



# Sustainability Report

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2017

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# Message from the CEO

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*“We see sustainability as a great opportunity to drive positive change in the industry”*

I am once again very pleased to present our latest Sustainability Report which provides an overview of Stahl's activities in 2017.

In 2017 Stahl made significant progress towards achieving its goal of a transparent supply chain. The acquisition of the BASF Leather Chemicals division, completed in October 2017, is an important step towards that goal. The renowned product leadership of BASF and the complementary activities related to sustainability and transparency that were undertaken in recent years are already integrated into Stahl's strategy implementation.

In 2017 we expanded our activities to include more of the 17 UN Sustainable Development Goals to which we are aligning and we remain committed to the UN Global Compact. I am glad to report that Stahl is on course to meet its 2020 target of CO<sub>2</sub> emissions reduction, thanks to sourcing renewable energy and to investments at our manufacturing sites in recent years. We have also included information based on the Global Reporting Initiative (GRI) Core disclosures (see annex), with a view to a more integrated reporting structure in the future.

In my travels during 2017, I have observed how environmental and social responsibility have become the main topic of conversation with our customers and partners in the industry. Whether it is eliminating restricted substances, substituting solvent with water, using alternative energy sources, reducing pollution, improving water effluent management or implementing codes of conduct, Stahl is deeply involved in initiatives that are having a positive effect on the industry. Indeed, while Stahl is fully aware of the challenges, we continue to view them as a great opportunity, to take action and create a better future.



We hope that you enjoy reading about the sustainability projects that we are working on around the world, and we look forward to sharing them with you during the coming year.

Best regards,

**Huub van Beijeren**  
CEO

# Highlights 2017

## New Center of Excellence

In June 2017, Stahl opened a new Center of Excellence in Parets del Vallès, Spain, focussing on our Performance Coatings solutions, leather chemicals and polymers. These ultra modern application and testing facilities enable Stahl to develop solutions that meet even the most critical performance specifications, while preserving sustainability and style.



## bluesign® system partner

Stahl achieved bluesign® system partner status in July 2017. 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. The system sets and controls standards for an environmentally friendly and safe production. As a system partner, Stahl will report regularly on the five key areas: resource productivity, consumer safety, water emissions, and occupational health and safety.

## Significant growth of Stahl products designed to reduce environmental footprint



The success of our STAHL EVO and Stahl Neo portfolios were again important commercial highlights of 2017, as the sales growth of both ranges continued at a double digit pace. These two portfolios are compliant with the Manufactured Restricted Substance List (MRSL) launched by the ZDHC Foundation, whose goal is to eliminate hazardous substances from the supply chain by 2020. The significant growth in the sales of Proviera® - Probiotics for Leather™ and of the Catalix® range of products was also a notable highlight in 2017. For more information about our innovative solutions, see page 20.

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

Stahl stayed on course to achieve its target of 10% reduction in CO<sub>2</sub> emissions by 2020. Also in 2017 Stahl made its first estimation of scope 3 emissions as per the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. This exercise is designed to understand the full value chain impact of its activities and will help to focus efforts on significant sources of GHG emissions.

## Safety Awareness campaign

2017 saw the completion of the 2-year SHE awareness campaign for employees with the goal of zero incidents within our company. The campaign consisted of twelve eight-week themes linked to the 10 Golden Rules of Safety. The overall perception was positive and employees have committed to addressing safety issues as a matter of priority.

## Public-Private Partnership for a Cleaner Ganges

In November 2017, Solidaridad, Stahl and PUM Netherlands senior experts and a number of Indian partners officially launched a Public-Private Partnership linked to the Clean Ganges project launched by the Indian government. The five-year project is focused on reducing water pollution in the Kanpur Leather Cluster.

## Post Graduate Certificate course with the University of Northampton

In 2017, Stahl and the University of Northampton launched a leather finishing program designed for the automotive industry in Mexico. The six week Post Graduate Certificate course focuses on practical expertise and the chemistry of surface coatings and their application in automotive leather finishing. By providing the right knowledge to students and professionals in this way, Stahl believes it can accelerate the process of making the entire leather process more sustainable.

## VOC emissions laboratory

At our headquarters in Waalwijk we invested in state-of-the-art machinery to measure VOC emissions (Volatile Organic Compounds) in coatings. This enables us to determine the presence of different volatile organic materials for our clients in the automotive industry. This new equipment will also help us to further optimize the composition of our own coatings as we strive to minimize the presence of volatile substances from concept to launch.

## Acquisition BASF Leather Chemicals division

The acquisition of the BASF Leather Chemicals division, in September 2017, represents significant progress towards a more transparent supply chain. Initiatives like the elimination of restricted substances, the reduction of greenhouse gases and the use of natural raw materials are enhanced by the addition of the BASF portfolio and its complementary sustainability initiatives.



## 'Crystal Clear' event

Stahl promotes transparency and traceability in the leather supply chain and in 2017 we initiated our second transparency-focused initiative, called 'Crystal Clear'. During the event, which took place at the Igualada Leather cluster, we shared knowledge on water management in leather production. The event was attended by many key stakeholders in the supply chain, including brands, NGOs, local government, leather associations, leather manufacturers and suppliers.

## New applications lab

Stahl opened a new applications lab for Automotive, Leather Goods, Shoe Upper and Upholstery in Arzignano, Italy, in October 2017. The key focus of activity in this lab is sustainable leather solutions. Customers are shown how Stahl's extensive portfolio of low environmental impact chemicals can give leather articles a durable and luxurious appearance.



# Strategy, governance and implementation

## Our Sustainability Scope

- The promotion of environmentally and socially responsible practices
- The use of natural and renewable resources wherever possible, as long as the environmental impact of their use is favorable
- The reduction of Greenhouse Gas (GHG) emissions

## Goals & Strategy

Stahl's goal is to achieve a 'crystal clear' supply chain and our strategy is to initiate and sponsor projects that promote greater transparency in the markets that we serve. This involves deep cooperation with our partners in the supply chain. We chose this strategy because we believe that only through transparency can a more sustainable industry be achieved. We also recognize that sustainability represents a significant opportunity for Stahl, to gain competitive advantage in the marketplace and to drive operational excellence throughout the company.

## A sustainable 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 sustainability report is submitted each year to the UN Global Compact. Information on the UN Global Compact can be found on page 25.

