



# Corporate Responsibility & Sustainability

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2018 Report

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*This report has been prepared, whenever possible, in accordance with the GRI Standards: Core option.*



## Did you feel the cover?

The cover of this report is coated with Stahl EVO® Soft touch technology, crosslinked with a carbodiimide crosslinker. The use of Stahl's polycarbodiimide crosslinkers in coatings is growing, especially for aqueous systems. These patented crosslinkers are an excellent way to boost the performance of environmentally-friendly coatings. We expect the increasing use of these crosslinkers to continue as more customers switch to water-based coatings and lower impact chemicals.

***“The investment in solar energy at our Stahl Brasil site is a concrete example of our long term commitment to the 2015 Paris Climate Agreement targets”***

# Message from the CEO

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I am very proud to present the 2018 Stahl Corporate Responsibility & Sustainability Report which provides an overview of our activities over the past twelve months.

There are some new features in the report this year, like the Materiality Matrix, which plots the topics that matter for the company, and a chapter on the Environmental and Social Governance (ESG) landscape, which provides an update for our stakeholders on the legislation and compliance initiatives that were relevant in 2018.

Stahl's vision is to achieve a more transparent industry that continuously reduces its environmental footprint. In 2018 we made further progress towards this goal, including the seamless integration of the BASF Leather Chemicals division and another drop in CO<sub>2</sub> emissions at our manufacturing sites. Indeed, the investment in solar energy at our Stahl Brasil site is a concrete example of our long term commitment to the 2015 Paris Climate Agreement targets. Stahl has intensified its contribution to the 17 UN Sustainable Development goals and the Global Reporting Initiative (GRI) table is published once again (on page 40).

Stahl is driving initiatives that are having a positive effect on the supply chain and on the environment.



While we are aware of the challenges that our industry faces, we continue to view them as a significant opportunity for Stahl, to take action and create a better future.

Best regards,

**Huub van Beijeren**  
CEO

# About Stahl

Stahl is the world leader in leather chemicals and high-performance coatings. Our products provide functionality, durability and comfort to many different materials used in everyday life. Although they may not realize it, millions of people around the world touch and use Stahl products every day. As a manufacturer of chemical products, Stahl considers health and safety to be its primary responsibility and through its culture of continuous improvement and focus on sustainability, Stahl is also driving change by promoting transparency and reducing the environmental footprint of the industry.



## Human capital

WORKFORCE  
**2000**

24% ♀  
76% ♂

Number of nationalities **61**

**27**  
COUNTRIES

48% EMEA 20% Asia-Pacific 17% India-Pakistan 16% Americas

Average age **43** YEARS

**780** people trained at Stahl Campus®



## Research & development

**100** people working on innovations every day

**11** R&D Labs

Focus: technologies and processes that improve environmental impact



## Products & markets

Leather Chemicals Performance Coatings Polymers

Automotive | Footwear, Apparel & Accessories | Architectural & Interior Design | Industrial Applications | Leisure & Lifestyle | Home Furnishing

**35** Sales offices

**€ 867 million** sales revenue in 2018



## Responsible operations

**38** Technical Centers **13** Manufacturing Sites

**9** Centers of Excellence

NEW 2018  
Suzhou (China)  
L'Hospitalet de Llobregat (Spain)

**60%** of our coating solutions are water-based

**1200** employees trained on ethical practises

**SIX HUNDRED** technical experts

**~90%** of global production volume comes from ISO 14001/9001-certified sites

Global suppliers from **42** countries



## Energy & CO<sub>2</sub> emissions

**50%** of energy supplied by on-site solar panels at Stahl Brasil

**-2.5%\*** energy consumption further reduced  
\*per ton produced, compared to 2017

CO<sub>2</sub> emission goal: **-10%** by 2020

Status 2018: **ON TARGET**

**100%** green energy at European manufacturing sites



## Trusted partnerships

NGOs, Academic cooperation: UN Global Compact | UNIDO, Solidaridad | Global universities | ZDHC

Proactive industry involvement:



# Strategy & Implementation

Stahl is driving initiatives that are having a positive effect on the supply chain and on the environment. While we are aware of the challenges that our industry faces, we continue to view them as a significant opportunity for Stahl, to take action and create a better future.

Stahl's membership in the UN Global Compact and its alignment to the 17 UN Sustainable Development Goals is a clear indication of its commitment to a more sustainable future. To demonstrate its progress, the Stahl Corporate Responsibility & Sustainability Report is submitted each year to the UN Global Compact.

## Corporate Responsibility & Sustainability (CR&S) Strategy

Stahl's corporate goal is to achieve a transparent supply chain that continuously reduces its environmental footprint. In particular the focus is on the supply chain into which Stahl sells its products and services. The company's strategy to achieve this goal is to initiate activities that promote transparency and to introduce low-impact technologies designed to maximize environmental protection and stewardship. Stahl's influential position as a provider of products and services to manufacturers of different materials used in the automotive, apparel, home furnishing, footwear, garment and other related industries, is a key factor in the implementation of this strategy.

Stahl also recognizes that sustainability represents a significant opportunity, to gain competitive advantage and to drive operational excellence throughout the company.

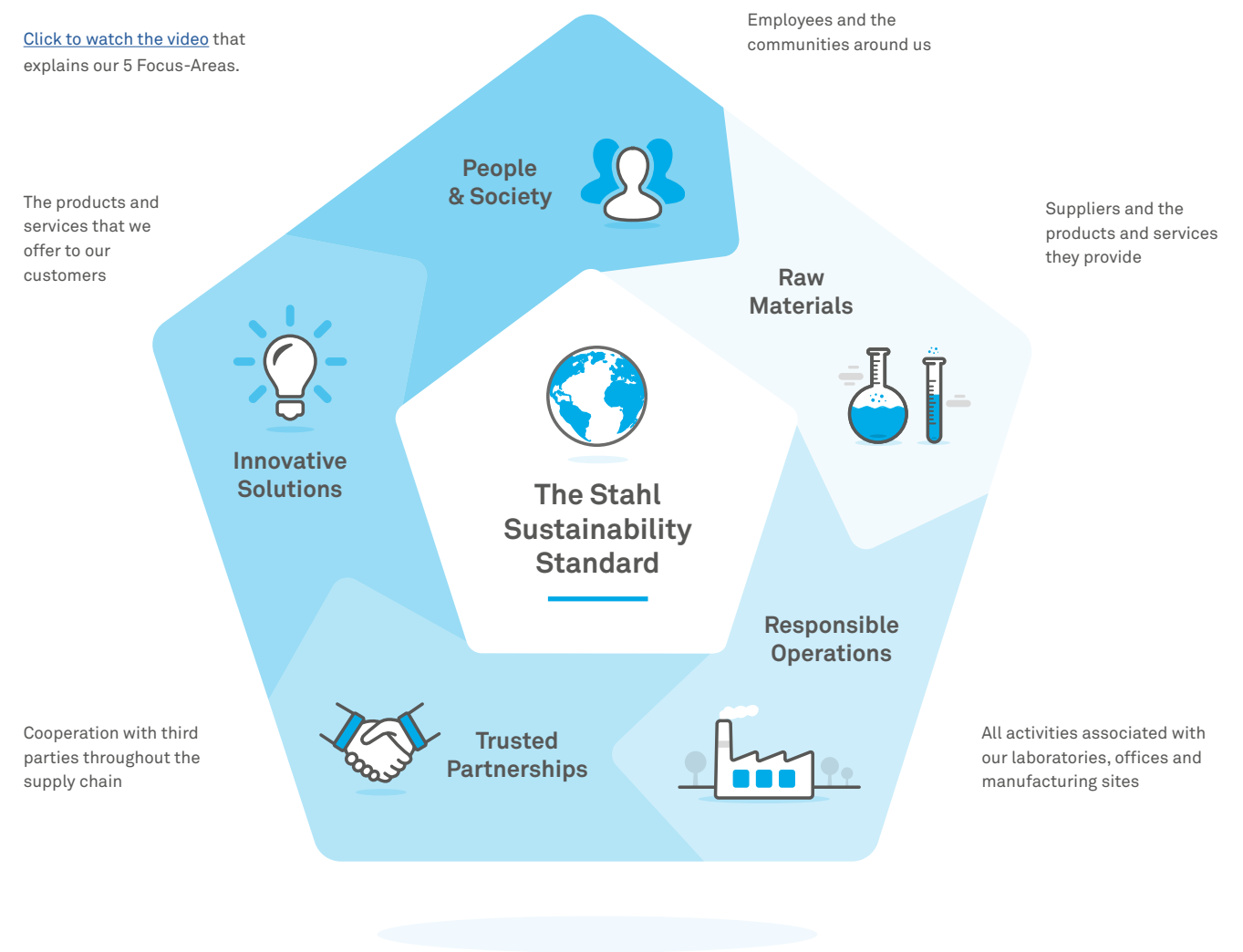
## Organization & Governance

At the corporate level, CR&S is part of Stahl's Executive Management Team, which meets quarterly and sets the company strategy. The Sustainability team meets regularly with product managers, researchers, product stewardship and operations staff to monitor the implementation of its strategy and to discuss progress on new initiatives related to innovation, portfolio management and environmental performance. The Sustainability team also supports commercial activities initiated by customers that are related to sustainability. A summary report is sent to the Stahl board each month. KPIs related to safety, health and environment are also measured and reported by regional operational staff at the Stahl manufacturing sites around the world.

## Implementation: the Stahl Sustainability Standard

To achieve our sustainability goal, we have identified five focus areas:

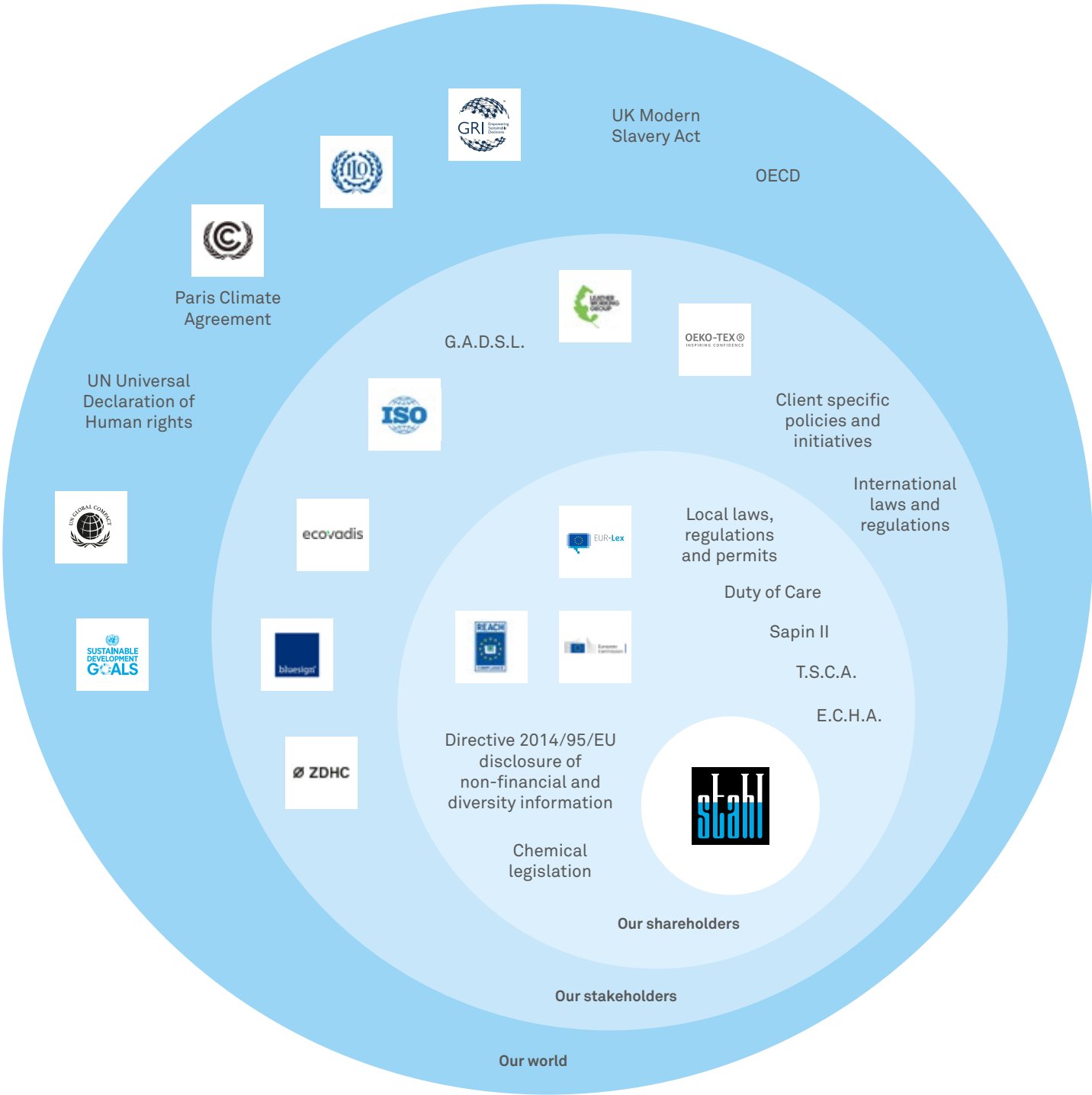
[Click to watch the video](#) that explains our 5 Focus-Areas.



