action to boost productivity and optimize efficiency in achieving organizational and team objectives. Participants are encouraged to acknowledge their ability to impact performance by increasing visibility and actively engaging with team members on both personal and professional levels. This is achieved through leading by example, offering clear directives, delegating responsibilities and actively contributing to the smooth operation of the system. Following the final workshop, associates are tasked with creating an individual learning diary and participating in quarterly online experience exchanges with different Arxada facilities to facilitate continuous learning and development.

The workshops were first introduced in Visp in early 2023 and expanded to the U.S. sites in Q3 2023. At our Visp site, more than 70 leaders and over 56 U.S. leaders participated in the series, gaining knowledge around skills including emotional intelligence, adaptability, flexibility, motivation, decision-making and communication. In 2024, we plan to expand the workshops to Port Shepstone, South Africa and our sites in Australia and New Zealand.

^{26, 28} An injury or illness is considered a recordable incident if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Additionally, a significant injury or illness diagnosed by a physician or other licensed healthcare professional is considered a recordable incident, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

^{27, 29} Rates are calculated as the number of injuries in the reporting period x 200,000 / Total hours worked in the reporting period.

³⁰ Leading metrics are a forward-looking set of metrics that indicate the performance of the key work processes, operating discipline, or protection layers that help prevent potential incidents. Lagging metrics are a retrospective set of metrics based on incidents that meet an established threshold of severity.

³¹ Tier 1 incidents are described as catastrophic and exceed a defined threshold level, whereas a Tier 2 incident is used to normalize the industry metrics and provide a minimum and upper limit threshold range.



Attracting, enabling and engaging a diverse workforce

Building from a legacy spanning over a century, we have cultivated a community of dedicated individuals who are deeply passionate about their work and the impact it creates. We believe that attracting, empowering and engaging a diverse workforce is essential to our prosperity. By nurturing an inclusive environment and recruiting team members from a range of backgrounds and experiences, we are better equipped to address the intricate and diverse challenges of today's world.

We strongly encourage identifying, hiring and promoting talented individuals from a range of diverse backgrounds. We expect our organization to achieve this by putting robust processes into place - such as ensuring a varied panel of interviewers for open positions, training managers on unconscious bias and conducting pay equity audits for associates at all levels.

We are creating a performance culture with a heart, where people are recognized for great results, where all our associates can thrive and be their best selves, where dialogues lead to continuous improvement and where we build high performing teams that deliver great customer experiences, resulting in strong business performance. Our newly introduced *Arxada* behaviors reinforce these efforts and are the foundation to building a great workplace.

Attracting & developing talent

As a vibrant and innovative company operating in a competitive sector, it is imperative to prioritize attracting and retaining top talent. By fostering a unique and distinguished corporate culture under the guidance of esteemed leaders in the chemical industry, we provide our associates with opportunities for career advancement and personal growth. This makes us an appealing employer for new recruits and underscores the significance of connecting with and fostering the growth of our current team members. By valuing our workforce and offering meaningful opportunities, we are establishing a robust and sustainable business.

For both our new hires and existing staff, we offer comprehensive training and personalized development plans. Annually, all associates are required to complete compliance training, including instruction on our [Code of Conduct](#). Additionally, all People Leaders and large group contributors (1,000 associates) have access to LinkedIn Learning to enhance specific job-related skills and personal interests.

Our talent attraction efforts in 2023 were primarily led by individual locations and regional teams. This included regional partnerships with organizations focused on women in science, technology, engineering and math (STEM) and early career apprenticeship programs. We focused on ensuring that our talent attraction processes are designed to drive a broad pool of candidates in support of our goal to build a workforce that is inclusive of various genders, races, backgrounds and skill sets, representative of the communities where we work and operate. This year, we have introduced a new Recruitment Policy to guide these efforts.

We also worked to introduce personal development plans for all associates, enhancing clarity regarding job expectations through tailored training sessions on goal setting and feedback mechanisms for monitoring progress. Resources have been made readily available to support associates in achieving

their career goals and aspirations. In addition, we launched Arxada's mentorship program in early 2024, which sets out to provide robust leadership conversations, reflections and action plans. We also established dedicated learning spaces for career development and introduced a more seamless onboarding process.

By creating a unique and distinct business culture led by recognized leaders in the chemicals industry, we can offer our associates career growth within our organization. This makes us an attractive employer for new hires and emphasizes the importance of engaging with and developing our current team members. By valuing our workforce and providing meaningful work, we are building a strong and thriving business.

Engaging associates

Associate engagement is a key to retention and our ever-evolving business makes it important to listen to our associates while providing them with a strong understanding of our purpose and values. To do so, we are providing our associates with regional guidance and are engaging them through awards and a specialized engagement survey.

All associates have access to a handbook that contains guidelines on policies and practices that are specifically applicable to their region. The handbook helps associates better understand their job expectations, as well as the company and its culture. It contains practical information on associate benefits, and outlines how misconduct, such as harassment and discrimination, is handled. Learn more about our values and approach to business ethics, including our Code of Conduct [here](#).

To ensure we are effectively promoting areas such as diversity and inclusion and health and wellbeing within our organization, we rely on feedback from our associates. To gather this feedback, we use Peakon, the associate engagement platform for our Insights2Action survey. This initiative is deployed across our organization to measure our drivers of associate engagement, including role rewards, recognition, workload and other items that contribute to an overall engagement score. We work with local teams to develop and agree on action plans to improve their scores and engage associates more effectively.