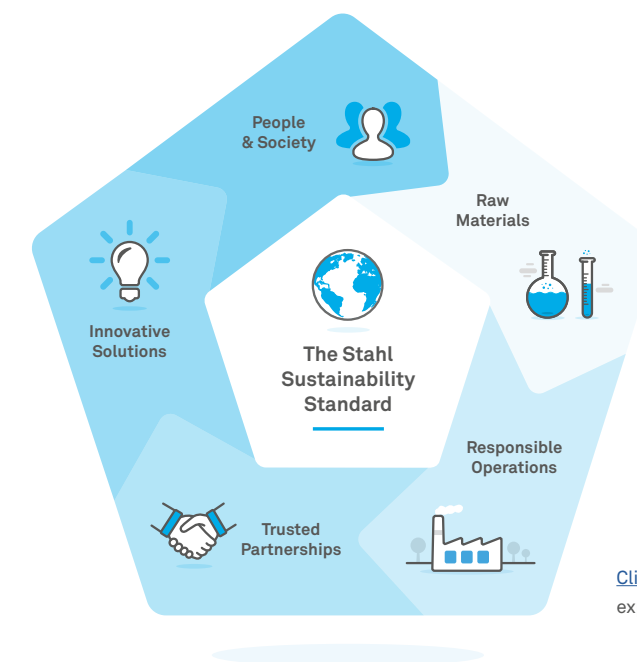
## Organization & Governance

At the corporate level, the sustainability team is led by the Director of Sustainability, who reports to the CEO. The Sustainability team meets regularly with communications, marketing, SBU managers, researchers, product stewardship, procurement 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. KPIs related to safety, health and environment are reported monthly by regional operational staff at the Stahl manufacturing sites and a consolidated report is issued by the Sustainability team.

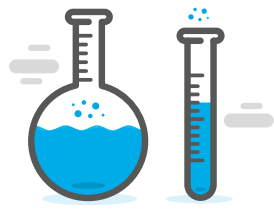
## Implementation: The Stahl Sustainability Standard

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

- Raw Materials - suppliers and the products and services they provide
- Responsible Operations - all activities associated with our laboratories, offices and manufacturing sites
- Trusted Partnerships - cooperation with third parties throughout the supply chain
- Innovative Solutions - the products and services that we offer to our customers
- People & Society - employees and the communities around us



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



# Raw Materials

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The products we receive from our suppliers are critical to achieving our sustainability objectives. By eliminating restricted substances and using naturally occurring raw materials when possible, we are triggering real changes in the industry.

## Restricted Substances

A fundamental element of most companies chemical management system is a Restricted Substances List (RSL). For clothing or footwear brands, for example, the RSL is at the heart of their chemical management programs, in that it ensures that specific substances are not present in their final articles. 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 also made aware of the restrictions on substances contained in the materials they provide. In 2017 we further developed our internal tool, the Compliance Checker, to assess compliance against the increasing number of RSLs and MRSLs (we have over 400 in our system). The Compliance Checker gives us a clear indication of whether restricted substances are present or within the limits of the MRSL.

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

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

chain is long and complex and the ZDHC foundation is cooperating closely with its members to drive industry-wide change. Stahl became a Value Chain Affiliate in October 2016 and has since officially joined the foundation in its commitment. A positive list of Stahl products that are compliant to the ZDHC MRSL are publically available on the ZDHC Gateway portal. In December 2017, we hosted a successful Stahl Campus® event for 30 “ZDHC members and friends” in Waalwijk, in which the basic principles of leather-making were explained along with alternative synthetic materials and their application.

## 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. The system sets and controls standards for an environmentally friendly and safe production. As a system partner, Stahl will report regularly on the five key areas: resource productivity, consumer safety, water emissions, and occupational health and safety.

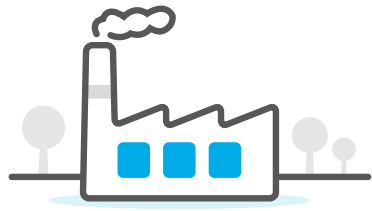
## Stahl RSL

In addition to adhering to the Manufacturing Restricted Substances List (MRSL) launched by ZDHC, we took action with our own Stahl Restricted Substances List (RSL). Stahl's RSL ensures that substances on the list cannot be used in the development of any new products within our company. This list is a consolidation of substances that we believe will be included in the various industry MRSLs, and those deemed undesirable for the future. This has implications for our suppliers and they are informed continuously about our policy via updated lists of potentially restricted materials.

## Business Partner Code of Conduct

Stahl is committed to the high standards of social and environmental responsibility and ethical conduct as described in our Business Partner Code of Conduct. We require all our business partners to comply with our ethical standards and operate in accordance with the principles in this Code of Conduct. In addition, we expect our business partners, including suppliers, to comply with the UN Global Compact Guiding Principles in the areas of human rights, labor, the environment and anti-corruption.





# Responsible Operations

The impact of our operations on the environment and the well-being of our employees is a priority for Stahl. We have many policies and initiatives in place to ensure continuous improvement.

## Safety, Health and Environment (SHE) policy

A safe working environment is vital to our success and is achieved by sound policies & procedures. A safe working environment is also a collective endeavor and each employee is a critical link in the safety chain. Safety needs constant attention and improvement.

Stahl believes that the impact of its business activities on the Safety, Health and Environment of its customers, employees, agents and the public at large, is an essential part of doing business. Stahl is therefore committed to the highest standards as outlined in its policy statements and documents.

## Stahl's SHE organization

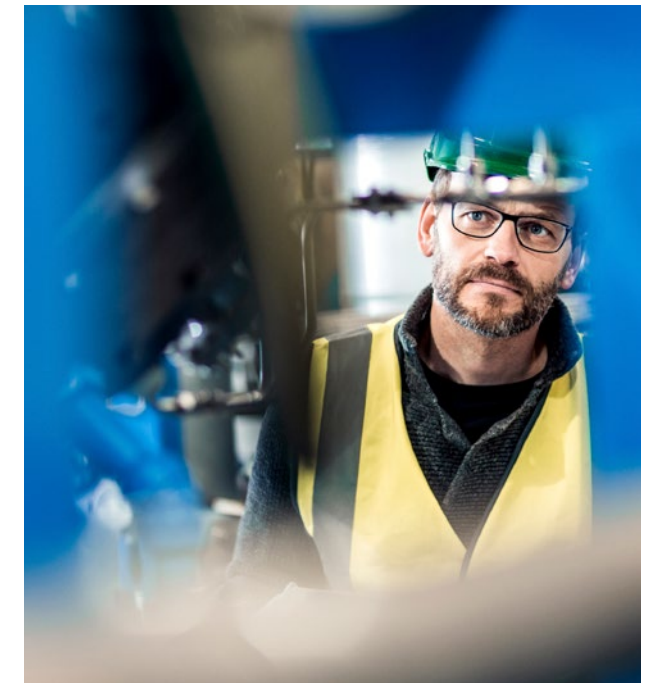
Stahl believes that all employees are responsible for safety. To support this we appointed a Global SHE and Process Safety Manager who will set the Safety, Health and Environment strategy, standards and policies of the company. He also coordinates and ensures the fulfillment of such policies and standards, and implements them throughout the company, including changes of behavior and training for the required competencies.