# Environmental and Social Governance (ESG) landscape

The illustration gives an insight into the global governance landscape with respect to Corporate Responsibility and Sustainability that impacts our company as well as our stakeholders.

This overview does not include the laws and regulations related to finance, HR, IT, privacy, etc.



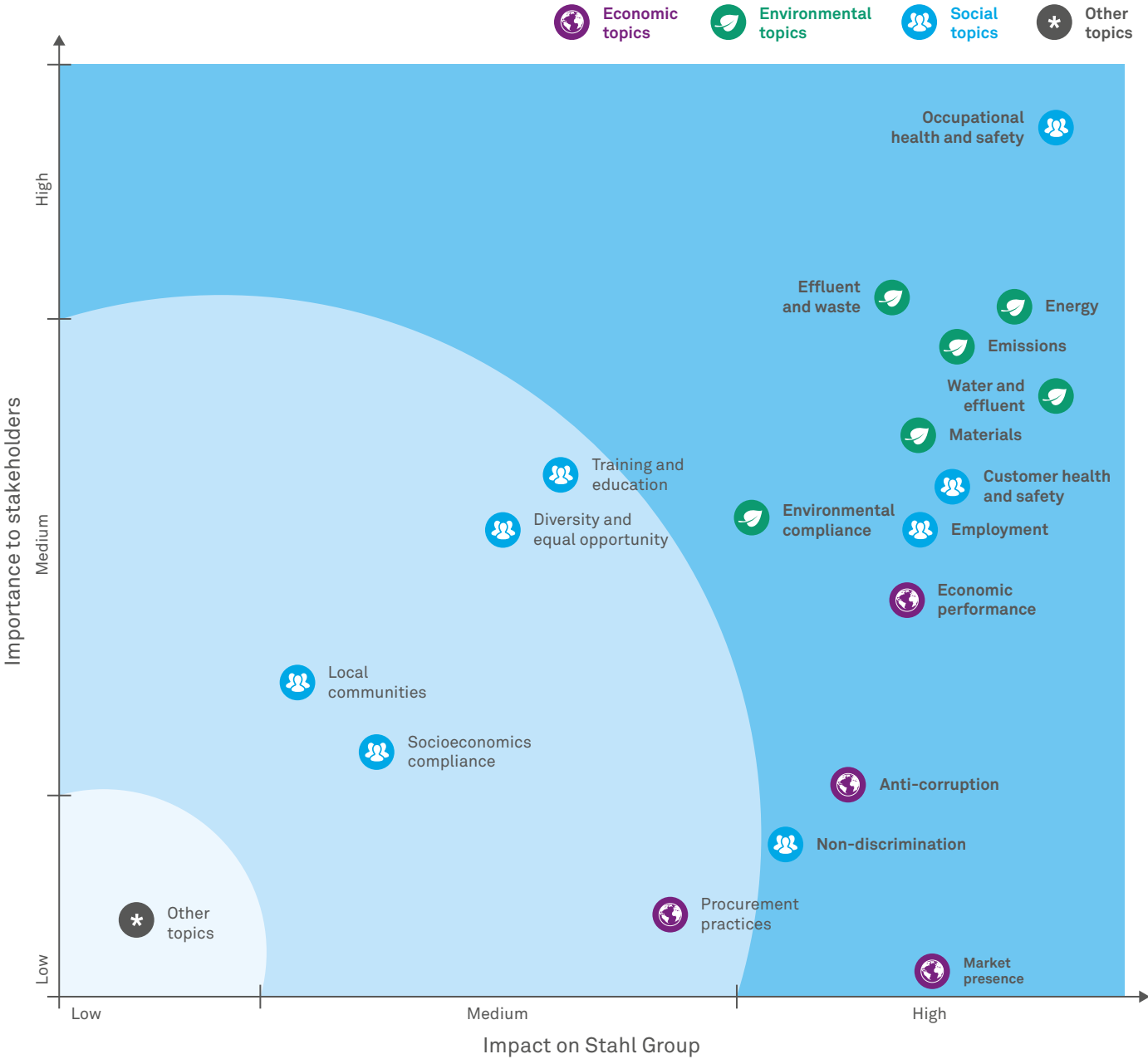
# Materiality matrix

## Topics that matter

In order to report on Sustainability and Corporate Social Responsibility (CSR) topics that are critical to Stahl and its stakeholders, a materiality matrix has been developed, as per the guidelines of the Global Reporting Initiative (GRI). The materiality matrix methodology ensures that Stahl addresses material topics, ie: the ones that matter to the company and its stakeholders. This approach also ensures that the full scope of the impact of the company's activities are taken into account, from its own operations to its interactions with suppliers, customers, consumers, communities, shareholders, government and NGOs.

### How to read the matrix

The materiality matrix highlights 18 of the 33 material topics deemed critical by Stahl and its stakeholders. The most important, shown in the upper right corner of the matrix, is occupational health & safety. Followed by environmental topics like waste, energy, emissions, water & effluents and materials. In this report, we show the materiality matrix icons per relevant chapter.

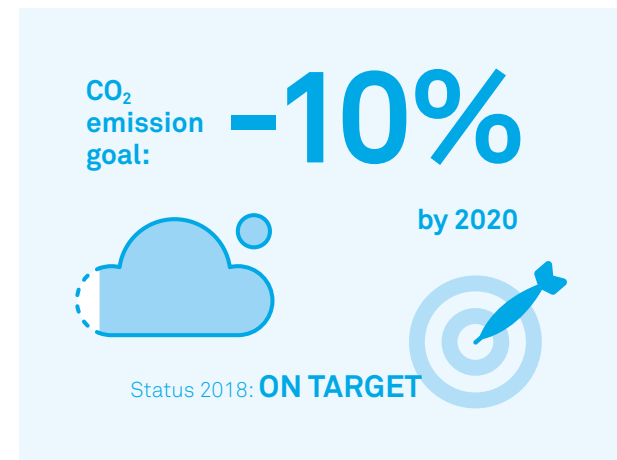




# Highlights 2018

## CO<sub>2</sub> target

Stahl is on course to achieve its target of 10% reduction in CO<sub>2</sub> emissions by 2020 (vs the 2015 baseline). Stahl's improvements in CO<sub>2</sub> emissions have been driven by sourcing green energy and by investment into long term efficiencies at its manufacturing sites.



## Third ReVeal event for transparency

With the third event 'The future of the past', Stahl, together with industry partners throughout the supply chain, deepened the understanding of the traditions and technology that Naples offers in the field of leather. Stahl started to organize ReVeal events in 2016 to promote transparency and traceability in the leather supply chain.

## Advocating Life Cycle Assessment (LCA)

LCA is a methodology that measures the impact of any product on the environment during the course of its life. It can provide quantitative data in a format that permits comparisons to be made. Stahl advocates using LCA methodology when possible and promoted its use at several industry conferences and webinars during 2018.

## Sustainability seminars

In 2018 Stahl resumed its commitment to putting transparency into action with its sustainability seminars, held in four different locations in India. With these seminars Stahl aimed to familiarize local professionals with its sustainability philosophy for the industry and practical solutions for improving environmental stewardship. Each of the four seminars attracted an average of 350 people.



## Renewable energy

Solar panels were installed at the Stahl manufacturing site in Portão, Brasil. This investment in solar energy represents a significant drop in expected CO<sub>2</sub> emissions for the site in 2019, supplying 50% of the electricity consumed at that facility. During 2019 the company will monitor the success of this project and make plans to introduce solar energy at its other manufacturing sites.



## Public-private partnership in Ethiopia

Together with Dutch NGOs Solidaridad and CSR Netherlands, the Green Tanning Initiative was launched in Ethiopia in 2018. The program is aimed at promoting environmentally responsible leather making and creating sustainable employment in the Ethiopian leather industry. This initiative is cosponsored by the European Union.

## Center of Excellence for Performance Coatings, Suzhou, China

The new Center of Excellence, opened in November 2018, focuses on innovative performance coating solutions with minimum environmental impact. The building itself is also responsibly designed, with solar panels and illumination, motion-detective lighting systems, plants on the roof, Low-VOC partition boards and sustainable construction materials.

## Strong sales Stahl EVO® and Stahl Neo

Strong sales of Stahl EVO® coatings and Stahl Neo finishes for leather were important commercial highlights in 2018. This growth is linked to the fact that these portfolios are compliant with the MRSL launched by ZDHC in 2015, whose goal is to eliminate hazardous substances from the garment and footwear supply chains by 2020.

## Phasing out restricted substances by 2020

Stahl made a commitment to the Zero Discharge of Hazardous Chemicals (ZDHC foundation) to eliminate the substances listed on its MRSL by 2020. In 2018 the company made further progress in this direction by uploading over 1,000 compliant products to the ZDHC portal, called Gateway.



# Restricted substances

## Phasing out restricted substances by 2020

Stahl made a commitment to the Zero Discharge of Hazardous Chemicals (ZDHC foundation) to eliminate the substances listed on its Manufacturing Restricted Substances List by 2020. In 2018 the company made further progress in this direction by uploading over 1,000 compliant products to the ZDHC portal, called Gateway.

A restricted substance is an unwanted substance (chemical element and its compounds) of which its use is limited (maximum threshold) or the intentional use in production is prohibited, by law or by brands and companies (voluntarily).

### Addressing the following materiality matrix focus areas

- Occupational health and safety
- Customer health and safety
- Environmental compliance
- Materials

### Addressing the United Nations Sustainable Development Goals



### Member of ZDHC

Stahl became a Value Chain Affiliate in October 2016 and has since officially joined the foundation in its commitment to help lead the clothing industry towards Zero Discharge of Hazardous Chemicals (ZDHC) by 2020. A positive list of Stahl's ZDHC compliant products (more than 1,000) are publicly available on the ZDHC Gateway portal.