Insights2Action survey results are shared at the individual team level. Both the team results, as well as global results, help us identify areas across the business that need more support and attention.

Health and wellbeing scores measure the extent to which associates believe the organization values and supports health and wellbeing. Our health and wellbeing score rose from 7/10 in 2022 to 7.2/10 in 2023.³²

The survey also provides an associate Net Promoter Score (eNPS), which tells us how likely our associates are to recommend Arxada as a place of work to family and friends, thus, providing an additional measure of associate engagement and satisfaction. In 2023, our average engagement and eNPS score was 6.7/10.³³

We are working to improve our engagement with eNPS by providing enhanced training for line managers to enable them to have more meaningful development conversations and offer better support for their teams. We continue to aim for year-over-year improvement in our engagement scores.

In 2023, we experienced a dip in engagement during times of economic decline. We took immediate action by increasing our communication efforts, recognition programs and action planning. We built a more informal culture by implementing communication practices with meaningful dialogues and interactions. We also created more fun moments for people to connect and reflect. We have communicated the importance of wellbeing and set clear expectations on taking time off for recovery. We have also started to work on a new Arxada Behaviors program to address cultural change.

71%

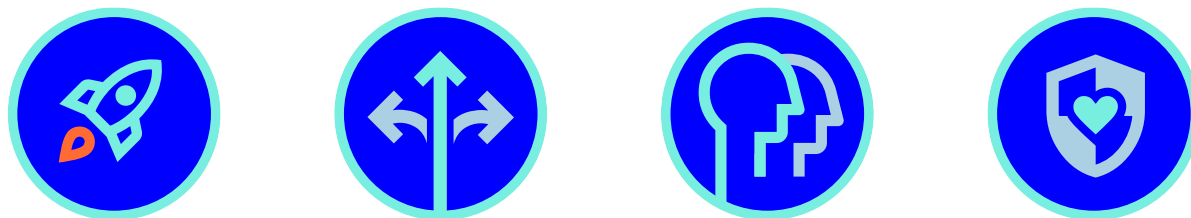
Of our associates responded to our Insights2Action survey in 2023

In 2023

We achieved an average eNPS score of 6.7/10

Our behaviors

Everything we do is guided by our four behaviors - Go Beyond, Decide and Drive, Collaborate Always and Foster Grit. These behaviors embody what is important to our business and establish the foundation for our 'performance culture with a heart' ambition.



Key characteristics of our behaviors include:

- **Go Beyond:** Set ambitious goals, think big, show courage and embrace calculated risks.
- **Decide & Drive:** Empower your teams, be creative with resources, involve the right decision makers and do not over-engineer.
- **Collaborate Always:** Invite and embrace different opinions, maintain accountability, work across business segments and functions and stay connected.
- **Foster Grit:** Support each other in difficult times, recover from setbacks, persevere without giving up and prioritize time to recharge.

Diversity, Equity & Inclusion

Having a more diverse, equitable and inclusive workforce has been a critical component of our global associate strategy since our inception. We recognize that diversity is important for better decision making, higher quality ideas and innovation. We are committed to creating a workplace where all associates can bring their full self to work every day, participate authentically and are valued for their unique talents and perspectives.

As a global company with a global customer base, we understand that diversity looks different in every part of the world, and we want our business to be reflective of all the markets in which we operate. We recognize that the chemicals industry has historically had an unbalanced gender ratio, and we are committed to playing a role in promoting greater diversity within the industry.

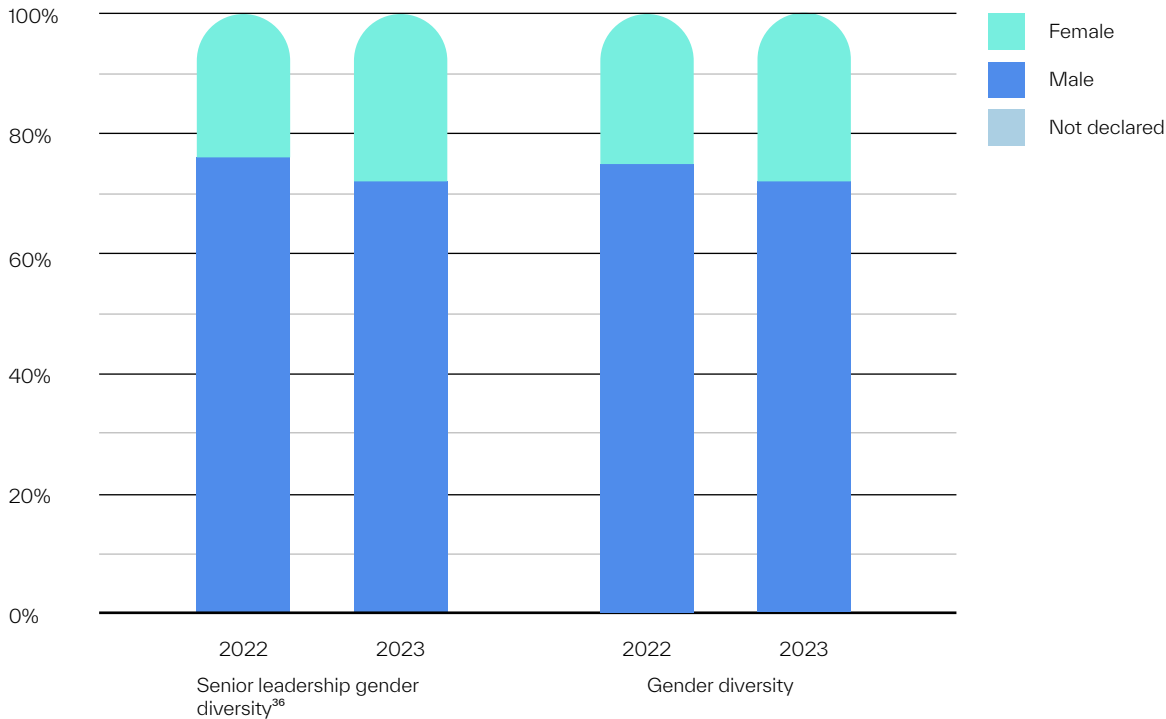
In 2023, we set a goal to improve year-over-year associate scores on DEi topics and wellbeing as reflected in our Insights2Action survey. This new focus area reiterates our company-wide focus on improving and better understanding how our associates feel about the DEi and wellbeing efforts being undertaken by Arxada. Through regular survey feedback, we can better strengthen, align and permeate our company strategies and values as they relate to our DEi initiatives.