All Local Managers and General Managers are responsible for implementing the Stahl 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.

## SHE Awareness Campaign

Last year we finished the 2-year SHE awareness campaign for employees with the goal of zero incidents within our company. The campaign consisted of twelve eight-week campaign themes linked to the 10 Golden Rules of Safety.

The overall perception was positive and employees showed specific interests and needs to continue addressing safety issues. Based on this feedback a new campaign was designed and will be put in place in 2018.



### Safety Key Performance Indicators

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

	2017	2016
Reportable (LTA) injuries	6	3
Serious injuries	4	5
Minor injuries	10	10
First Aid	8	6
Occupational Health	0	1
Complaints	2	2
Incidents involving forklifttruck (FLT)	16	13
Incidents involving a vehicle	8	14
Dangerous Occurrences & Near Misses	64	84
Environmental Incidents (e.g. spills)	51	56
Contractors   Reportable (LTA)	1	12
Contractors   Serious	2	0

### Focus on CO<sub>2</sub>, Energy, Water and Waste

Stahl is continuously upgrading its production sites and laboratory facilities in order to achieve energy, waste and water efficiencies that lead to an improved environmental

footprint. Stahl monitors and reports CO<sub>2</sub>, energy, waste and water consumption at its manufacturing sites on a monthly basis.

### CO<sub>2</sub> Emissions Target

In line with the 2015 Paris Climate Agreement, Stahl has a global CO<sub>2</sub> emissions reduction target of 10% (per tons produced) by 2020. This target includes scope 1 and

scope 2 only (emissions including business travel) and uses 2015 emissions as a baseline, per tons produced. We are on course to beat our target before the deadline.

### CO<sub>2</sub> Emissions

	2017	2016	2015
<b>Scope 1: Direct GHG emission** (metric tons CO<sub>2</sub>-eq.)</b>	14,609	16,569	15,162
<b>Scope 2: Electricity Indirect Emission Sources*** (metric tons CO<sub>2</sub>-eq.)</b>	21,222	18,661	19,192
<b>Scope 3: Other Indirect Emission Sources**** (metric tons CO<sub>2</sub>-eq.)</b>	529,670	511,245	-
<b>CO<sub>2</sub> emissions per tons produced</b>	<b>0.150</b>	<b>0.169</b>	<b>0.176</b>

\*\* **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> and Energy reduction projects

- In 2017, a novel solution was implemented at the Stahl site in Waalwijk to keep a key raw material (polyol) at constant temperature from the time the supplier manufactures the product to the time that Stahl uses it in their own process. Deliveries are made in liquid form, in bulk, and the material is stored in a heated vessel. This simplifies the current procedures of cooling, drumming, re-melting and discharging the solid polyol from drums. The savings in energy (and on CO<sub>2</sub> by default), packaging and waste are significant, not only for Stahl but also for the supplier.
- Stahl India was able to realize energy savings of 57,612 KWH in 2017 vs. 2016 thanks to several initiatives linked to investment in more efficient water chilling equipment and by replacing mercury/sodium vapour lamps with LED equivalents.
- In Stahl Germany, Leinfeld site, energy savings of 400,000 KWH were achieved in 2017 vs. 2016 thanks largely to a new condensate recovery system and heat exchanger which resulted in savings in steam, which is used for heating vessels. A modern screw compressor was also installed in the production area and this also contributed to the overall electricity savings at the site.
- A global screensaver campaign was implemented to provide practical advice to all employees on how to save energy and CO<sub>2</sub> in the offices and plants and in their jobs.

### CO<sub>2</sub> Emissions Target: scope 3

In 2017 we began to estimate our Greenhouse Gas scope 3 emissions, following the guidance of the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. We started this to understand our full value-chain-emissions impact in order to focus our efforts on GHG reduction opportunities, leading to more sustainable

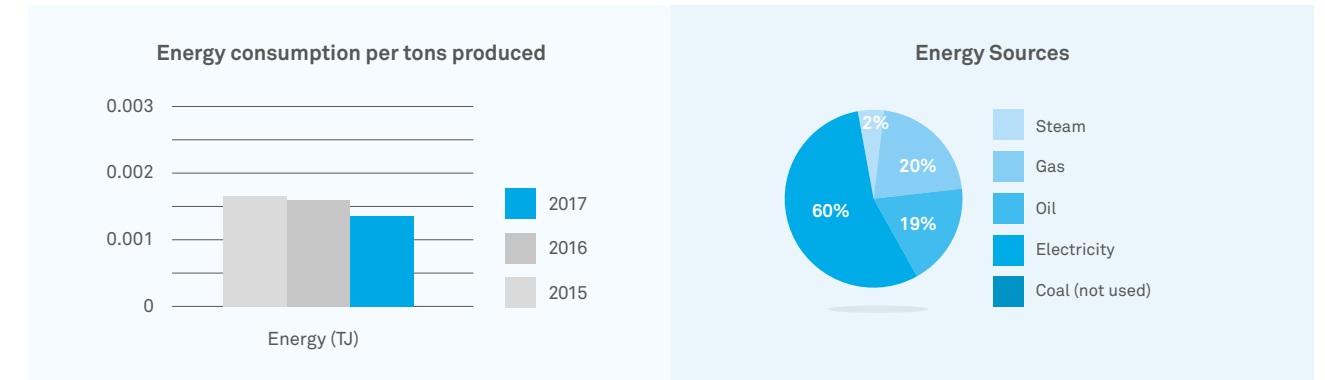
decisions about our activities and the products we buy, sell and produce. Most scope 3 emissions are linked to raw materials that Stahl uses and to the end-of-life treatment of its products. Transport related emissions are also significant.

### Scope 3 Emissions Stahl by category

	2017
Cat 1: Purchased goods and services (emissions (ton CO <sub>2</sub> e))	317,755
Cat 12: End-of-life treatment of sold products (emissions (ton CO <sub>2</sub> e))	133,667
Cat 4: Upstream transportation and distribution (emissions (ton CO <sub>2</sub> e))	51,290
Other (emissions (ton CO <sub>2</sub> e))	26,959
<b>Total</b>	<b>529,671</b>