### bluesign® system partner

As a bluesign® system partner, Stahl focusses on replacing restricted substances in its products with alternatives that are compliant to the bluesign® substance list. Stahl achieved the bluesign® system partner status in 2017.



### Stahl MRSL

In addition to adhering to the ZDHC Manufacturing Restricted Substances List (MRSL), Stahl has its own MRSL, which ensures that listed substances cannot be used in the development of any new products. This list is a combination of substances listed on recognized industry MRSLs and those deemed undesirable by Stahl for the future. This has implications for our suppliers and they are informed continuously about our policy via updated lists of potentially restricted materials.

### MRSL Compliance Checker

Stahl works closely with consumer brands in the supply chain to anticipate restrictions on chemical substances and act ahead of time. This means that our suppliers are made aware of the restrictions on substances contained in the materials they provide. To give us a clear indication of whether restricted substances are present or within the limits of the MRSL, we developed the Compliance Checker.



# Safety, Health and Environment

Stahl considers the health and safety of its employees to be its primary responsibility. Stahl is a role model for workplace safety, with a low accident frequency rate. Stahl believes that the protection of health and safety of people and the preservation of the environment will be always considered its highest priority. This mindset (and policy) is rooted in the employee culture. All its activities, policies, monitoring, reporting and trainings are aimed at creating a true safety culture that results in zero injuries and accidents.

## Addressing the following materiality matrix focus areas

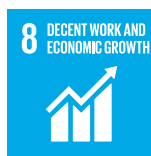


Occupational health and safety



Training and education

## Addressing the United Nations Sustainable Development Goals



### Safety, Health and Environment (SHE) Policy

The key principles of the Stahl SHE policy are:

- A strong safety culture involving the whole organization
- Safety, health and environment as the top priority
- Safety is more important than a short term result
- Implementing best industrial practices in addition to compliance to all legal requirements
- Knowledge as the basis of all decisions. Stahl will require that employees are trained on the necessary knowledge and skills to carry out their duties and make decisions ensuring safety

### Road to Zero (R20) program

Stahl has defined a Zero Tolerance Policy for unsafe behavior to ensure that people do not get injured at work.

### Stahl's SHE organization

All local managers and general managers are responsible for implementing the SHE policy and principles in areas under their control. This responsibility includes systems for the recognition of hazards, assessment of risks and

provision of effective controls. Since 2017 Stahl has a Global SHE and Process Safety Manager in charge of implementing the SHE policy and R20 program. This position implements the fulfilment of Stahl's SHE policy, including the changes of behavior and training required to support the highest possible standards of SHE.

Although the responsibility for safety and health lies with everyone in the company, each Stahl site has a dedicated SHE Manager who ensures that the regional organization is implementing the SHE policy. The SHE manager reports to the Local Site Manager and has the direct support of the Global SHE & Process Safety Manager.

### Safety Key Performance Indicators

To ensure continued improvement in the evaluation and prevention of risks, Stahl tracks indicators on safety. Each month we report our injuries, incidents, audits, trainings, engineering projects and other prevention methods internally and to our shareholders.

## Number of reported injuries and incidents

		2018	2017
<b>Injuries</b>	First Aid	16	8
	Minor injuries	9	10
	Serious injuries	2	4
	Injuries with lost time (LTI/LTA)	5	6
	Occupational Health	2	0
<b>Incidents</b>	Other reportable incidents	2	1
	Incidents involving forklift truck (FLT)	6	16
	Incidents involving a vehicle	19	8
	Dangerous Occurrences & Near Misses	49	64
	Environmental Incidents (e.g. spills)	60	51
<b>Other</b>	Contractors   Reportable (LTA)	3	1
	Contractors   Serious	1	2
	Complaints	6	2
<b>FTE's (full time equivalent)</b>		1,972	2,049

*These KPIs have been audited and verified by Ernst & Young.*

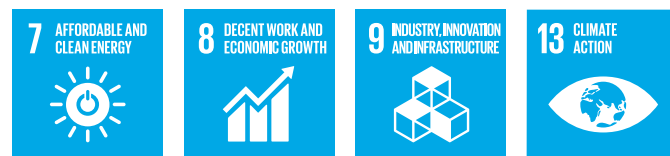
# Climate Change - Greenhouse Gas (GHG) emissions

Stahl is committed to the goals outlined in the 2015 Paris Climate Agreement. In 2015 the company set an internal target to reduce scope 1 and 2 CO<sub>2</sub> emissions by 10% by 2020, and it expects to reach this goal ahead of time. Stahl's improvements in CO<sub>2</sub> emissions are driven by sourcing green energy at its European sites and by investments designed to realize long term efficiencies at its manufacturing sites.

## Addressing the following materiality matrix focus areas

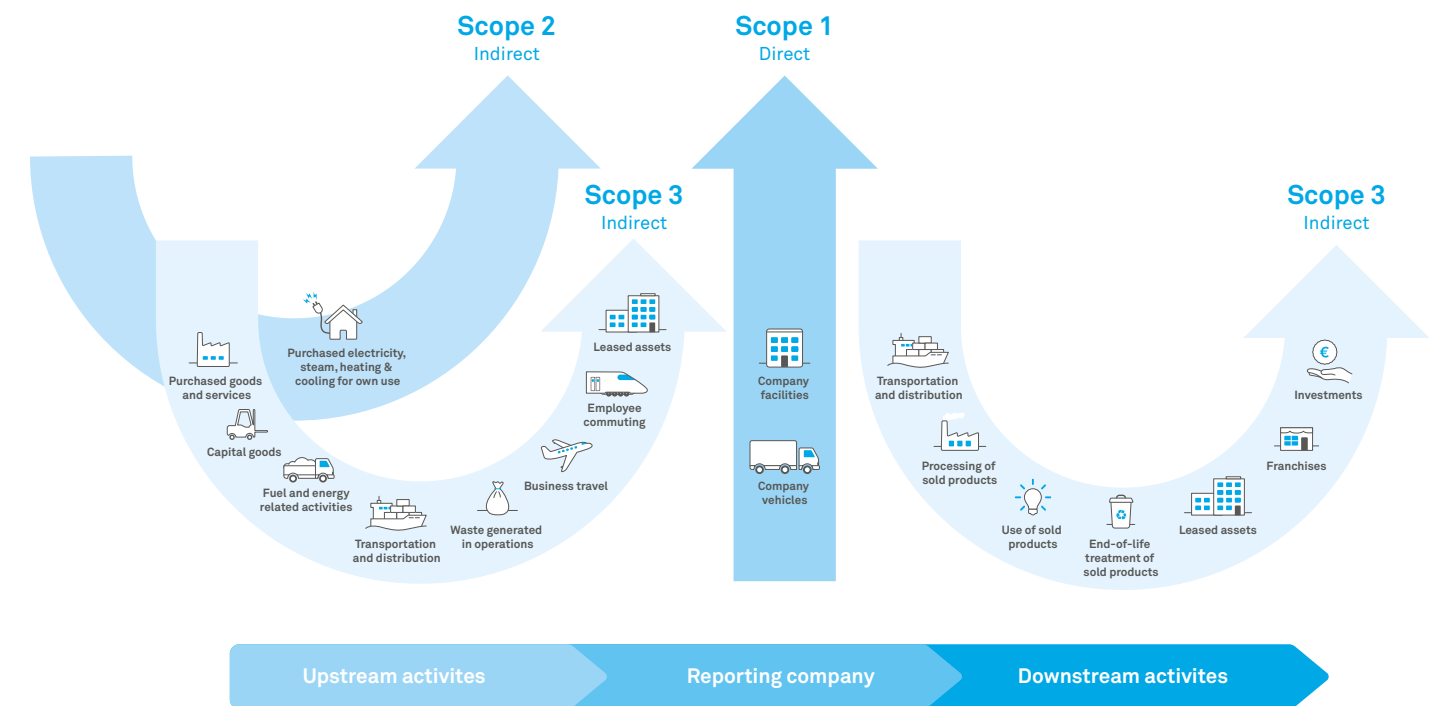


## Addressing the United Nations Sustainable Development Goals



## Reducing CO<sub>2</sub> emissions

The below table shows the different sources of CO<sub>2</sub> emissions calculated by Stahl, as per the GreenHouse Gas (GHG) protocol.



	2018	2017	2016	2015
<b>Scope 1: Direct GHG emission (metric tons CO<sub>2</sub>-eq.)*</b>	17,114	16,915	16,924	15,569
<b>Scope 2: Electricity Indirect Emission Sources (metric tons CO<sub>2</sub>-eq.)**</b>	7,119	8,984	18,595	17,759
<b>Scope 3: Estimation of the other Indirect Emission Sources (CO<sub>2</sub>-eq. x 1 million)***</b>	560-590	560-590	500-530	-

*These KPIs have been audited and verified by Ernst & Young.*

\* **Scope 1:** Direct GHG Emissions are those that occur from sources that are owned or operationally controlled by the company: company owned or leased cars, other company vehicles, gas and oil used on site.  
 \*\* **Scope 2:** Electricity Indirect Emission Sources: are those that occur due to purchased energy (in the form of electricity, steam, heat and cooling) from the grid or district heating or cooling systems.  
 \*\*\* **Scope 3:** Other Indirect Emission Sources are calculated since 2016 following the GreenHouse Gas protocol.

## CO<sub>2</sub> intensity

Our CO<sub>2</sub> intensity (the amount of CO<sub>2</sub> emission per tons of product that we produce) improved in 2018, compared to previous years.

	2018	2017	2016	2015
CO <sub>2</sub> emission Scope 1+2 (in tons)	24,232	25,898	35,519	33,328
Total production volume (in tons)	228,440	238,590	207,923	195,646
<b>CO<sub>2</sub> intensity<sup>1</sup></b>	0.106	0.109	0.171	0.170

<sup>1</sup>CO<sub>2</sub> intensity / CO<sub>2</sub> emissions per production volume = CO<sub>2</sub> per tons produced = CO<sub>2</sub> scope 1 + scope 2 / production volume

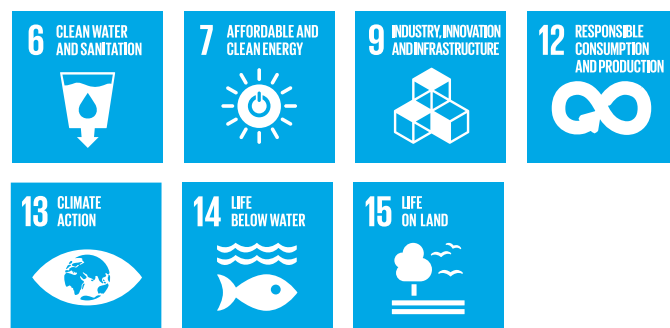
# Water, Energy, Waste

Stahl reduces, improves and monitors water consumption, energy and waste at its manufacturing sites on a monthly basis. Stahl is continuously upgrading its production sites and laboratory facilities in order to achieve energy, waste and water efficiencies that lead to a improved environmental footprint.