Arxada's Insight2Action survey results		
	DEI	H&W
In our Insights2Action survey we have measured DEI and H&W score improved from 2022 to 2023 and we met our commitment.	Diversity and Inclusion measures associate perceptions of an organization's efforts to maintain a diverse workforce and create an environment where every individual feels included.	Measures the extent to which the associates believe that their organization values health and wellbeing and makes efforts to support these.
2022	7.4/10	7/10
2023	7.5/10	7.2/10

This year, female representation in our senior leadership team increased from 23% to 26%, exemplifying the ways in which we are encouraging women and creating a culture of inclusiveness at all levels.³⁴

For the whole company population, the representation of female associates increased from 25% to 26%.

Arxada's workforce diversity³⁵



To demonstrate our commitment to Diversity, Equity and Inclusion (DEI) at leadership level, in 2022 we began actively communicating our diversity measures to our Executive Leadership Team (ELT). Collectively, our ELT is actively involved in and passionate about driving awareness and progress on this topic. Our DEI steering committee, established in 2022, continues to champion DEI at operational level by fostering a diverse, equitable and inclusive culture. This groundwork has been instrumental with our progress in increased female-to-male hires, with an increase of 13% since 2022.

To attract top talent, we are developing a talent engine roadmap with specific workstreams focused on aligning job levels and performance measures globally, standardizing our approach to early careers and creating a plan for associate learning and development that includes training for line managers. Our talent engine roadmap will link to our DEI ambitions, creating a more diverse talent pipeline. This will include targeted partnerships and job descriptions containing gender-neutral and inclusive language. By implementing these strategies, we hope to position ourselves as an attractive and supportive employer for top talent.

In 2023, we founded four new Employee Resource Groups (ERGs). Each group has defined specific strategies and actions plans based on the community they represent. Through these ERGs, associates can attend educational sessions and virtual webinars, engage in meaningful discussions and exchange experiences and advocate for organizational changes. All ERGs are sponsored by a senior leader.

Women@Arxada	Pride & allies	Racial equity	Able Ability beyond limits for everyone
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In early 2024, Arxada launched a mentor program called Women@Arxada. The program has more than 115 members representing all levels of our organization. Women@Arxada promotes Women in Chemicals events, with a focus on family-forward policies and the personal development of its members.

While DEI representation at the leadership level is important, we are working on creating a more diverse talent pipeline for all career levels by integrating DEI into our talent attraction processes and by utilizing an updated Recruitment Policy that reflects the goals.

Commitment to workplace safety, integrity and associate wellbeing

At Arxada, we are dedicated to maintaining a safe, dynamic and compliant workplace through comprehensive company-wide and local policies. Our internal guidelines cover critical areas such as living wages, integrity and anti-harassment, collective bargaining, and the labelling, storage and transport of hazardous materials.

We provide our associates with an Ethics & Compliance Portal and Hotline, enabling them to report harassment, ethical concerns, legal or regulatory violations or pose questions. Associates are able to remain anonymous. Arxada's hotline is available 24 hours a day, seven days a week. They have the option to speak to a call center representative, file an online report or contact Arxada's compliance group who can address their matter appropriately.

We have increased the focus on recovery and wellbeing in our corporate communications to empower associates to prioritize self-care. A directory of local Employee Assistance Programs (EAPs) provides easy access to appropriate levels of support to associates and their families, at no cost. The suite of services available through these programs spans matters of mental wellbeing and work-life balance to personal growth, family care and financial consultations.

Associate benefits

Arxada offers a comprehensive range of benefits, tailored to country needs and designed to foster the wellbeing of our associates, including medical and healthcare services, life insurance, disability coverage, retirement savings and/or pension plans. They and their families are supported through various phases of life with inclusive paid parental leave policies and benefits for childcare.

While the specifics of these benefits may vary by country, our commitment to essential support remains unwavering across all locations. In some regions, we also provide ancillary coverage for dental and vision care to ensure holistic healthcare and tuition assistance for continued learning and development. We internally track data on benefit utilization and eligibility to enhance and improve our benefit portfolio.