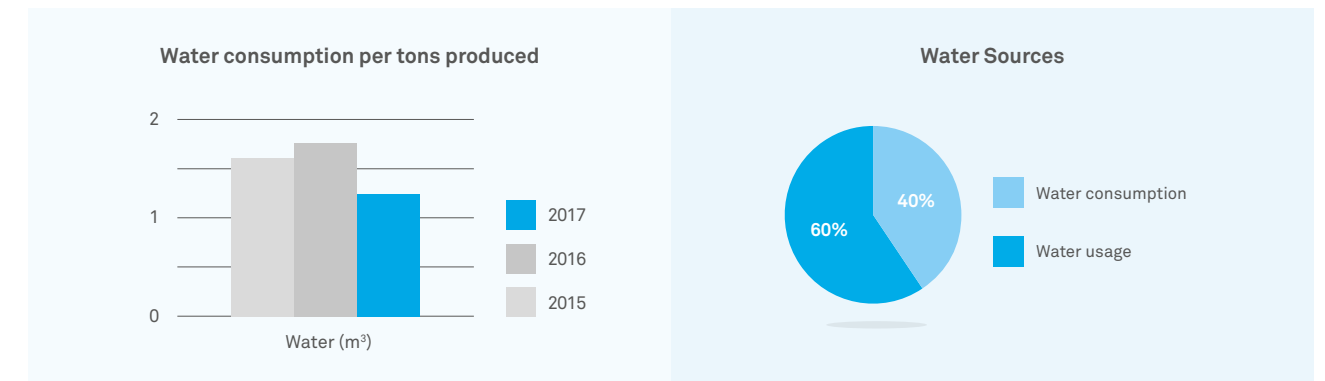
### Energy

Stahl's energy consumption is the sum of electricity, gas, oil, coal and steam consumed at their manufacturing sites. Even though the production volume increased in 2017, the energy per tons produced slightly decreased.



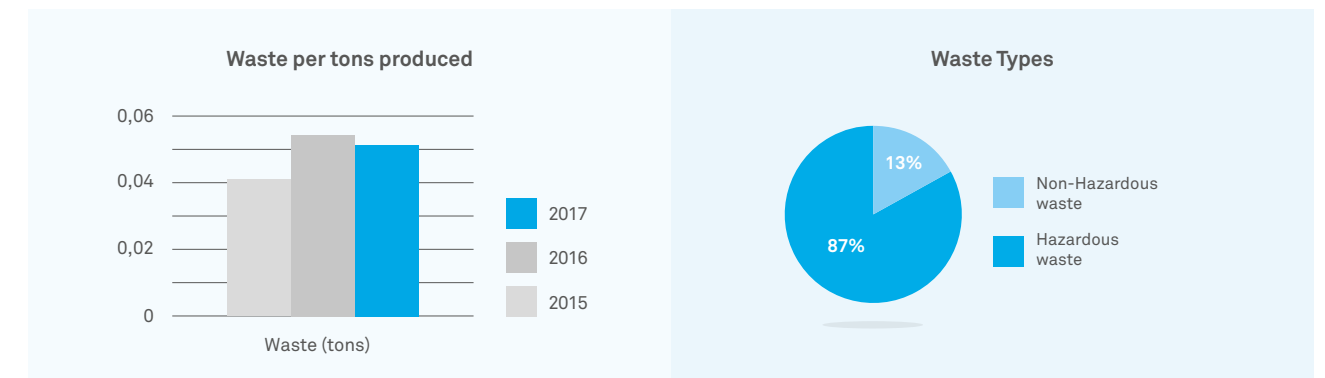
### Water

Since Stahl manufactured more in 2017, its water consumption increased. However, consumed water per tons produced decreased, ie: the efficiency of water consumption improved.



### Waste

In line with the circular economy concept, Stahl regards waste as a potential by-product, with value for other uses. Disposal of waste is only done as a last resort. It is also a goal to install internal water treatment facilities at all our sites in the future, thus limiting the amount of wastewater sent to third parties for treatment. Two of Stahl's 13 manufacturing sites do not yet have in-house water treatment plants.



These KPIs have been audited by Ernst & Young.



# Trusted Partnerships

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



## 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 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.



## TEGEWA

TEGEWA is a group of chemical manufacturers supplying the leather, textile and paper industries.



## BLC

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



## ECO PASSPORT by OEKO-TEX®

The ECO PASSPORT by OEKO-TEX® is the comprehensive verification and certification system for textile chemicals, colorants and auxiliaries.



## Wageningen University

Wageningen University is a recognized global leader in environmental science, which is why Wageningen and Stahl are working together on projects related to water effluent in the leather process.



# Innovative Solutions

With 11 R&D centers around the world, employing almost 100 technical staff, Stahl's product research is aimed at providing high performance solutions that reduce the environmental footprint. This can be either by using bio-based raw materials in our products or by designing products which will reduce the CO<sub>2</sub>, energy, water or toxicological footprint of our customers' products. It is now a requirement that all new products developed by Stahl's research team must have a clear environmental benefit. The incorporation of the BASF Leather Chemicals product portfolio will complement this drive towards a more sustainable industry.

## Leather Chemicals & Finishing

### Stahl Neo and ZDHC MRSL compliance

Stahl Neo is our portfolio of leather finishes that not only complies with the ZDHC Manufacturing Restricted Substances List (MRSL), but does not contain any of the substances on that list. Our latest additions to the Stahl Neo portfolio include a range of water repellents that are both PFC-free and BTX-free, a group of milling chemicals and an expanded range of upgrading solutions. By the end of 2017, 95% of the Leather Finish and Wet-End portfolios were compliant to the ZDHC MRSL. Our target is to reach 100% compliance by 2020.

### Proviera® - Probiotics for Leather™

The early stage of the leather process requires the use of chemicals to clean and prepare the hide for tanning. Proviera® - Probiotics for Leather™ are metabolites derived from controlled fermentation using natural ingredients. The use of these products can reduce the effluent load during the cleaning process while improving leather quality. In 2017 Stahl's promotion of Proviera® - Probiotics for Leather™ bore impressive results: sales doubled in 2017 vs. 2016.

### Stahl EasyWhite Tan™

The main environmental benefit of using the Stahl EasyWhite Tan™ system is the significant reduction in consumption of water, salt and energy during the leather tanning process. The widespread acceptance of Stahl EasyWhite Tan™ shows that it is becoming an increasingly common choice for customers who value a simpler tanning process without compromising the quality of the leather.

### Dryfast Beamhouse product range

The Dryfast Beamhouse product range was an important addition to the portfolio in 2017. A legacy from the BASF portfolio, this system allows leather manufacturers to realize significant savings in water effluent and solid waste during the beaming stage of the tanning process.

### New Cationic technology for reducing water pollution

In 2016, Stahl launched Catalix® 150 and Catalix® GSX liquid: polymer solutions for lower-impact leather processing. The inclusion of these products in retanning formulations significantly reduces the pollution level of water effluent. The successful introduction of this range resulted in significant sales growth in 2017.

## Performance Coatings & Polymers

### STAHL EVO

STAHL EVO is our new generation of top coats, skins, adhesives, foams and pigments for synthetic materials. The STAHL EVO portfolio is fully compliant with ZDHC's Manufacturing Restricted Substances List (MRSL). The products also allow customers to eliminate the use of DMF in their process, reducing water and energy consumption at the same time. The growth in sales of the STAHL EVO has been a feature over recent years, and this continued in 2017. We fully expect the rapid sales growth to continue in the coming years.