## Addressing the United Nations Sustainable Development Goals



## Addressing the United Nations Sustainable Development Goals

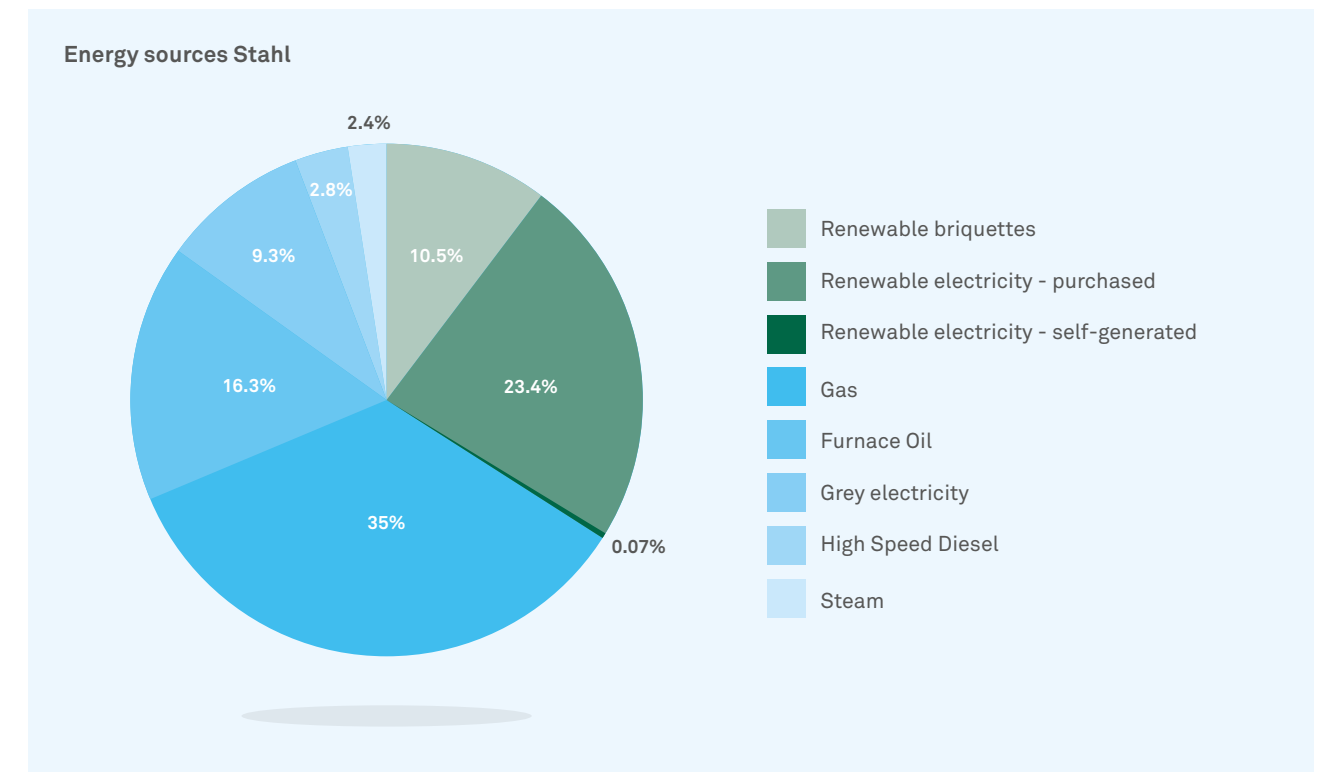


### Water: effluent and water-reducing technologies

Water is a strategic focus for Stahl and the company is dedicating an increasing amount of resources into research focussed on water-based products, water effluent quality and water pollution. Aside from its continuous investment in on-site treatment of wastewater generated at Stahl sites, the company has introduced effluent-reducing technologies like Stahl Neo, Stahl EVO®, Proviera® - Probiotics for Leather™, Catalix® as well as water-reducing technologies like Stahl EasyWhite Tan™. The public-private partnerships in India and Ethiopia are also driven by the need to reduce water pollution in leather manufacturing clusters and Stahl is dedicating significant resources to service these projects with its best global technicians and available know-how.

### Energy: from green to self-sufficiency

Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and for lowering our overall environmental footprint. Since 2017 Stahl purchases renewable electricity for all its European manufacturing sites (34% of global energy consumption). Solar panels were installed in 2018 at Stahl's manufacturing site in Portão, Brazil with a capacity of 840 kW. This investment into solar power represents a significant drop in CO<sub>2</sub> emissions for the site in 2019, and will supply approximately 50% of the electricity consumed at that facility. During 2019 the company will monitor the success of this project and make plans to introduce solar energy at its other manufacturing sites.



### Waste: circular economy

Disposal of waste is considered a last resort for Stahl and it has begun to regard waste as a by-product, with potential value for other uses. The company is currently installing water treatment facilities at those remaining manufacturing sites that do not have them, effectively reducing the amount of wastewater (classified as hazardous waste) sent to third parties for treatment. Stahl globally tracks and reports on the many different types of waste that it generates (e.g. slow moving stock waste from our laboratories, packaging, cleaning water, glass, paper, plastic) and aims to reduce, reuse, recycle, restore and prolong where possible. Several initiatives designed to eliminate the use of single-use plastics have begun at Stahl locations around the world, and this will continue until all possibilities have been explored and acted upon.

## Water

Stahl consumed less water in 2018 due to more efficient consumption at its manufacturing sites.

	2018	2017	2016	2015
Water consumption (m <sup>3</sup> )	344,922	370,855	355,041	325,864
Other water use (m <sup>3</sup> )*	456,820	561,788	506,056	491,021
Total Water Used (m <sup>3</sup> )	801,742	932,643	861,097	811,093
Total production volume	228,440	238,590	207,923	195,646
Water intensity**	1.510	1.554	1.708	1.666

*These KPIs have been audited and verified by Ernst & Young.*

\* Other Water use = Water in Palazzolo, in particular ground well water, is used for the processes but also as cooling water (for this reason we have high volumes of withdrawn water). This water (cooling water) is kept completely separated from chemical products and discharged into the river Seveso at controlled temperature.

\*\* Water intensity is the amount of water used per tons produced = Water consumption (m<sup>3</sup>) / Total production volume (excluding Other water use).

## Energy

Energy is reported as the total energy consumed in TJ and per production volume (ie: energy intensity). There are many energy efficiency projects underway at Stahl's manufacturing sites around the world. In 2018 more energy

sources were included in Stahl's reporting (briquettes, high speed diesel and renewable vs traditional/grey electricity). And we introduced a distinction between renewable vs traditional/grey electricity sourcing.

	2018	2017	2016	2015
Energy (TJ)	380	390 <sup>1</sup>	319	305
Share of Renewable energy*	34%	34%	-	-
Total production volume	228,440	238,590	207,923	195,646
Energy intensity (TJ)*	0.00166	0.00163	0.00153	0.00156

*These KPIs have been audited and verified by Ernst & Young.*

<sup>1</sup> Energy intensity is (Energy consumption (TJ) per tons produced) = Energy (TJ) / Total production volume

\* Energy consumption is based on Lower Heat Value (LHV). 2017 energy in TJ now also includes Briquettes consumption by Kanchipuram. This category was added in 2018. To show the trend in 2018 compared to 2017, we added this.

## Waste


Disposal of waste is considered a last resort for Stahl and it has begun to regard waste as a by-product, with potential value for other uses.


	2018	2017	2016	2015
Hazardous Waste (tonnes)	10,962	10,538	9,748	6,570
Non-Hazardous Waste (tonnes)	1,807	1,584	1,476	1,276
Total Waste (tonnes)	12,769	12,122	11,224	7,846
Total production volume	228,440	238,590	207,923	195,646
Waste intensity**	0.056	0.051	0.054	0.040
Waste Water send to external treatment (tonnes)*	15,620	18,124	15,038	15,815


*These KPIs have been audited and verified by Ernst & Young.*

\* This indicator only represents the Stahl sites in Waalwijk and Toluca. Waalwijk = cleaning water of tanks. Toluca = waste water that is collected from the production plant (cleaning of tanks, reactors and equipment in general) and also services (bathrooms and showers). The other 9 sites have an on-site waste water treatment installation.

\*\* Waste intensity is Total waste (tonnes) / Total production volume

 **50%**  
of energy supplied by on-site solar panels at Stahl Brasil

 **-2.5%\***  
energy consumption further reduced  
\*per ton produced, compared to 2017

 **100%**  
green energy at European manufacturing sites

Trusted partnerships

# Driving change

By stimulating cooperation in the supply chain, we believe sustainability evolves as a consequence. Stahl is working on a wide variety of projects linked to transparency and sustainability with industry associations, universities and other strategic partners.

## Addressing the following materiality matrix focus areas

- Local communities
- Training and education
- Energy
- Materials
- Emissions
- Water and effluents
- Effluents and waste
- Environmental compliance

## Addressing the United Nations Sustainable Development Goals



### The Zero Discharge of Hazardous Chemicals Foundation (ZDHC)

In 2011 a group of major apparel and footwear brands and retailers (called ZDHC Foundation) made a shared commitment to help lead the clothing industry towards zero discharge of hazardous chemicals by 2020.



### bluesign® system partner

In 2017 Stahl achieved bluesign® system partner status. The bluesign® system helps its partners to properly manage chemicals and to replace hazardous chemicals with safer alternatives in the manufacturing of textile and related products.

### Solidaridad

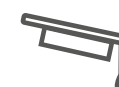
#### Solidaridad

Solidaridad is an international solution-oriented civil society organization working through nine regional expertise centers on transforming markets to make them more inclusive and sustainable.



### The Leather Working Group

The objective of this multistakeholder group is to develop and maintain an audit protocol that assesses the environmental compliance of tanners and to promote sustainable practices in the leather processing industry.



### Cooperation with universities

Stahl cooperates with over thirty different universities and colleges around the world, on a wide range of projects, e.g. Technical University of Wageningen and University of Northampton.



### TEGEWA

TEGEWA is a group of chemical manufacturers supplying the leather, textile and paper industries. Stahl is an active participant in the group, especially on topics related to chemicals management and the safety and health of workers who may be handling chemicals in the garment and footwear supply chain.



### BLC

BLC is the leading leather testing and technology center dedicated to leather, footwear, chemical and leather product testing, to ensure fast and accurate solutions to leather related problems.



### Cooperation with HP

The joint technology platform created by Stahl and HP offers creative freedom and unlimited aesthetic options in durable printing. The water-based HP Latex Inks preserve the flexibility of material, while Stahl EVO® coating solutions ensure the highest surface performance is achieved.



### Joint R&D with Piñatex®

In 2018 Stahl and Ananas Anam announced their intentions to cooperate to enhance the performance and sustainability of Piñatex®, a natural textile made from pineapple leaf fibre. This joint R&D will represent a breakthrough in the sustainable, innovative new materials that are at the forefront of the needs of the 21<sup>st</sup> century.



Innovative solutions

# Low impact products

With 11 R&D centers around the world, employing over 100 technical staff, Stahl's product research is aimed at providing high performance solutions that reduce environmental impact. Either by using renewable/bio-based raw materials in our own products or by designing products free of identified restricted substances, that improves the environmental footprint of our customers. The full integration, in 2018, of the BASF Leather Chemicals business product portfolio has complemented this innovation drive towards low-impact technology.

## Addressing the following materiality matrix focus areas

- Environmental compliance
- Emissions
- Energy
- Materials
- Water and effluents
- Effluents and waste
- Economic performance

## Addressing the United Nations Sustainable Development Goals

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND

### Stahl Neo and Stahl EVO®

Strong sales of the Stahl EVO® products for coated materials and the Stahl Neo leather chemicals portfolio were important commercial highlights in 2018. This growth is linked to the fact that these products are compliant with the Manufactured Restricted Substance List (MRSL) launched by the ZDHC Foundation (Zero Discharge of Hazardous Chemicals) in 2015, whose goal is to eliminate hazardous substances from the garment and footwear supply chains, by 2020.

### Proviera® - Probiotics for Leather™

Significant sales growth was a feature of the Proviera® - Probiotics for Leather™ product portfolio in 2018. These products are natural products manufactured from a fermentation process, and are used in the first step of the leather tanning process (known as beamhouse). Proviera® - Probiotics for Leather™ contributes to the enhancement in the environmental footprint of the leather process by substituting synthetically produced surfactants and reducing the pollution load on water effluent sent for treatment. In 2018, Proviera® - Probiotics for Leather™ received the NSF (National Science Foundation) registration for non-food compounds, which allows to food processors to prove that their products are clean labelled.