Commitment to pay fairness and equity

Arxada is committed to providing fair and equitable reward opportunities for all associates. Our strategy reflects our desire to drive pay fairness and positively impact systemic pay disparities, as well as stimulate desire for action. Key initiatives include:

- Conducting annual living wage studies to identify and address potential pay disparities by location
- Frequently reviewing and evaluating macro-level pay gaps, if any
- Monitoring living wage benchmarks and trends to stay current with best practices
- Offering targeted learning programs to ensure unbiased reward decisions anchored in compensable factors and fair living wages.

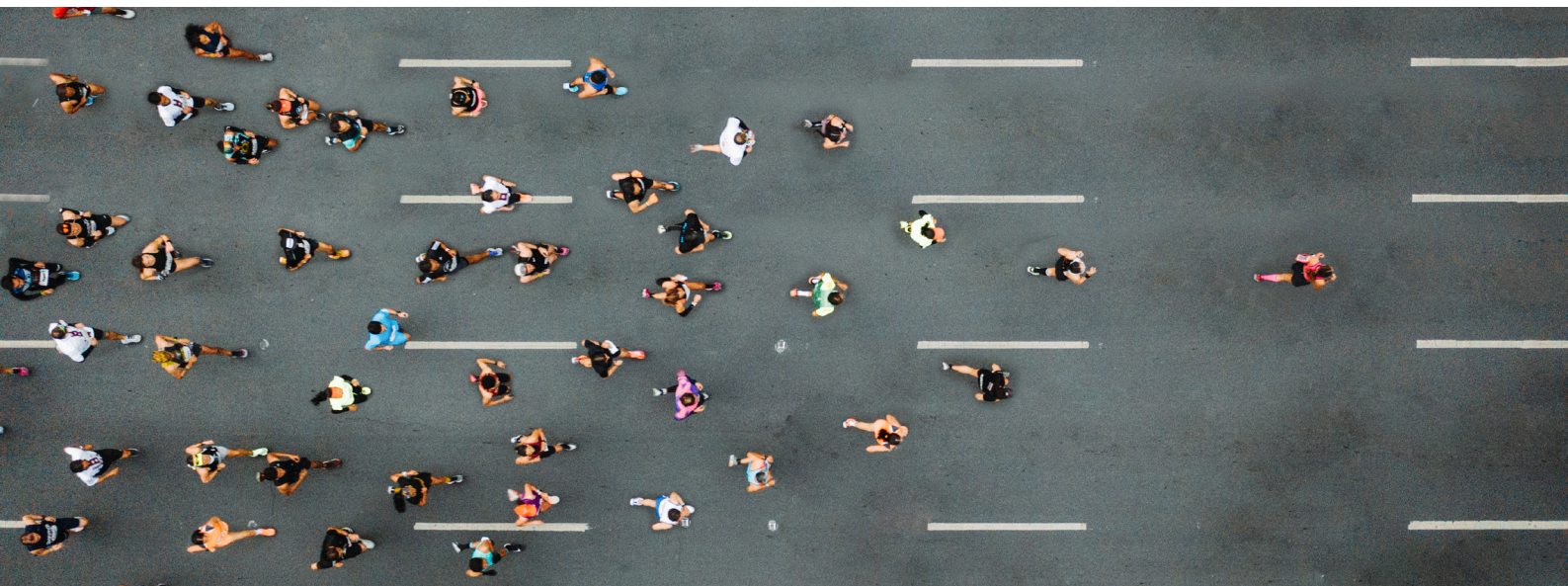
Through these efforts, we aim to have a fair, supportive and equitable workplace for all Arxada associates.

In 2023, we conducted a living wage study to evaluate the size and significance of pay disparities in accordance with the latest International Development House (IDH) Recognized Living Wage Benchmarks at the time (as of June 2023).

Arxada's commitment to its associates is evident through our core values and actions. We foster an enriching work environment through initiatives aimed at promoting work-life balance and supporting personal development. These include our Bike to Work Challenge, racial equity lunch and learns, pay equity seminars, book clubs, blood and stem cell donation drives and local wellbeing activities. In 2023, our Thailand facility launched a comprehensive Health and Wellbeing Program to create a healthier workplace by providing a wide range of healthy activities for our associates.

Looking forward to 2024

In 2024, we will increase the level of communication regarding the activities of our ERGs and further build on the foundation of a nurturing culture that promotes inclusion. Through our ERGs, we can extract the authentic voices of our associates and understand their motivations and needs. This input will help us build the supporting policies and practices required to reach our goals. We will continue to maintain a continuous feedback loop to ensure our associates feel heard and are helping to drive policies with their insights.



Highlights

Empowering women in the chemical industry: Women@Arxada

Women@Arxada (W@A) is one of our new Employee Resource Groups formed in 2023. This group aims to build an inclusive community for discussing and creating awareness around the issues women face in the workplace. W@A provides our women associates with tools and resources while fostering an environment where colleagues can become more adept at supporting each other. Within its inaugural year, membership grew to over 100 associates, hailing from five continents. Furthermore, W@A welcomes male allies, constituting over 10% of its membership, thus promoting and enabling collaborative efforts towards gender equality.