### Bio-based polyurethanes

The policy of promoting the use of natural and renewable resources as raw materials has driven innovation in bio-based polyurethane research. Our bio-based PolyMatte® was successfully commercialized in 2016 and in 2017 we developed a range of high-performance bio-based polyurethane dispersions for the automotive industry. We are planning to launch some of these products in 2018.

### Carbodiimide Crosslinkers

The use of polycarbodiimide crosslinkers in coatings is growing, largely owing to Stahl's water-based and VOC-free technology. Carbodiimides are easier to handle than traditional crosslinkers and ensure outstanding performance. These patented products are an excellent building block for the design of environmentally-friendly coatings systems. Growth in sales of these crosslinkers has been consistent over the last five years and we expect this to continue as more customers switch to waterbased coatings and lower impact chemicals.



# People & Society

Our workforce is the foundation of our success. We employ over 2,000 people with 54 nationalities, in 24 countries at 13 manufacturing sites, 11 R&D centers and 38 application labs. We encourage trust, honesty, personal growth, innovation, creativity and teamwork among our workforce.

## Code of Conduct for Stahl employees

Our Code of Conduct outlines what is expected of every person working for Stahl. Integrity is essential in establishing and maintaining our reputation and providing high-quality services to our customers. Our objective is to preserve Stahl's continuity via care and respect for our customers, employees, shareholders and other business partners. A whistleblower policy allows employees to report suspicious behavior that potentially conflicts with our Code of Conduct, while offering the necessary guaranteed protection to the whistleblower in question. The full Stahl Code of Conduct can be found in the appendix of this report.

## Business Partner Code of Conduct

Stahl's Business Partner Code of Conduct describes our commitment to the highest standards of social and environmental responsibility and ethical conduct. We ask all our business partners to comply with the principles outlined in this Code of Conduct. In 2017 we updated our Business Partner Code of Conduct by adding modern slavery, in which the business partners commits not to participate in any form of forced or compulsory labour.

- Laws and regulations
- Business integrity
- Free and fair competition
- Confidentiality
- Protection of Intellectual Property
- Environment
- Human Rights
- Discrimination
- Modern Slavery
- Working hours
- Child and forced labour
- Health and safety

## Workforce

As of December 2017, Stahl had 2,000 employees, an increase of 220 FTE's compared to 2016. In total, 87% of Stahl's employees have permanent contracts. Our workforce consists of 73% men and 27% women. Total Full Time Equivalents (FTE) leaving (dismissals and resignations) during 2017 were 151 and 395 joined in the same period. These ratios are in line with the industry average. The turnover rate over 2017 was 14.2%. Stahl is an equal-opportunity employer in all its locations worldwide.

## Diversity & Inclusion

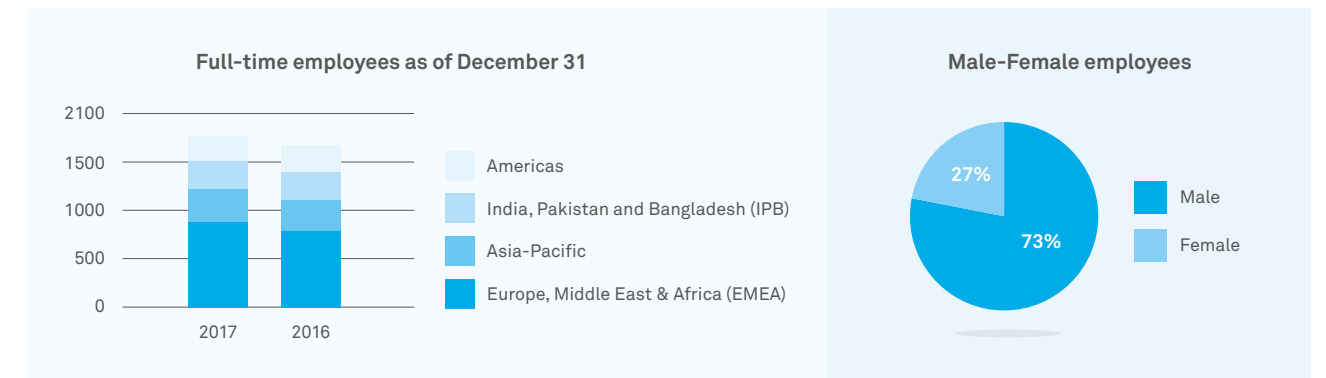
Consistent with Stahl's strategy of growing its leadership talent, Diversity and Inclusion principles are embedded within Stahl's core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl will also build cultural intelligence and equality into its performance review, hiring and talent identification processes.

## Training

The nature of Stahl's business requires a focused approach to training. We offer our employees different training programs:

- Every new employee receives an updated SHE training, followed by a more specific job-related training.
- In 2017, Stahl launched e-learning training programs focused on bribery, corruption and modern slavery, including a test at the end. Special attention is given to awareness and to the red flags that can indicate non-compliant behavior in the supply chain.
- Stahl's international Management Training Program, with a focus on managerial and leadership skills.

Breakdown of full-time equivalent employees as of December 31, 2017 by geographic region



## Sustainable Industrial Development

Aside from our commercial activities around the world, Stahl works closely with international organizations and NGO's on non-profit activities and projects.



### UNIDO

2017 marked the successful launch of UNIDO's e-learning courses designed to promote good practices and responsible chemical management in leather tanneries; a significant achievement and one which Stahl fully supports. Our cooperation with UNIDO is also facilitated by Stahl's Sustainability Roadshows, which were organized in Pakistan and Bangladesh in 2017, in which UNIDO also presents its industrial development initiatives in the relevant leather clusters.

### PUM

PUM is a Dutch organization that links small and medium sized companies in developing countries to experienced professional experts in order to improve sustainability and combat poverty in those regions. Stahl and PUM have begun to work together on projects for the leather sector. This partnership has Stahl experts travelling voluntarily to the country in question together with PUM country staff to visit tanneries that require the technical skills and service which the Stahl technicians can provide. In 2017, two Stahl experts on leather finishing and wet-end chemicals participated in the PUM missions in Zimbabwe, focused on developing the small tanning industry there. Their visits lasted 2-3 weeks.

### 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. In 2017, Solidaridad, Stahl and PUM Netherlands senior experts and a number of Indian partners officially launched a public-private partnership to reduce water pollution in the Kanpur Leather Cluster, which is located on the river Ganges.

### Sustainability Roadshows

Stahl organizes Sustainability Roadshows around the globe with the goal of familiarizing local professionals with Stahl's sustainability philosophy for the industry. In 2017, Stahl hosted a series of seminars in key leather clusters in Pakistan and Bangladesh. The topics discussed were restricted substances, ZDHC, water pollution reduction, biobased raw materials and transparency in general.