### New bio-based polyurethane materials

The policy of promoting natural and renewable resources as raw materials, has driven water-based polyurethane research activities significantly in 2018. As a result, new bio-based polyurethane materials are being prepared for commercial launch in 2019, for promotion in the Performance Coatings, Leather Chemicals and Polymers businesses.

### R&D focus on improving environmental footprint

Globally 50% of Stahl's central R&D resources are focused on projects specifically aimed at improving the environmental footprint of our products and that of our clients.

### Life Cycle Assessment

Life Cycle Assessment (LCA) emerged in 2018 as a new element of innovation for Stahl. LCA is a methodology that measures the impact of any product on the environment during the course of its life. LCA defined nine impact categories (see below). It can provide quantitative data in a format that permits comparisons to be made. Stahl has identified products and processes where the impact on the environment can be calculated, and reported, using established methodology. Stahl believes that LCA will be an important value-added service for its customers in the supply chain in the future.

- Climate Change
- Abiotic Depletion
- Land Use
- Water Consumption
- Eutrophication
- Acidification
- Toxicity
- Photochemical Ozone Formation
- Ozone Depletion

### Joint R&D with Piñatex®

In 2018 Stahl and Ananas Anam announced their intentions to cooperate to enhance the performance and sustainability of Piñatex®, a natural textile made from pineapple leaf fibre. This joint R&D will represent a breakthrough in the sustainable, innovative new materials that are at the forefront of the needs of the 21<sup>st</sup> century.

# Our people

Our workforce is the foundation of our success. We employ 2,000 people with 61 nationalities, in 27 countries at 13 manufacturing sites, 11 R&D centers and 38 technical centers. We encourage trust, honesty, personal growth, innovation, creativity and teamwork among our workforce.

## Human Capital

Stahl is an organization centralized around customers and holds customers at the core of its commercial and entrepreneurial culture. New ideas and creativity are expected, learning is promoted, product, process and administrative innovations are championed. Continuous change is viewed as a conveyor of opportunities.

The Stahl HR Team applies the concept that a new job is like a new journey for an employee and considering the world around us is changing at fast pace, increasingly unpredictable, impossible to analyze systematically and beyond accurate interpretation, the main purpose in the coming years will be to offer to the employee a great experience in Stahl. HR is responsible for ensuring that the company has the “right person” in the “right place” at the “right time” for today and tomorrow and support Stahl in creating responsible partnerships and to be the leader in its market.

## Diversity & inclusion: 61 nationalities

Stahl is committed to embed equality, diversity and inclusion across the organization. Stahl employs over 60 different nationalities around the world. Consistent with its strategy of growing our leadership talent, diversity and

inclusion principles are also embedded within the core leadership & management training programs to encourage managers to demonstrate these principles as part of their leadership behavior. In 2018 Stahl published its Diversity and Inclusion Policy and launched an e-learning training module focused on Workplace Diversity and Inclusion.

## Training

SHE (Safety, Health and Environment) training is Stahl's priority, given the nature of its business in chemicals. Every new employee receives updated SHE training and instructions in line with their position. This is followed by more specific job-related training to ensure the best use of the information, resources, products and capabilities at their disposal. In the case of Stahl commercial staff, there is a strong emphasis on training designed to provide practical and innovative technical solutions for customers. In 2018 the company also introduced e-learning, to educate staff on critical social and human rights topics. 1,200 employees (more than 50% of the total workforce) received this training in 2018. The e-learning modules included bribery, corruption, modern slavery, workplace diversity & inclusion, GDPR (data privacy) training and IT security awareness.

### Addressing the following materiality matrix focus areas

-  Diversity and equal opportunity
-  Training and education
-  Employment
-  Non-discrimination

### Addressing the United Nations Sustainable Development Goals

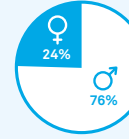


Workforce (FTE) per country



Human capital

WORKFORCE  
**2000**



Number of nationalities **61**

**500** technical experts



**38** Technical Centers | **13** Manufacturing Sites

Average age



**780** people trained at Stahl Campus®

**27** COUNTRIES

- 48% EMEA
- 20% Asia-Pacific
- 17% India-Pakistan
- 16% Americas

**11** R&D Labs

**1000** people working on innovations every day

**9** Centers of Excellence



**35** Sales offices

**1200** employees trained on ethical practises

# Public-private partnerships

## Non-profit activities in emerging countries

- In 2018 Stahl launched a public-private partnership in Ethiopia with local leather associations and international NGOs, including Solidaridad and CSR Netherlands (MVO) focused on water pollution in the tanning sector. Stahl's contribution to this project is to provide training in good practices and technologies that improve environmental footprint, via Stahl Campus® modules.
- Stahl's sustainability roadshows continued in 2018 and were held across 4 different cities in India. The seminars focused on housekeeping, chemicals management and technology for reducing water pollution during the leather manufacturing process. This year's attendance was higher than average, with 350 people attending each seminar.
- A public-private partnership between Stahl, Solidaridad, and PUM was launched in 2017, in Kanpur, India. The five-year project is focused on reducing water pollution and will contribute to the wellbeing of thousands of

families in the local community. Stahl's contribution to this project is €900,000, split between cash and in-kind contributions. Progress was made in 2018 on this project, as the new center of excellence in Stahl Kanpur was built and a new Stahl Campus® manager was hired. Also, as part of the project, new low-environmental impact processing technologies were introduced at selected leather manufacturers.

UNIDO: The mission of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. UNIDO's e-learning courses, designed to promote good practices and responsible chemical management in leather tanneries, is fully supported by Stahl and we promote it in the areas where it is needed. Indeed Stahl's recent sustainability seminars in India were conducted in conjunction with UNIDO.

## Addressing the following materiality matrix focus areas

- Local communities
- Training and education
- Water and effluents

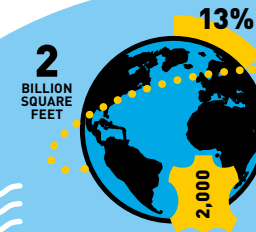
## Addressing the United Nations Sustainable Development Goals



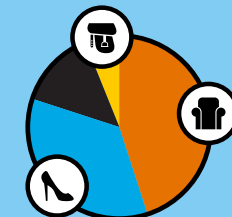
Why three Dutch organizations partnered up to contribute to **A CLEANER GANGES**



Together with a number of Indian organizations they started a **5-year** project in the Kanpur Leather Cluster



India accounts for **13%** of the world's leather production with **2,000 tanneries** producing **2 billion square feet** of leather each year. **A small part** of the pollution in the Ganges river comes from the local leather industry



**Kanpur leather:**  
 ● Finished Leather (45%)  
 ● Footwear (40%)  
 ● Saddlery (5%)  
 ● Others (10%)

## THE GOAL

a **40% reduction** in pollution levels of water coming from the Kanpur Leather Cluster

## HOW?

INNOVATE

Introduce more environmentally-friendly alternative technologies and processes at tanneries

COOPERATE



FACILITATE



A Center of Excellence to train tannery staff on best practices

The implementation of a self-assessment tool for the tannery sector

EDUCATE & TRAIN

Educate tanneries about the impact of current production methods and the water usage reduction that can be achieved with alternative technologies

Organize trainings on safety and chemical management



# Stahl Campus®

## Promoting good practices and transparency

Stahl is committed to filling the talent gap observed in some of the markets that we serve by actively seeking ways to educate and train university students, NGOs, brands, suppliers, distributors, customers and other stakeholders in the supply chain. Stahl Campus® is the global knowledge center established to achieve this. Started in 2014 in Waalwijk (Netherlands) and established in León (Mexico) in 2015 and Guangzhou (China) in 2016, Stahl Campus® was extended in 2018 to Kanpur (India). The goal is to promote good practices and transparency throughout the supply chain by hosting trainees in Stahl's state-of-the-art laboratories, and to strengthen knowledge via theoretical and practical training modules. Stahl Campus® is a key element of the company's strategy of promoting transparency throughout the supply chain. In 2018, 780 people attended Stahl Campus® training courses around the world.

### Addressing the following materiality matrix focus areas

- Training and education
- Local communities

### Addressing the United Nations Sustainable Development Goals



### Generation Z: Luxury Management Students

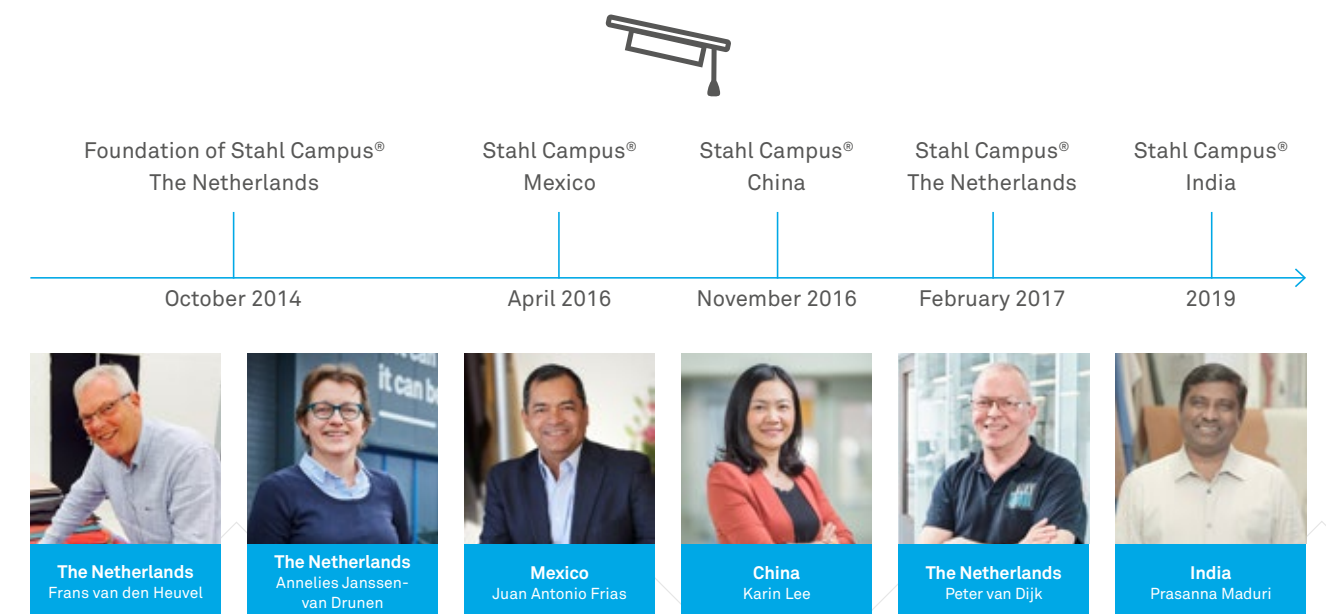
40 students from the Global Luxury and Management Graduate Program of North Carolina State University participated in on-site Stahl Campus® training about sustainability across the supply chain. The training served to inform the students about the principles of sustainability and responsible practices applied during the manufacture of materials used in the luxury fashion sector. As the students were born after 1995, they are considered to be part of "Generation Z", about which much research has been done with regard to future buying preferences and views on sustainability. Stahl's observations with this small group of Gen Z students was used in several presentations given at conferences during 2018, with a view to understanding how the footwear and fashion industry can align itself with their behavior. In short, Stahl learned as much from them as they did from Stahl.