In the chemical industry, women make up less than a quarter of the workforce worldwide. This is important because companies with more gender diversity tend to be more profitable. Female leaders are also more likely to switch jobs to places that are more committed to DEI. Many young women now see this commitment as increasingly important. We aim to become a top choice for women to build their careers in the specialty chemical industry. With W@A, we are working on this through two main ways: offering family forward policies and supporting personal development. In our first year, we organized two global events: a panel discussion on Equal Pay Day and another on C-Suite discussions at the end of the year. We also started a mentorship program and collaborated with Women in Chemicals to host events. *Cont.*

Empowering the future: Port Shepstone's commitment to Black-Based Broad Economy Empowerment

The 2013 Black-Based Broad Economy Empowerment (B-BBEE) law was founded on three key pillars: Social Development, Supply Development and Enterprise, advancing economic transformation and economic participation of the Black community in South Africa. We take pride in our activities to support this important legislation and Arxada is committed to making contributions each year as we seek to enhance our impact.

In 2023, our Port Shepstone, South Africa facility engaged in the following activities in support of the Social Development pillar:

1. We organized a graduation ceremony for the Nelson Mandela Vulingqondo creche, a school catering to children aged three months to six years, similar to kindergarten. Arxada personnel support this event annually, actively organizing logistics of the events and providing backpacks and stationery to prepare the children for their transition to primary school.
2. We also hosted a Christmas event at the Vulingqondo creche where all the children are invited to celebrate. Arxada supports the event by volunteering and buying gifts.
3. Associates volunteered at the Vulingqondo creche for a day of yard and building maintenance, which included grass cutting, playground upkeep, building repairs and thorough spring-cleaning. Associates brought their own cleaning material and tools to support the event. This event takes place annually on Nelson Mandela International Day, giving our associates the opportunity to give back their 67 minutes of service. This event provided an opportunity for our associates to spend meaningful time with the local community.
4. Throughout the year, associates contributed donations of food and cleaning products, providing support to the Vulingqondo creche and promoting health and hygiene.

^{32,33} The data covers 100% of our workforce, including Arxada (legacy LSI), TROY and Envirotech.

^{34,35} Please note, the data provided is only for Arxada (legacy LSI). In 2022 this represented 74% of the company. In 2023 this represents 80% of the company.

³⁶ Our senior leadership includes the following job roles: Associate Director; Director; Senior Director; Vice President; Senior Vice President; President; and CEO.



Community involvement

Engaging with the people and places where we live and work enables us to communicate with, learn from and contribute to our local communities, fostering positive relationships in a meaningful way. Our sustainability strategy underscores our global commitment to generating positive impacts in our communities. By offering our team members opportunities to give back, we strive to instill a sense of purpose and vested interest.

Last year, we established a goal for community involvement. As we progressed, we recognized that our dedication and commitment to this initiative cannot be measured merely in hours. To promote a wider range of community events, we have aligned our strategy to shift our focus from volunteer hours to the hosting of community events at our facilities. Our goal is to hold at least 24 community events per year. This target reflects the number of our global manufacturing sites, where we believe our local community engagement efforts will have a stronger impact.

Our definition of community engagement now includes activities organized either by the company or external entities that involve or serve our communities. These can include volunteer activities, sponsorships, local festivals, public meetings, charity events, educational workshops and other initiatives aimed at engaging with residents, stakeholders, or specific groups within the community.

By leveraging the passion, knowledge, and energy of our associates, our goal is to support local initiatives and maximize our positive impact where it can make a difference. In 2023, we proudly hosted 61 events, demonstrating our commitment to community engagement and our dedication to promoting growth within the communities we serve. You can read more about these initiatives in the case studies below and in our DEi section on our Commitment to Black-Based Broad Economy Empowerment.

Local 2023 Community Engagement Highlights include:

- Morristown, New Jersey: Hosted an Earth Day event where associates picked up litter at a local park.
- Visp, Switzerland: Hosted several sporting events including marathons, ice hockey and floorball.
- Saito, Brazil: Associates collected plastic buckets and aluminum seals to generate funds to support the purchasing of 21 wheelchairs for local recipients.
- Williamsport, Pennsylvania: Sponsored a local Little League baseball team, football team and college wrestling team.
- Alpharetta, Georgia: Associates hosted a food drive benefitting a local food shelter and collected toys for their local Toys for Tots initiative during the holiday season.

We look forward to maximizing our efforts even more over time as sites and associates identify relevant needs and find ways to contribute.

We will continue to work diligently toward achieving our goals, promoting activities that not only support but actively enhance the well-being and development of our local communities. Our pledge to community improvement remains steadfast and we are excited to build on our successes to create even greater positive change.

Looking forward to 2024

In 2024, we will aim to maintain efforts to empower associates to make an impact through first-hand community involvement through volunteerism with respective civil society partners in a chosen community. We will continue to review what, where and when to support our communities to maximum effect. The intent is to create and facilitate opportunities that have meaningful influence locally, while aligning and supporting our purpose, values and strategy globally.



Highlights

Empowering and connecting: community engagement initiatives in our Thailand communities

At Arxada, we believe in the power of community engagement to positively impact people and the planet. In 2023, our commitment to community involvement was evident through several initiatives across our Thailand sites.

We participated in the Captain Run for Child #4 program, raising 2,500,000 THB (approximately 69,000 CHF) to provide sports equipment and paint for 300 local schools. This effort, sponsored by our Bangkok and Kabinburi sites, aimed to enhance the educational environment for schoolchildren.

Our Bangkok site also sponsored the WWRC Golf Charity, raising funds for underprivileged individuals in Malaysia, reflecting our broader vision of global support. Furthermore, the site launched a program to support blind masseuses, offering career opportunities and health benefits to our associates, promoting inclusivity and well-being.