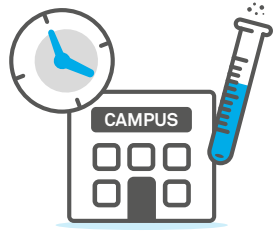
## United Nations Sustainable Development Goals

Stahl is committed to the guiding principles of UN Global Compact, the world's largest corporate sustainability initiative. With this commitment we confirm the alignment of our strategy and operations with the universal principles of human rights, labor, environment and anti-corruption. Stahl's activities are therefore being aligned with the 17 Sustainable Development Goals (SDGs), established at the United Nations General Assembly in 2015:



- 1 No poverty:** In addition to proactive philanthropy at the local community level, Stahl is also involved in wider industrial development projects in emerging regions, along with NGOs and governments. An example is the Public-Private Partnership (PPP) between Stahl, Solidaridad, PUM that was launched in 2017, in Kanpur, India. hired in 2017, who works on water pollution projects. The company has also introduced effluent-reducing technologies like Proviera® - Probiotics for Leather™, Stahl Neo, STAHL EVO and Catalix® as well as water-reducing technologies like Stahl EasyWhite Tan™. The PPP launched in Kanpur, India is also focussed on water pollution.
- 3 Good health and well-being:** Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the ZDHC Foundation, of which we are a member since 2016. In 2017 Stahl became a bluesign® system partner.
- 4 Quality education:** Stahl Campus® was established to promote good practices throughout the supply chain (see page 26 for a more detailed description). Stahl also actively promotes the safe handling of chemicals and conducts seminars on this topic in emerging regions. In 2018 Stahl Campus® will be expanded to Kanpur, India, to support the water pollution efforts being made there.
- 5 Gender equality:** Stahl's Diversity and Inclusion policy was communicated in 2017 and is summarized in this report (page 23).
- 6 Clean water and sanitation:** Water technology is a growing area for Stahl and we are working jointly with leading universities on improving water effluent quality. This includes employing a research specialist,
- 7/13 Affordable and clean energy & Climate action:** Stahl's goal is a 10% reduction in CO<sub>2</sub> emissions by 2020 (in line with the 2015 Paris Climate Agreement) and this implies the adoption of renewable energy sources and raw materials, as well as energy efficient technologies at our sites. 2017 GHG emissions improved vs. 2016 and we are well on target to meet to the 2020 goal.
- 8 Decent work and economic growth:** Stahl's commitment to sustainable industrial development includes cooperation with UNIDO, Solidaridad, PUM and other NGOs. The Public-Private Partnership in Kanpur, India, is an example of this, and we also launched an EU funded project in 2017 aimed at promoting efficient technologies for the Ethiopian leather industry.
- 10 Reduced inequalities:** Stahl's Code of Conduct was implemented in 2015 and the Stahl Diversity and Inclusion policy was implemented 2017. E-training courses were completed on the topics of bribery, corruption & modern slavery.





# Stahl Campus®

Stahl Campus® is the global knowledge center established in 2014 in Waalwijk (The Netherlands) and extended to León (Mexico) in 2015 and Guangzhou (China) in 2016. The goal of Stahl Campus® is to promote good practices and transparency throughout the supply chain. Stahl invites customers, suppliers, university students, OEMs, brands, and more, to come to its specialized laboratories and strengthen their knowledge through theoretical and practical training modules. Stahl Campus® is a key element of our strategy of promoting transparency.

In 2017 over 1,000 people attended Stahl Campus® training courses around the world and our training now includes modules on best practices in performance coatings applications. In 2018 Stahl Campus® will be expanded to Kanpur, India, where a new Center of Excellence is being constructed to support the Public-Private Partnership related to water pollution in the Uttar Pradesh leather manufacturing cluster.

### Stahl Campus® The Netherlands

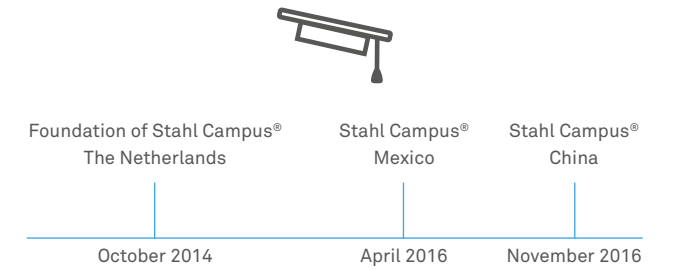
In 2017, we welcomed 260 people from around the world - including China, Turkey, India and the Netherlands - to Stahl Campus® Waalwijk (The Netherlands). We shared knowledge about good practices and sustainable solutions in the leather supply chain. The participants came from various fields of expertise and included university students, specialized tannery staff (both Automotive and Fashion) and luxury fashion brand employees. In December, we hosted a successful Stahl Campus® event for 30 ZDHC members in Waalwijk.

### Stahl Campus® Mexico

Stahl Campus® was established in León, Mexico, in 2016. Mexico has the largest conglomeration of automotive tanneries in the world and it is the world's second largest producer of leather shoes. Since its opening in April of 2016, Stahl Campus® León (Mexico) has welcomed around 120 people from nineteen companies. In June 2018 we will complete the Post Graduate Certificate course in Stahl Campus® León (Mexico). This ambitious six-week course was developed in cooperation with the University of Northampton (UK), and students will receive an official PG Certificate in leather finishing upon completion. The course is focusing on automotive finishing with students from key suppliers of OEMs.

### Stahl Campus® China

China is the number one leather producer in the world. Stahl Campus® Guangzhou (China) focuses on training programs for university students, tanneries and designers. Over 800 students participated in training on leather and specialty coatings during 2017.



*“We enjoyed superb hospitality and a fantastic, highly informative day. It’s always a pleasure to visit our contributors and having learned so much about leather, textiles and synthetics there, everybody was keen to come back again and learn more.”*