### Post Graduate Certificate in Automotive Leather Finishing

In 2018 Stahl Campus® completed the Post Graduate Certificate modules in León, Mexico - a six-week course developed in collaboration with the University of Northampton (UoN), in which students receive an official PG Certificate in automotive leather finishing upon completion. Stahl and the UoN will launch the same course for a new set of students in 2019.

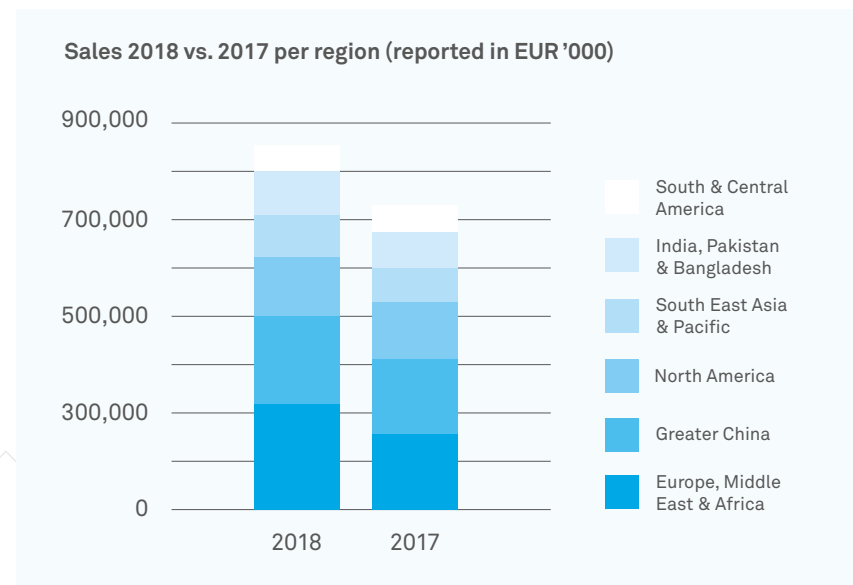
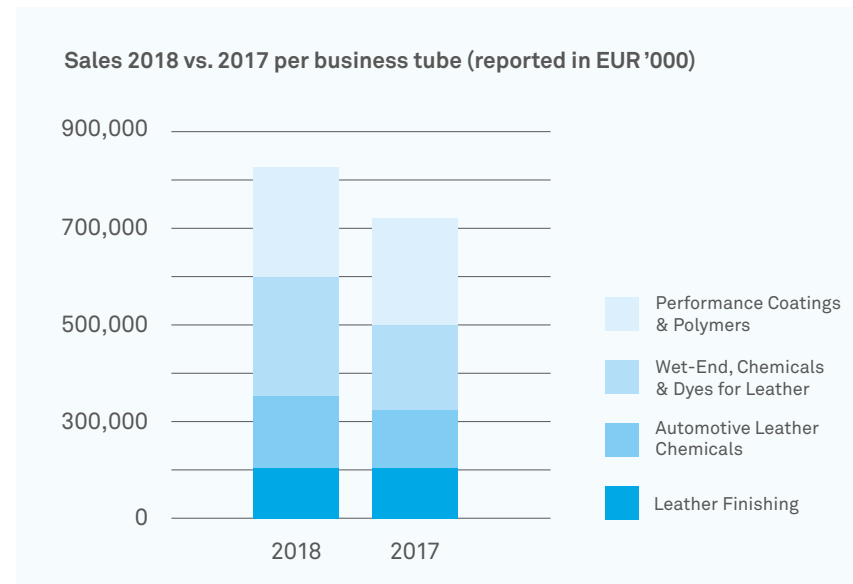
### New Stahl Campus® in Kanpur

The expansion to India included the construction of a new Center of Excellence as part of the public-private partnership launched in 2017 by Stahl and Solidaridad. The five-year program aims to reduce water pollution in the Uttar Pradesh leather manufacturing cluster. The official opening of this new Stahl Campus® Center of Excellence will take in 2019.



# Financial performance

Stahl's achievements in sustainability are directly linked to our financial performance.



# Management team



**Stahl Board 2018:** Members are shareholders from Wendel (5), Clariant (1), BASF (1), external (1) and two members from Stahl.



**Stahl Management team:** Consists of the CEO, CFO, Director of procurement, Director of innovation, Director of marketing, communications & sustainability, and business unit leaders from the Leather Chemicals and Performance Coatings divisions. This team meets monthly and determines the company's strategy and its implementation.



**Executive team:** Includes the Stahl Management team, regional general managers, communications, sustainability, IT, legal & compliance, safety & health, marketing and selected product management functional leaders. This team meets on a quarterly basis, reviewing performance and deciding on strategy and tactics for the coming quarter.



**Sustainability:** Key decisions on sustainability are made by the Stahl management team. Projects and ideas are initiated via constant communication with employees and executed by the sustainability team.



# GRI table



The below table indexes the Stahl Corporate Responsibility & Sustainability Report 2018 against the GRI (Global Reporting Initiative) reporting guidelines and the UN Global Compact (UNGC). This report has been prepared in accordance with GRI G4 (core), based on self-declaration.

Disclosure Number	What to report?	Disclosed information	Source of evidence
102-14	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Message from the CEO" in the 2016, 2017 and 2018 Stahl Sustainability Reports, referring to our goal of transparency and our strategy to achieve it. This strategy is frequently communicated to the press and in publications.	<a href="https://www.stahl.com/en/sustainability.htm#CorporateResponsibility%20%20Sustainability%20Report">https://www.stahl.com/en/sustainability.htm#CorporateResponsibility%20%20Sustainability%20Report</a>
102-1	Name of the organization.	Stahl Holdings B.V.	<a href="https://www.stahl.com">https://www.stahl.com</a>
102-2	a) A description of the organization's activities. b) Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	a) To manufacture, sell and trade in chemical products like processing chemicals and finishing products for the leather tanning industry, and performance specialty coatings and polymers for industrial coatings markets. The company also provides services to these markets parallel to its commercial activities. b) Stahl uses two primary brands (Stahl and PielColor) to promote its products and services, and there are many product trademarks used within the portfolio (eg: PolyMatte®, Stahl EasyWhite Tan™, Catalix®, DryFast, Stahl EVO®, Stahl Neo, PielColor Magic Line). See the Stahl Compliance Report for guidelines on trading in certain countries.	<a href="https://www.stahl.com/en/sustainability.htm#Stahl%20Compliance%20Report%202018">https://www.stahl.com/en/sustainability.htm#Stahl%20Compliance%20Report%202018</a>
102-3	Location of the organization's headquarters.	Stahl Holdings B.V., Sluisweg 10, 5145 PE Waalwijk, Netherlands, +31 416 689 111	<a href="https://www.stahl.com/en/contact.htm#Contact">https://www.stahl.com/en/contact.htm#Contact</a>
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	We have manufacturing sites, labs and offices in 27 countries and are active in over 70 countries. The most important* countries are Argentina, Bangladesh, Brazil, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Pakistan, Singapore, Spain, Turkey and the USA. *Most important means where we do most business, especially the contact with clients, as well as the manufacturing of our products.	<a href="https://www.stahl.com/en/contact.htm">https://www.stahl.com/en/contact.htm</a>
102-5	Nature of ownership and legal form.	Stahl's majority shareholder is the private equity Wendel Group (63% of shares). Other minority shareholders include Clariant and BASF.	<a href="https://www.wendelgroup.com/en/company/stahl">https://www.wendelgroup.com/en/company/stahl</a>
102-6	Markets served, including: 1. Geographic locations where products and services are offered; 2. Sectors served; 3. Types of customers and beneficiaries.	Automotive, Footwear, Apparel & Accessories, Architectural & Interior Design, Home furnishing, Industrial Application and Leisure & Lifestyle.	<a href="https://www.stahl.com/en/automotive.htm">https://www.stahl.com/en/automotive.htm</a> <a href="https://www.stahl.com/en/apparel-accessories.htm">https://www.stahl.com/en/apparel-accessories.htm</a> <a href="https://www.stahl.com/en/architectural-interior-design.htm">https://www.stahl.com/en/architectural-interior-design.htm</a> <a href="https://www.stahl.com/en/industrial-application.htm">https://www.stahl.com/en/industrial-application.htm</a> <a href="https://www.stahl.com/en/leisure-lifestyle.htm">https://www.stahl.com/en/leisure-lifestyle.htm</a>
102-7	Scale of the organization, including: 1. Total number of employees; 2. Total number of operations; 3. Net sales (for private sector organizations) or net revenues (for public sector organizations); 4. Total capitalization (for private sector organizations) broken down in terms of debt and equity; 5. Quantity of products or services provided.	As of 31/12/2018: 1972 FTEs, 13 manufacturing sites, approximately 6,000 products (stock keeping units). Net sales 2018: EUR 866,9 Million. Stahl Lux 2 SA (holding company) total equity is reported at EUR 117.3 Million, total liabilities EUR 983.1 Million.	
102-8	Total number of employees by employment contract (permanent and temporary), by gender. Total number of employees by employment contract (permanent and temporary), by region. Total number of employees by employment type (full-time and part-time), by gender. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). An explanation of how the data have been compiled, including any assumptions made.	As of December 31, 2018, the total number of employees (headcount) at 2018 year-end was 1997, which is a decrease of 76 employees compared to the end of 2017. Stahl had 1,973 FTE's, an decrease of 76 FTE's compared to 2017. 86% of Stahl's employees are on permanent contracts. Its workforce is 76% male and 24% female. Total Full Time Employees (FTE) leaving (dismissals and resignations) during 2017 were 272 and 195 joined in the same period. These ratios are reasonable and in line with the market for the kind of activities and the location in which they take place. The turnover rate in 2018 was 10,58% (in 2017 it was 14.2%).	<a href="https://www.wendelgroup.com/Registration%20Document%202017">https://www.wendelgroup.com/Registration Document 2017</a>
102-41	Percentage of total employees covered by collective bargaining agreements.	Given the international set up of Stahl and the relatively small dimension of the local units, there are only two local company collective bargaining agreements in place. These are negotiated at local level with the direction and supervision from headquarters but are also centrally coordinated, to ensure Stahl remains competitive in the respective markets.	<a href="https://www.wendelgroup.com/Registration%20Document%202018">https://www.wendelgroup.com/Registration Document 2018</a>
102-9	A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	Stahl manufactures its products at its own manufacturing sites around the world or at outsourced locations via service agreements. Its suppliers are also chemical companies, and include most of the the major global chemical corporations. Clients that use our products are typically leather tanneries and converters of textiles and other synthetic materials.	