Locally, our Kabinburi, Thailand plant provided gifts to children at a neighborhood school on Thailand's Children's Day, fostering a positive community relationship. We also supported disabled veterans in collaboration with The Royal Thai Army, ensuring they received necessary resources and assistance.

Through these initiatives, Arxada demonstrates its commitment to empowering and connecting with our communities, fostering positive relationships and promoting well-being. *Cont.*

Community engagement events at our Saito site in 2023

Throughout 2023, associates at our Saito, Brazil site participated in 14 community engagement events to support the community in which we live and operate. Our associates care deeply about our communities and found several unique ways to engage with community members and donate resources and time to those in need.

Examples of the service events at our Saito site in 2023 included:

- Hosted blood donation campaigns in March, June and December, with 17 bags of blood having been donated by the end of the year. Donated plastic buckets to Rotary International and proceeds used to buy 21 wheelchairs.
- Donated cleaning supplies and personal hygiene products to the Zoom Institute, helping people with Autism Spectrum Disorder (ASD).
- Associates participated in the autism awareness street race, the Natal Solidario street race and the PROTEA street race to cure breast cancer.
- Donated food and hygiene products to Casa De Belem.
- Planted 50 trees in Saito.

Through these initiatives, our associates served a range of people and organizations in the Saito community. Associates continue to drive outreach efforts and will continue to grow Arxada's impact in the future.

Resources and downloads

Sustainability report

- [2023 Sustainability report \(PDF\)](#)
- [2022 Sustainability report \(PDF\)](#)
- [Arxada certificates](#)

- **Assurance of environmental data**
- [2023 Independent Limited Assurance Statement to Arxada AG](#)
- [2022 Independent Limited Assurance Statement to Arxada AG](#)

2023 Sustainability report data indices

- [Planet Pillar data](#)
- [People Pillar data](#)
- [Preservation Pillar data](#)
- [Complete sustainability report data](#)

Policies

- [Arxada cookie policy](#)
- [UK Modern Slavery Act Statement](#)
- [Arxada California Transparency in Supply Chains Act Statement](#)
- [Supplier Code of Conduct](#)
- [Arxada Code of Conduct](#)
- [Arxada Sustainability Policy](#)

Sustainability Report 2023 – data index

Financial Year 2023 was Arxada's second year of ESG reporting. Due to this, some data in the report is incomplete. We are committed to increasing the scope of our sustainability data collection and data assurance in future years.

General disclosures

Performance indicator	FY23	Framework
Organization Name	Herens Midco S.a.r.l.	GRI 2-1
Ownership Status	Private equity, owned by Bain and Cinven funds, holding company.	GRI 2-1
Headquarters Location	Basel, Switzerland.	GRI 2-1
Countries of Operation	See Our Business and Sustainability .	GRI 2-1
Entities in Sustainability Reporting	Troy Corp and Arxada AG.	GRI 2-2
Differences between entity list in financial reporting and sustainability reporting	N/A Audited Financials on Harens Midco S.a.r.l. are non-public information.	GRI 2-2
Reporting period (sustainability and financial reporting)	01.01.2023 - 31.12.2023	GRI 2-3
Report cycle	Annual	GRI 2-3
Report publication date	07.08.24	GRI 2-3
Report Contact Point	General enquiries on sustainability email: Sustainability@Arxada.com	GRI 2-3
Restatement of information	N/A	GRI 2-4
External assurance	External assurance was sought for the assessment of embedded KPIs in our Sustainability-Linked Financial Instruments, covering Scope 1 and Scope 2 (location-based and market-based) as well as total waste generated for our Sustainability Report for the reporting year 2023. See Our 2023 External Assurance Report from ERM-CVS and Our Business & Sustainability '	GRI 2-5
Sector	Chemicals sector	GRI 2-6
Value chain and activities	See Greenhouse Gas (GHG Emissions and Air Quality) .	GRI 2-6
Governance structure and composition	See Sustainability Governance .	GRI 2-9
Nomination and selection of the highest governance body	See Sustainability Governance .	GRI 2-10
Chair of the highest governance body	Arxada does not have a formal Chairman of the Board.	GRI 2-11
Role of the highest governance body in overseeing the management of impacts	See Sustainability Governance .	GRI 2-12
Remuneration policies	See Sustainability Governance .	GRI 2-19
Statement on sustainable development strategy	See Our Business and Sustainability .	GRI 2-22
Policy commitments	See Sustainability Governance and Resources & Downloads . Arxada's policies are approved by the relevant ELT members and boards of the relevant legal entities. The policies mentioned above are communicated through the Arxada internet, intranet and periodic ethics & compliance training programs, such as our True Office training platform and periodic Legal Department training programs.	GRI 2-23
Embedding policy commitments	See Sustainability Governance .	GRI 2-24

Performance indicator	FY23	Framework
Processes to remediate negative impacts	<p>See Business Ethics.</p> <p>Several of the company's manufacturing sites, including Visp, Newark, Mapleton, Willamsport, Conley and Suzhou have labor unions, which have Collective Bargaining Agreements (CBAs) under relevant local laws containing grievance mechanisms.</p> <p>In the event the company receives claims or complaints from associates or third parties, the Legal Department thoroughly investigates them with the appropriate internal stakeholders and business/functional partners, supported by outside counsel where necessary, and works with internal stakeholders to determine appropriate actions.</p> <p>Processes involving the Legal Department are periodically reviewed and evaluated as needed, depending on a variety of factors.</p>	GRI 2-25
Mechanisms for seeking advice and raising concerns	The HR and Legal Departments typically support grievance processes. Guidance regarding reporting concerns is included in several company policies (such as some mentioned above), during training programs and during everyday business counselling.	GRI 2-26
Approach to stakeholder engagement	See Business & Sustainability and Advocacy leadership for science-based decision-making for a sustainable future .	GRI 2-29