#### Director of Sustainability

Michael Costello

#### Stahl Campus®



**The Netherlands**  
Frans van den Heuvel



**Mexico**  
Juan Antonio Frias



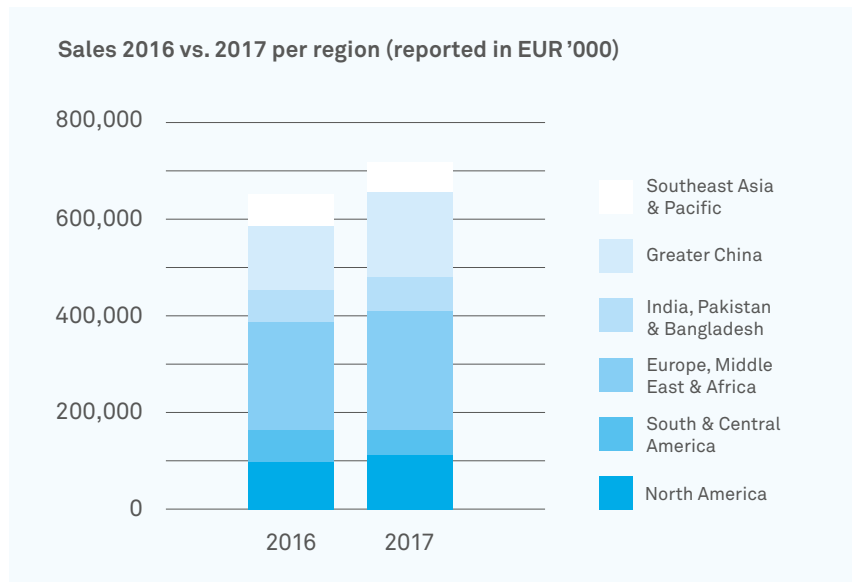
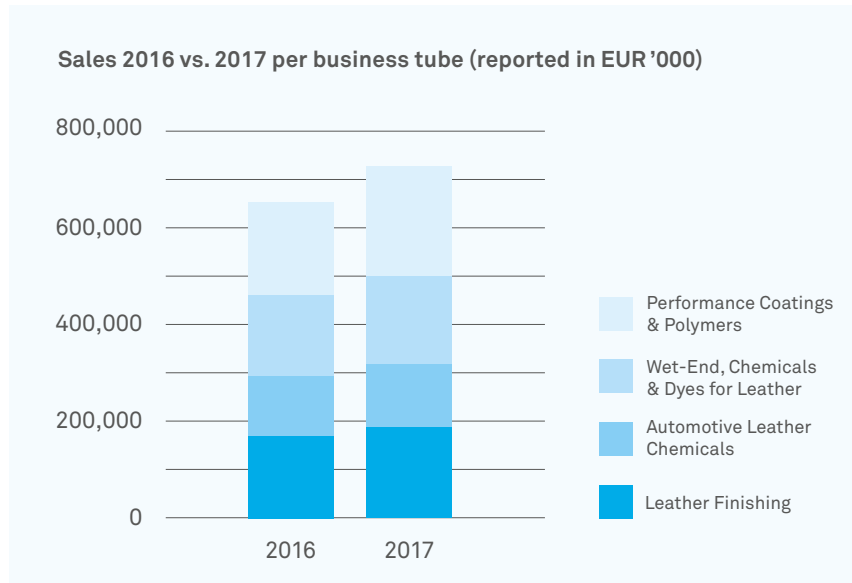
**China**  
Karin Lee



# Financial Performance

## Sales

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



### Wet-End, Chemicals & Dyes for Leather

This division is focused on providing products and services for the beamhouse (rawhide treatment), tanning and retanning steps of the leather manufacturing process.



### Automotive Leather Chemicals

Stahl is the market leader for the process chemicals and finishing technology used to manufacture automotive leather. This division is focused on providing high performance solutions for car interior leather applications.



### Leather Finish & Aftercare

With nearly a century of experience around the globe, Stahl is the undisputed leader in leather finishing technology and is renowned for its quality and 'Golden Hands' technicians.



### PielColor

The second brand in the Stahl group, founded in 1977 in Spain, PielColor provides leather finishes to its clients with an emphasis on fashion and technical service.



### Performance Coatings

Stahl's fastest growing business unit, this division is focused on providing custom-made solutions for almost any type of surface, both flexible and rigid.



### Stahl Polymers

Founded as Picassian® in 2005, Stahl Polymers supplies raw materials to coatings manufacturers across several segments.

# Management Team

**Stahl Board:** Consists of members from shareholders 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 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 plus regional general managers from Europe, Asia, India, the United States and Latin America, plus legal and compliance, IT, communications, marketing and sustainability. This team meets on a quarterly basis, reviewing performance and deciding on strategy and tactics for the coming quarter.

**Sustainability:** Decision-making is governed by the Director of Sustainability with Stahl Management and the Executive team. Decisions are made based on constant communication between members of the Sustainability team and staff throughout the organization.



**Huub van Beijeren**  
Chief Executive Officer



**Bram Drexhage**  
Chief Financial Officer



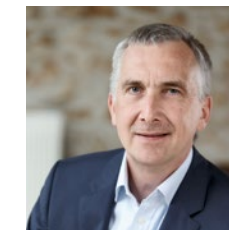
**Guido Borgart**  
Group Director Operations & Supply Line



**Ralph-Günther Blach**  
Group Director R&D and Technical Application



**Jacques Potier**  
Group Director Procurement



**Harald Bauer**  
Group Director Wet-End, Chemicals & Dyes



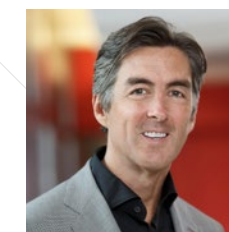
**Xavier Rafols**  
Group Director Leather Finish



**Mark Chatwood**  
Group Director Automotive Leather Chemicals



**Uwe Siebgens**  
Group Director Performance Coatings & Polymers



**John Fletcher**  
Group Director Marketing & Brand Services

# Global Presence

Our long-standing commitment to providing local technical service for our customers also drives the promotion of more sustainable products and good practices around the world.

**Corporate Headquarters:**

Waalwijk, The Netherlands

**Stahl Campus® (3):**

Americas (Mexico), Asia (China), EMEA (The Netherlands)

**Centers of Excellence (7):**

China, France, Germany, Italy, Mexico, The Netherlands, Spain

**R&D Centers (11):**

Brazil, China, France, Germany, India, Italy, Mexico, The Netherlands, Singapore, Spain, USA

**Manufacturing Sites (13):**

Brazil, China, France, Germany, India (2), Italy, Mexico, The Netherlands, Singapore, Spain (2), USA

**Sales Offices / Representative Offices (31):**

Argentina, Bangladesh, Brazil, China, Colombia, Ethiopia, France, Germany, India, Indonesia, Italy (2), Japan, Mexico, The Netherlands, Pakistan (4), Singapore, South Korea, Spain (3), Taiwan, Thailand, Turkey, Uruguay, USA (2), Vietnam

**Applications Labs (38):**

Argentina, Brazil, Bangladesh, China (3), Colombia, Ethiopia, France, Germany, India (8), Italy (4), Japan, Mexico (2), The Netherlands, Pakistan (4), Singapore, Spain (2), Thailand, Turkey (2), USA (2)