Disclosure Number	What to report?	Disclosed information	Source of evidence
102-10	Significant changes to the organization's size, structure, ownership, or supply chain, including: 1. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; 2. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); 3. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	None	
102-11	Whether and how the organization applies the Precautionary Principle or approach.	While Stahl has not expressly formalized an approach to the Precautionary Principle, the company is effectively applying the principle with its proactive approach to transparency and sustainability. As an example, Stahl is actively eliminating several chemical substances from its product lines which are not yet regulated by law, but that we believe could be potential risks in the future. Stahl is also active in promoting transparency throughout its customers' supply chains, via initiatives that bring different players from the supply chain together to discuss and decide on environmental issues.	
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	In the 2018 Sustainability Report we refer to UN Global Compact and UN 17 SDGs per chapter, where applicable	<a href="https://www.unglobalcompact.org/participation/report/cop/create-and-submit">https://www.unglobalcompact.org/participation/report/cop/create-and-submit</a> <a href="https://www.roadmaptozero.com/contributors/">https://www.roadmaptozero.com/contributors/</a> <a href="https://www.solidaridad.nl/nieuws/solidaridad-zet-zich-in-voor-schone-ganges-rivier">https://www.solidaridad.nl/nieuws/solidaridad-zet-zich-in-voor-schone-ganges-rivier</a>
102-13	A list of the main memberships of industry or other associations, and national or international advocacy organizations.	Solidaridad, The Zero Discharge of Hazardous Chemicals Foundation (ZDHC), bluesign® system partner, The Leather Working Group, TEGEWA, University of North Hampton and Wageningen University	<a href="https://www.stahl.com/en/Trusted-partnerships.htm">https://www.stahl.com/en/Trusted-partnerships.htm</a>
102-45	A list of all entities included in the organization's consolidated financial statements or equivalent documents. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Europe and Africa: Stahl Chemical Industries BV GMBH Austria Vienna, Stahl France SARL France Graulhet, Stahl Chemicals Germany GmbH Germany Leinfelden-Echterdingen, Stahl Italy SRL Italy Palazzolo, Stahl Lux 2 SA Luxembourg Luxembourg, Stahl Group SA (98.01%) Luxembourg Luxembourg, Stahl Netherlands BV Netherlands Waalwijk, Stahl International BV Netherlands Waalwijk, Stahl Europe BV Netherlands Waalwijk, Stahl Treasury BV Netherlands Waalwijk, Stahl Holdings BV Netherlands Waalwijk, Stahl International Specialties Development BV Netherlands Waalwijk, Winvest Part BV Netherlands Amsterdam, Stahl Europe Application PC BV Netherlands Waalwijk, Stahl International Polymer Development BV Netherlands Waalwijk, Stahl International Compounding BV Netherlands Waalwijk, Stahl Parent BV Netherlands Waalwijk, Stahl Iberica SL Spain Parets, Stahl Investment Spain SL Spain Parets, Pielcolor SL Spain Parets, Stahl Performance Powder Coatings SL (84.0%) Spain Parets, Stahl Switzerland GmbH Switzerland Muttenz, Stahl Kimya Sanayi ve Ticaret Ltd Sirketi Turkey Istanbul, Stahl UK Ltd UK Loughborough, Stahl Africa Chemicals Plc Ethiopia Addis Abeba   North America: Stahl de México, S.A. de C.V. Mexico Toluca, Stahl (USA) Inc. USA Peabody+J2, Stahl (USA) Holdings Inc. USA Delaware   South America: Stahl Chemicals Srl Argentina Buenos Aires, Stahl Argentina Srl Argentina Buenos Aires, Stahl Brasil SA Brazil Portao, Productos Stahl de Colombia SA Colombia Bogota, Pielcolor Uruguay SA Uruguay Montevideo, Lidertime SA Uruguay Montevideo, Stahl Uruguay SA Uruguay Montevideo   Asia: Stahl Coatings and Fine Chemicals (Suzhou) Co. Ltd China Suzhou, Stahl Leather Chemicals HK Limited Hongkong Hongkong, Stahl India Pte Ltd India Chennai, PT Stahl Chemicals Indonesia Indonesia Kota Tangerang, Stahl Japan Ltd Japan Tatsuno, Stahl Korea Ltd Korea Kyonggi-Do, Stahl Pakistan (private) Ltd Pakistan Karachi, Stahl Trading (Shanghai) Co. Ltd China Shanghai, Pielcolor Trading (Shanghai) Co. Ltd China Shanghai, Pielcolor Trading (Suzhou) Co. Ltd China Suzhou, Stahl Asia Pacific Pte Ltd Singapore Singapore, Stahl (Thailand) Ltd Thailand Amphur Muang Samutprakarn All subsidiaries are wholly owned unless otherwise stated.	
102-46	An explanation of the process for defining the report content and the topic Boundaries. An explanation of how the organization has implemented the Reporting Principles for defining report content.	We have published a materiality matrix in the 2018, which was based on internal feedback on what topics matter (x-axis). For our stakeholders (y-axis), we investigated the materiality matrix that was available. We plotted the 33 GRI topics in a matrix. We show the topics that matter (medium and high) in our matrix.	<a href="https://www.wendelgroup.com/Registration Document 2017">https://www.wendelgroup.com/Registration Document 2017</a>
102-47	A list of the material topics identified in the process for defining report content.	All 33 GRI topics: Economic: Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices, Anti-corruption, Anti-competitive Behavior Environmental: Materials, Energy, Water and effluents, Biodiversity, Emissions, Effluents and Waste, Environmental Compliance, Supplier Environmental Assessment Social: Employment, Labor/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Non-discrimination, Freedom of Association and Collective Bargaining, Child Labor, Forced or Compulsory Labor, Security Practices, Rights of Indigenous Peoples, Human Rights Assessment, Local Communities, Supplier Social Assessment, Public Policy, Customer Health and Safety, Marketing and Labeling, Customer Privacy, Socioeconomic Compliance	Sustainability Reports (downloadable since 2013)
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Restatements in the Corporate Responsibility & Sustainability Report linked to environmental data reported and are clearly explained in the Corporate Responsibility & Sustainability Report.	
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	No changes, since we published the matrix in 2018.	
102-40	A list of stakeholder groups engaged by the organization.	Customers, owners/shareholders, NGOs, brands, suppliers, employees	
102-42	The basis for identifying and selecting stakeholders with whom to engage.	Size, influence, frequency of engagement.	

Disclosure Number	What to report?	Disclosed information	Source of evidence
102-43	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Planned for 2019	
102-44	Key topics and concerns that have been raised through stakeholder engagement, including: 1. How the organization has responded to those key topics and concerns, including through its reporting; 2. The stakeholder groups that raised each of the key topics and concerns.	Planned for 2019	
102-50	Reporting period for the information provided.	January 1, 2018 up to and including 31 December, 2018	
102-51	If applicable, the date of the most recent previous report.	March 2018 (Sustainability report 2017)	
102-52	Reporting cycle.	The Stahl Corporate Responsibility & Sustainability Reports is published each year in March.	Corporate Responsibility & Sustainability Reports (downloadable since 2013)
102-53	The contact point for questions regarding the report or its contents.	See back page of the Corporate Responsibility & Sustainability Report & on the website per relevant article or item	<a href="https://www.stahl.com/en/sustainability.htm#Corporate%20Responsibility%20&amp;%20Sustainability%20Report">https://www.stahl.com/en/sustainability.htm#Corporate%20Responsibility%20&amp;%20Sustainability%20Report</a>
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: 1. 'This report has been prepared in accordance with the GRI Standards: Core option'; 2. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	'This report has been prepared, whenever possible, in accordance with the GRI Standards: Core option';	
102-55	The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. For each disclosure, the content index shall include: 1. The number of the disclosure (for disclosures covered by the GRI Standards); 2. The page number(s) or URL(s) where the information can be found, either within the report or in other published materials; 3. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	See (a) first column GRI reference numbers and (b) last column the links to documents where available or the source of the information.	
102-56	A description of the organization's policy and current practice with regard to seeking external assurance for the report. If the report has been externally assured: 1. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; 2. The relationship between the organization and the assurance provider; 3. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	The KPIs reported in the Responsible Operations section of this report have been audited and approved by an independent third party (Ernst & Young). The Corporate Responsibility & Sustainability Report as a whole has not been assured by a third party.	See page 17 of the Sustainability Report 2017
102-18	Governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental, and social topics.	The Stahl Board consists of members from shareholders Wendel (5), Clariant (1), BASF (1), Stahl (2) and external (1). The Stahl Management team consists of the CEO, the CFO, director of procurement, director of innovation, director of marketing and business unit leaders. This team meets monthly and determines the company's strategy implementation. A wider executive team, which includes regional general managers from Europe, Asia, India, the United States and Latin America, as well as the communications and sustainability directors, meets on a quarterly basis. This team reviews performance and decides on strategy and tactics for the coming quarter. Decisions on sustainability are governed by the sustainability director/team and are made based on constant communication with the management team and staff throughout the organization.	
102-16	A description of the organization's values, principles, standards, and norms of behavior.	External values: Stahl is committed to the highest standards of social and environmental responsibility and ethical conduct as described in the Code of Conduct. Stahl requires its business partners to comply with the same or at least equal ethical standards and operate in accordance with the principles in this Code of Conduct ('Code') and in full compliance with all applicable laws and regulations. Stahl expects suppliers and/or business partners to use a proactive approach in establishing and maintaining the standards set forth in the Code and conduct themselves with responsibility and integrity. The business partner states to agree to the conditions in the Code and acknowledges that any deviations found can have an adverse effect on the relation with Stahl including an immediate discontinuation of the business relationship. The business partner commits, in signing the Code, to all applicable legislation and regulations. The Code therefore forms an integral part of the agreement between the business partner and Stahl. To verify compliance with the Code, Stahl shall consult with the business partner from time to time. Stahl has the right to speak and to train employees of the business partner directly in order to fully comply with the Code. If this is deemed appropriate, Stahl can request that an audit can be conducted by a third party to be appointed by Stahl. The business partner states to fully cooperate in this investigation. Stahl expects his business partner to comply with the UN Global Compact Guiding Principles in the areas of human rights, labour, the environment and anti-corruption and wishes to emphasize the following specific areas of interest.  Internal values: The Code of Conduct sets out Stahl general business principles that apply to all employees and all its subsidiary companies. Integrity is essential in establishing and maintaining our reputation and providing our quality services to our customers. Our objective is to preserve continuity of the company by maintaining a strong financial basis. This implies balancing long and short term interests, with due care and respect for our customers, employees, shareholders and other business relationships. Should employees have any concern about what conduct would be appropriate (as laid down in our Whistle Blower policy), they should promptly raise that concern with the Compliance Officer. Any concern so raised is addressed with discretion and respect.	2 Codes of Conduct (for Business Partners and for Employees). See also Stahl Compliance report.

# Appendix

## Stahl Code of Conduct for Business Partners

### 1. Introduction

STAHL is committed to the highest standards of social and environmental responsibility and ethical conduct as described in the Stahl Parent B.V. ("STAHL") Code of Conduct. STAHL requires its business partners to comply with the same or at least equal ethical standards and operate in accordance with the principles in this Code of Conduct ('Code') and in full compliance with all applicable laws and regulations. STAHL expects suppliers and/or business partners to use a proactive approach in establishing and maintaining the standards set forth in this Code and conduct themselves with responsibility and integrity. The business partner states to agree to the conditions in this Code and acknowledges that any deviations found can have an adverse effect on the relation with STAHL including an immediate discontinuation of the business relationship.

The business partner commits, in signing this Code, to all applicable legislation and regulations. This Code therefore forms an integral part of the agreement between the business partner and STAHL. To verify compliance with the Code, STAHL shall consult with the business partner from time to time. STAHL has the right to speak and to train employees of the business partner directly in order to fully comply with the Code. If this is deemed appropriate, STAHL can request that an audit can be conducted by a third party to be appointed by STAHL. The business partner states to fully cooperate in this investigation.

STAHL expects his business partner to comply with the UN Global Compact Guiding Principles in the areas of human rights, labour, the environment and anti-corruption and wishes to emphasize the following specific areas of interest.

### 2. Ethical/Integrity

#### *Laws and regulations*

The business partner operates in full compliance with international, national and domestic laws and regulations that are applicable to their business operations, and obtain all necessary permits.

#### *Business integrity*

The business partner shall not engage in corruption, extortion, embezzlement, or bribery to obtain an unfair or improper advantage. The business partner shall abide by all applicable anti-corruption laws and regulations of the countries in which it operates including all applicable international anti-corruption conventions.