Planet Pillar disclosures¹

Performance indicator	FY21	FY22	FY23	Framework
Greenhouse gas emissions				
Scope 1 ^{*2}	658,222 tCO ₂ e	181,138 tCO ₂ e	190,865 tCO ₂ e	GRI 305-1, 305-2, 305-3, 305-5
Scope 2 location-based ^{*3}	173,871 tCO ₂ e	155,514 tCO ₂ e	150,175 tCO ₂ e	
Scope 2 market-based ^{*3}	168,216 tCO ₂ e	163,052 tCO ₂ e	155,446 tCO ₂ e	
Total Scope 1 and 2 (market-based) ^{*2,3}	826,438 tCO ₂ e	344,190 tCO ₂ e	346,311 tCO ₂ e	
Scope 3 ⁴	1725106 tCO ₂ e	1,538,976 tCO ₂ e	1,465,020 tCO ₂ e	
Improved Scope 3 ⁴	-	2,716,589 tCO ₂ e	2,633,184 tCO ₂ e	
Total Scope 1, 2 (market-based) and 3 emissions	2551544 tCO ₂ e	3,060,780 tCO ₂ e	2,979,495 tCO ₂ e	
Base year	2021			
Consolidation approach	Operational control			
Standards, methodologies, assumptions and calculation tools	GHG Emissions are defined as Scope 1, 2 and 3 greenhouse gas emissions of the Group, determined in accordance with the Scope 1, 2 and 3 guidance of the GHG Protocol Corporate Accounting and Reporting Standard.			
Air quality management				
NO _x ⁵	75.0 t	68.6 t	61.31	GRI 305-7, SASB RT-CH-120a.1
SO _x	3.8 t	3.8 t	2.7 t	
voes	166.3 t	168.8 t	189.3 t	
PM10	51.4 t	51.4 t	38.2 t	
Energy management				
Total energy consumed	5,616,650 GJ	5,043,030 GJ	5,026,890 GJ	SASB RT-CH-130a.1
% grid electricity	30%	32%	32%	
% renewable	5%	1%	1%	

Performance indicator	FY21	FY22	FY23	Framework
Waste management				
Third-party waste management	See Supplier Code of Conduct . Additionally, legislative compliance is administrated locally based on local legislation.			GRI 306-2, 306-3, 306-4, 306-5
Total waste generated*	70,717 t	53,881 t	48,729 t	
Hazardous waste generated	57,670 t	41,203 t	40,844 t	
Non-hazardous waste generated	13,047 t	12,678 t	7,885 t	
Hazardous waste recycled	6,899 t	5,109 t	5,417 t	
Non-hazardous waste recycled	2,522 t	2,585 t	1,661 t	
Hazardous waste incinerated	34,671 t	31,583 t	28,851 t	
Hazardous waste sent to landfill	3,034 t	1,240 t	282 t	
Hazardous waste disposed (other options)	13,064 t	3,269 t	6,293 t	
Non-hazardous waste incinerated	1,573 t	2,483 t	1,661 t	
Non-hazardous waste sent to landfill	8,951 t	7,610 t	4,563 t	
Location of disposal	100% of waste captured is directed to offsite disposal.			

¹ The scope of our Planet Pillar data, excluding only our Scope 3 data, includes all manufacturing sites with FTE > 10 (note, Auckland New Zealand and Trentham Australia manufacturing sites are included even though they have less than 10 FTEs) and Pilot Manufacturing sites with FTE > 45. Emissions and waste from offices are not included, as these are not material to Arxada's overall emissions and waste.

² Our Scope 1 emissions include the direct emissions to air from our operations, including CO₂, N₂O, CH₄, from fuels (e.g., LPG and Fuel Oil). Arxada does not have emissions from PCF, HFCs or SF₆.

³ Our Scope 2 emissions are composed of purchased electricity and steam. For European locations, instead of the applicable residual mix factors, location-based IEA factors have been used.

⁴ Our Scope 3 data includes Arxada (legacy LSI), Troy and Envirotech. The Scope 3 emissions calculations exclude the following categories: Upstream leased assets (Cat. 8), Processing of sold products (Cat. 10), Use of sold products (Cat. 11), End-of-life treatments of sold products (Cat.12), Downstream leased assets (Cat.13), Franchises (Cat.14), Investments (Cat.15). As an improvement of our Scope 3 approach, our 2022 and 2023 data also include Processing of sold products (Cat.10) and End-of-life treatments of sold products (Cat.12). For our Waste generated in operations (Cat. 5) data, the footnote 1 scope limitations apply.

⁵ NO_x emissions do not include N₂O, which is included in our Scope 1.

* Metrics have been assured by ERM CVS. For more information, please see the [External Assurance Report](#) which details the scope, activities and conclusion of their engagement.

Preservation Pillar disclosures

Performance indicator	FY22	FY23	Framework
Safety & environmental stewardship for chemicals			
% of products containing GHS category 1 and 2 health and environmental hazardous substances. ¹	77%	76%	SASB RT-CH-410b.1, RT-CH-410b.2
% of products containing GHS category 1 and 2 health and environmental hazardous substances with a hazard assessment ²	100%	100%	
Management of the legal & regulatory environment	See Advocacy Leadership for Science-Based Decision Making for a Sustainable Future		SASB RT-CH-530a.1
Child labor and forced or compulsory labour	See 2022 Report , Supplier Code of Conduct		GRI 408-1, 409-1
Suppliers screened using environmental and social criteria, as set forth in the updated Supplier Code of Conduct . ³	Our suppliers are expected to adhere to our Supplier Code of Conduct , which outlines strict guidelines related to environmental sustainability, human rights protection, labor practices, social standards and protection against discrimination. It is imperative that our suppliers demonstrate a clear commitment to upholding these standards in their operations.		GRI 308-1,414-1

¹ Value is calculated for classified products; products that are not classified with relevant hazards but contain individual classified components are not considered. The percentage is given based on the number of SKUs in SAP (stock keeping units= material numbers). Wood Protection, Crop Protection NZ, Troy and Enviro Tech are not included within this calculation.

² Value applies to the entire Arxada portfolio.

³ Please see the ['Responsible Sourcing'](#) report section on how we monitor and assess our suppliers.

People Pillar disclosure¹

Performance indicator	FY22	FY23	Framework
Workforce health & safety			
Process to identify work-related risks	—	See Creating a Health and Safety Culture and Management and Auditing of Sites for more information	GRI 403-2, 403-8
Number of comprehensive SIF prevention inspections	502	1,994	
Percentage of operation sites where health & safety risk assessments have been conducted	100%	100%	
Number of sites where global audits have been conducted	19	9	
	2021	2022	2023
Total Recordable Incident Rate (TRIR)	1.03	1.21	0.87
Total Recordable Fatality Rate (TRFR)	0	0	0
Lost Time Injury Frequency Rate (LTIFR) ²	0.23	0.41	0.38
	2022	2023	
Associate training on occupational health and safety	Training conducted at site level according to local legislation.	Training conducted at site level according to local legislation. Additionally, see Safer Together at Arxada and Creating a Health and Safety Culture for more information	GRI 403-5

Performance indicator	FY22	FY23	Framework	
Workforce health & safety				
	2022	2023		
Individual associate safety engagements	17,451	74,593		
Operational safety, emergency preparedness & response				
Process Safety Incidents Count (PSIC)	38	29	SASB RT-CH-540a.1, RT-CH-540a.2	
Process Safety Total Incident Rate (PSTIR)	0.98	0.68		
Number of transport incidents	0	0		
Diversity & equal opportunity³				
Senior leadership gender diversity	Female	46 23%	Female 54 26%	GRI 405-1
	Male	158 77%	Male 157 74%	
Gender diversity	Female	934 25%	Female 691 26%	
	Male	2,866 75%	Male 2,013 74%	
	Not declared	0.15%	Not declared <0.5%	
Non-discrimination	See our Code of Conduct		GRI 406-1	
Employee engagement				
	2022	2023		
Percentage of associates who responded to Insight2Action survey	73%	71%	These disclosures are not aligned with GRI or SASB. We collect and use this data to track our employee engagement and report against our relevant target.	
DEI Score	7.4/10	7.5/10		
Health & Wellness	7.0/10	7.2/10		
Average eNPS score	7.2/10	6.7/10		
Employment				
Total employees	3,600	3,400	GRI 401-1, 401-2, 401-3	
New hire gender diversity	157 hires in 2022		425 hires in 2023	
	Female	23%	Female	36%
	Male	53%	Male	63%
	Not declared	24%	Not declared	2%
Turnover gender diversity ³	The total turnover rate for 2022 is 17.25%. We are unable to provide a turnover rate by gender for 2022.	The total turnover rate for 2023 is 16.70%. The turnover rate by gender was Female 26% and Male 74%.		
Full-time employee benefits	For U.S. FTEs:	For U.S. FTEs:		
	<ul style="list-style-type: none"> • Medical • Dental • Vision • Life insurance • Disability coverage • 401k participation 	<ul style="list-style-type: none"> • Medical • Dental • Vision • Life insurance • Disability coverage • 401k participation 	See Associate Benefits for more information.	
Significant locations of operation	See Our Business & Sustainability	See Our Business & Sustainability		
Parental leave entitlement female	Variable by region and location	Variable by region and location		
Parental leave entitlement male	Variable by region and location	Variable by region and location		

Performance indicator	FY22	FY23	Framework
Parental leave female	1 (based on last 6 months of 2022 only)	7	
Parental leave male	1 (based on last 6 months of 2022 only)	5	
Community relations	See Community Involvement	See Community Involvement	SASB RT-CH-210a.1
Training & education	See Attracting, Enabling & Engaging a Diverse Workforce and Health & Safety	See Attracting, Enabling and Engaging a Diverse Workforce , and Health & Safety	GRI 404-2

¹ Unless otherwise noted, the data covers 100% of our workforce, including Arxada (legacy LSI), Troy and Enviro Tech.

² Rates are calculated as the number of injuries or incidents in the reporting period x 200,000 / Total hours worked in the reporting period.

³ The data provided is only for Arxada (legacy LSI). In 2022 this represented 74% of the company. In 2023 this represents 80% of the company.

arxada

The power of

*science &
sustainability*

Better science to solve the world's
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