#### *Free and fair competition*

STAHL will compete for business. The business partner also value free and fair competition throughout the world and comply with anti-trust and competition laws.

#### *Confidentiality*

The business partner protect all confidential information provided by STAHL and its respective business partners.

#### *Protection of Intellectual Property*

The business partner shall respect intellectual property rights and safeguard customer information. The business partner shall manage technology and know-how in a manner that protects intellectual property rights.

### 3. Environmental

The business partner shall respect the environment and comply with all (supra) national environmental, health and safety legislation and regulations. The business partner shall conduct his business processes in such a manner that compliance is guaranteed.

### 4. Social

#### *Human Rights*

The business partner shall conduct their activities in a manner that respects human rights as set out in The United Nations Universal Declaration of Human Rights.

#### *Discrimination*

The business partner shall unconditionally respect all anti-discrimination conditions in (supra) national legislation and regulations.

#### *Modern Slavery*

Modern slavery, or any form of forced or compulsory labour, is a violation of human rights. Stahl takes a strong stance against modern slavery and works to ensure high labour rights standards. Stahl condemns any form of modern slavery and child labour, and shall not participate

in the trafficking, recruitment, or receipt of any persons, by means of threat or abuse of power. Stahl allows employees to resign from their position at any time. By behaving ethically and honestly with all its partners, Stahl is committed to ensuring that modern slavery does not occur elsewhere and strives only to do business with organizations who uphold similar principles.

#### *Working hours*

The business partner shall not force their employees to work excessive hours and shall comply with all (supra) national legislation and regulations concerning labour and labour conditions. In case employees are asked to work overtime, their extra work is compensated in line with local legislation.

#### *Child and forced labour*

The business partner shall respect all (supra) national legislation and regulations applying to child labour in line with Convention 138 (Minimum Age) and Convention 182 (Worst forms of Child Labour) of the International Labour Organisation. The business partner shall not use work that is performed involuntarily under threat of penalty.

#### *Health and safety*

The business partner shall implement strict policies with the aim of creating an incident and injury free work environment. At all levels, the business partner will play an active role in identifying and rectifying unsafe (health) situations.



## Statement of continued support

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Waalwijk, 21 February 2019

To our stakeholders,

I am pleased to confirm, for the 5th year in a row, our support of the Ten principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. We adopted those core values in our Code of Conduct many years ago.

In this annual Communication of Progress, we describe our actions to continuously improve the integration of the Global Compact principles into our strategy, culture and daily operations. We are committed to share this information with our stakeholders using our primary channels of communication.

Your sincerely,

A handwritten signature in blue ink, appearing to be 'H.J.J. van Beijeren', written over a horizontal line.

H.J.J. van Beijeren  
CEO  
Stahl Holdings BV



## Stahl Compliance Report 2018

Stahl Group is committed to the guiding principles of UN Global Compact, the world's largest corporate sustainability initiative. With this commitment Stahl Group confirms the alignment of its strategy and operations with the universal principles of human rights, labor, environment and anti-corruption. This also means that Stahl Group's activities are being aligned with the principles of UN Global Compact, the 17 Sustainable Development Goals (SDGs). Since 2018 Stahl is subject to a number of new French laws, among which Sapin II which was introduced to eradicate corruption. With regard to compliance, Stahl focuses on:

- a. Local law and regulations
- b. To be in compliance with sanctions and embargoes
- c. Safety, health and environment ("SHE") / IT security
- d. Code of Conduct / Whistleblower rules / Business Partner Due Diligence / Modern Slavery / Diversity
- e. Compliance training

### a. Local laws and regulations

Stahl is compliant with the laws and regulations of the countries in which it operates. This responsibility lies with its local entities under supervision of the central legal department in the Netherlands. If necessary, local Stahl companies can hire external counsel to assist with topics such as employee dismissals, permits or tax compliance. Audits of the statutory reports are performed by auditors. The audit of the consolidated (IFRS) statutory report 2018 is done by PwC and is controlled by Stahl Headquarters in The Netherlands. In 2018 no major issues came up from the legal and tax risk review performed which is likely to have a material effect on the business.

### b. Sanctions and embargoes

Stahl is committed to compliance with the sanctions and embargoes implemented by local country laws and/or by the European Union, the United States and the United Nations. The responsibility to comply with these regulations lies with the local Stahl entities under supervision of the central legal department in the Netherlands.

The Stahl legal department has communicated guidelines to all regional general managers regarding the sanctions/embargoes that apply when doing direct or indirect business with customers in sensitive countries. These guidelines are distributed by the legal department every year. The existence of sanctions/embargoes is also discussed internally with the management team during the Quarterly Executive Control Group meetings.

Stahl employees are aware of sanctions and embargoes and they have contacted the legal department about possible sales to South Sudan, Syria, Palestine and Iran in the past. With regard to Iran it is noted that Stahl terminated its transactions relating to Iran due to the more strict US sanctions policy in 2018. The Stahl Product Stewardship Department checks whether certain restrictions apply to products under the various sanctions and embargoes and whether a material qualifies as "dual use material". If so, such material will be flagged in the material masters in SAP, for all Stahl plants. When an order is placed for a product that is flagged in this way, a warning is received and the order is blocked for delivery. For domestic orders this delivery block can be removed

locally by the CSD manager. In the case of export orders, the delivery block can only be lifted with the approval of the global legal and compliance officer, by e-mail.

### c. SHE / IT security

Stahl strives to offer a safe working environment. Each employee must comply with the safety regulations applicable to his/her work place. Stahl applies a zero tolerance policy with regard to health, safety and environment. Stahl is committed to local SHE regulations and with its own corporate safety policy outlined in the Stahl SHE manual. The responsibility to comply with the Stahl SHE manual, and with local SHE regulations lies with the local Stahl entities. The SHE manager, located at each Stahl site, is responsible for implementing the SHE policy. SHE compliance is reported monthly to Stahl headquarters and is consolidated into a global report which is distributed to the management, also monthly.

In pursuit of Stahl's business objectives, safety, health and environment have the highest priority. Stahl is aware that SHE needs constant attention and improvement. As per October 1, 2015, Stahl started globally a SHE awareness and safety campaign to step up our commitment to a safe work environment. This campaign ran for 2 years, and focused on a different safety topics every two months. In 2017 Stahl appointed a Global SHE & Process Safety Manager with the aim to standardise and implement the best practices with regard to safety and to continuously improve the SHE policy. In 2018, a safety culture program was introduced and has been rolled-out through all Stahl sites. Furthermore, the topic of SHE is discussed

during every management meeting and board meeting. It is noted that Stahl has no history of severe incidents and has a very good track record when it comes to safety. In 2018 no severe incidents with respect to Stahl employees were reported which resulted in incurable physical injuries. To make employees aware of digital safety risks, Stahl Group also introduced a global internal IT Security campaign in 2017, which was followed by an IT security awareness training in 2018.

### d. Code of Conduct / Whistleblower rules / Business Partner Due Diligence / Modern Slavery / Diversity

#### d.1 Code of Conduct / Whistleblower rules for employees

Stahl has a Code of Conduct and Whistleblower Rules which apply to all of its employees. These Code of Conduct and Whistleblower Rules are distributed through the local HR departments. Employees can also report any issues through [whistleblower@Stahl.com](mailto:whistleblower@Stahl.com). Based upon the feedback received on the 2018 Code of Conduct compliance questionnaires which were sent out to the respective business directors, local regional managers and site managers in January 2019, the following incidents were reported for 2018:

- Stahl received a whistleblower letter, which was investigated with the help of third party investigator KPMG. Based upon the outcome of this report, we learned that 4 employees potentially accepted kick backs from suppliers and the employment agreements of those employees were terminated. Another case is still under investigation.
- The employment agreement with one employee was terminated due to a conflict of interest.



## Stahl Compliance Report 2018

(continued from previous page)

### *d.2 Code of Conduct for business partners / Business Partner Due Diligence procedure*

Stahl is committed to the highest standards of social and environmental responsibility and ethical conduct. Stahl expects the same from its business partners. Stahl pays close attention to the companies with whom we cooperate, such as agents, distributors and suppliers. Furthermore, Stahl requires its business partners to sign the "Business Partner Code of Conduct" or, if the business partner has its own similar Code of Conduct, to provide a copy of such Code of Conduct. If Stahl discovers that the business partner does not comply with the Code of Conduct, Stahl can, if necessary, immediately discontinue the business relationship with that business partner.

The Code of Conduct is regularly discussed during meetings with the respective business partners. Such discussions are written down in reports. Furthermore, the Code of Conduct is regularly discussed internally during presentations by the legal department in Quarterly Executive Control Group meetings, including at the January 2019 meeting.

Based upon the feedback received on the 2019 Code of Conduct compliance questionnaires which were sent out to the respective business directors, local regional managers and site managers in January 2019, with regard to the business partner Code of Conduct, no incidents were reported for 2018. In September 2018 Stahl implemented a Business Partner Due Diligence procedure for business partners with regard to new purchases/purchase orders/ agreements/contracts with an expected total yearly value of > € 100,000.--.

With the Business Partner Due Diligence Procedure the compliance-relevant behavior and the integrity of the (potential) business partner of Stahl is monitored and this procedure will assist Stahl's employees in establishing and maintaining a commercial relationship with reliable and ethical business partners. Potential red flags in the due diligence process could result in a no-go decision with respect to the relevant agreement/ contract etc.

### *d.3 Modern Slavery*

Modern slavery, or any form of forced or compulsory labour, is a violation of human rights. Stahl takes a strong stance against modern slavery and works to ensure high labour rights standards. In 2017 we updated the Code of Conducts and included specific wording for both employees and business partners. Stahl publishes a statement on Modern Slavery on its website, which is yearly updated. This statement is approved by the board of directors and is made in relation to section 54 of the UK Modern Slavery Act. See our statement on Modern Slavery at <https://www.stahl.com/en/sustainability>.

### *d.4 Diversity*

In 2018 Stahl published its Diversity and Inclusion policy on its website ([www.stahl.com/about](http://www.stahl.com/about) Stahl/Diversity and Inclusion Policy) and is committed to embedding equality, diversity and inclusion across the organization. Equal treatment is at the heart of the organization and we believe this will produce a more innovative and responsive organization. We also believe that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas. Consistent with Stahl's strategy of growing its

leadership talent, Diversity and Inclusion principles are also embedded within the core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl will also build cultural intelligence and equality into the performance review, hiring and talent identification processes. The composition of the Stahl Board at the end of 2018 was two female and eight male members, from diverse backgrounds and age groups.

### **e. Compliance training**

In order to increase further awareness within the Stahl organisation of its compliance responsibilities, Stahl developed an employee compliance training together with Thomson Reuters.

This training is developed and consists of the following parts:

- Anti-bribery & Anti-corruption training (e-learning)
- Modern slavery (e-learning)
- Workplace Diversity and Inclusion (e-learning)

1.200 employees completed the e-learning training courses with regard to Anti-bribery & Anti-corruption and Modern Slavery. The Workplace Diversity and Inclusion e-learning training was rolled out in the third quarter of 2018, and was completed by 1066 employees in 2018. It is expected that the remaining employees will finalize the training in 2019.

### **Stahl Holdings B.V.**

Bram Drexhage  
CFO and Compliance officer  
Annex 1 The UN Global Compact's Ten Principles

### **The UN Global Compact's Ten Principles are:**

#### *Human Rights*

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### *Labour*

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### *Environment*

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### *Anti-Corruption*

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## Sustainability Team



**Michael Costello**  
michael.costello@stahl.com



**Ingrid Weijer**  
ingrid.weijer@stahl.com



**Mi Yan**  
mi.yan@stahl.com

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