# GRI table

The below table indexes the Stahl Sustainability Report 2017 against the GRI (Global Reporting Initiative) reporting guidelines and the UN Global Compact (UNGC). Our 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 and 2017 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, for example at the time of the BASF leather division acquisition in 2017.	<a href="https://www.stahl.com/en/sustainability/htm#Sustainability%20Report">https://www.stahl.com/en/sustainability/htm#Sustainability%20Report</a> See also press releases: <a href="http://internationalleathermaker.com/news/fullstory.php/aid/3849/Stahl_to_acquire_BASF_Leather_Chemicals_.html">http://internationalleathermaker.com/news/fullstory.php/aid/3849/Stahl_to_acquire_BASF_Leather_Chemicals_.html</a> <a href="http://internationalleathermaker.com/news/fullstory.php/aid/4109/Stahl_to_discuss_transparency_during_traceability_webinar.html">http://internationalleathermaker.com/news/fullstory.php/aid/4109/Stahl_to_discuss_transparency_during_traceability_webinar.html</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 description of the organization's activities.	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.	
	Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	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.	Compliance report 2017
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 operate in 24 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#Contact">https://www.stahl.com/en/contact/htm#Contact</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 31/12/2017: 2,049 employees, 13 manufacturing sites, approximately 6,000 products (stock keeping units). Net sales 2017: €733,3 Million. Stahl Lux 2 SA (holding company) total equity is reported at EUR 45.7 Million, total liabilities EUR 877.1 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, 2017, Stahl had 2,073 employees (2,049 FTE's), an increase of 220 FTE's compared to 2017. 87% of Stahl's employees are on permanent contracts. Its workforce is 73% male and 27% female. Total Full Time Employees (FTE) leaving (dismissals and resignations) during 2017 were 151 and 395 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 2017 was 14.2%.	<a href="https://www.wendelgroup.com">https://www.wendelgroup.com</a> Registration Document 2017



Disclosure Number	What to report?	Disclosed information	Source of evidence
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">https://www.wendelgroup.com</a> Registration Document 2017
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.	
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.	In 2017 the structure and ownership of the company changed due to the acquisition of the BASF Leather chemicals business. Additional annual sales of (est.) €200 million are expected on the top line as a result of this acquisition. One factory was acquired as part of this transaction (in Spain) and BASF (Germany) became a key supplier for Stahl at the same time, of materials used in leather chemicals. BASF also became a (minority) shareholder in October 2017.	
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.	Page 25 in the 2017 Sustainability Report. UN Global Compact, UN 17 SDGs.	<a href="https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/322461">https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/322461</a> <a href="http://www.roadmaptozero.com/contributors/">http://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, PUM Netherlands Senior Experts, TEGEWA.	<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 & Africa: Stahl Chemical Industries B.V. GMBH Austria Vienna, Stahl France SARL France Graulhet, Stahl Chemicals Germany GmbH Germany Leinfelden-Echterdingen (formerly: Stahl Leinfelden GmbH), Stahl Italy SRL Italy Palazzolo (formerly: Stahl Palazzolo SRL), Stahl Group SA (95.7%). Stahl LUX 2 SA in Luxembourg Luxembourg, Stahl Netherlands B.V. Netherlands Waalwijk, Stahl International B.V. Netherlands Waalwijk, Stahl Europe B.V. Netherlands Waalwijk, Stahl Treasury B.V. Netherlands Waalwijk, Stahl Holdings B.V. Netherlands Waalwijk, Stahl International Specialties Development B.V. Netherlands Waalwijk, Winvest Part B.V. Netherlands Amsterdam, Stahl Europe Application PC B.V. Netherlands Waalwijk, Stahl International Polymer Development B.V. Netherlands Waalwijk, Stahl International Compounding B.V. Netherlands Waalwijk, Stahl Parent B.V. Netherlands Waalwijk, Stahl Iberica SL Spain Parets, Stahl Investment Spain SL Spain Parets, PielColor SL Spain Parets, Stahl Europe Spain SLU Spain Parets, Stahl Performance Powder Coatings SL (73.0%) 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.  Americas: Stahl de México, S.A. de C.V. Mexico Toluca, Stahl (USA) Inc. USA Peabody, Stahl (USA) Holdings Inc. USA Delaware, Stahl LLC USA Delaware, South America, Stahl Chemicals Srl (formerly Colorcuer 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, PielColor Asia Pacific Pte. Ltd. Singapore Singapore, Stahl (Thailand) Ltd Thailand Amphur Muang Samutprakarn.	
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 defined our Sustainability policies and report content, based on stakeholder feedback in 2015. Based on the feedback we have set our reporting content. The Reporting Principles are publically available in the Wendel Report.	<a href="https://www.wendelgroup.com">https://www.wendelgroup.com</a> Registration Document 2017
102-47	A list of the material topics identified in the process for defining report content.	Based on 2015 stakeholder feedback (from 40 topics, rated from low to high importance) the below 17 topics were identified as material (score 7/10 or higher): Reducing Environmental Impact across the supply chain, Reduce Greenhouse Gas Emissions, Reduce Pollution, Reduce Environmental Impact of Stahl Products, Product Safety, Efficient Logistics, Health & Safety in Stahl Production, Health & Safety for our Customers, Develop sustainable Product Solutions, Understand Customer needs / Provide Service, Competitiveness, Strive for Innovation, Human Rights, Childlabour, Forced Labour, Discrimination, Anti-Corruption, Compliance with legislation and initiatives.	Not publically available, since we have not asked our stakeholders in 2015 to agree with public availability of the feedback provided
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Restatements in the Sustainability report linked to environmental data reported and are clearly explained in the Sustainability report.	

Disclosure Number	What to report?	Disclosed information	Source of evidence
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	Materiality analysis has not been updated in 2017, planned for 2018.	
102-40	A list of stakeholder groups engaged by the organization.	Customers, owners/shareholders, NGOs, brands, suppliers, employees, public authorities	
102-42	The basis for identifying and selecting stakeholders with whom to engage.	Size, influence, frequency of engagement.	
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 2018	
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 2018	
102-50	Reporting period for the information provided.	January 1, 2017 up to and including 31 December, 2017	
102-51	If applicable, the date of the most recent previous report.	March 2017	
102-52	Reporting cycle.	The Stahl Sustainability Report is published each year in March.	Sustainability Reports (downloadable since 2013)
102-53	The contact point for questions regarding the report or its contents.	See back cover of the 2017 Sustainability report on the website per item	<a href="https://www.stahl.com/en/sustainability/htm#Sustainability%20Report">https://www.stahl.com/en/sustainability/htm#Sustainability%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 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

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## Stahl Code of Conduct

### Introduction

Stahl is committed to the highest standards of social and environmental responsibility and ethical conduct as described in the Stahl Group S.A. 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.

### 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.

#### *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.

### 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. The business partner shall work to ensure high labour rights standards. The business partner shall not participate in the trafficking, recruitment, or receipt of any persons, by means of threat or abuse of power. The business partner allows employees to resign from their position at any time. The business partner shall behave ethically and honestly with all its partners, and 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, March 2018

To our stakeholders,

I am pleased to confirm that Stahl Holdings BV reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human rights, Labour, Environment and Anti-Corruption.

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

Sincerely yours,

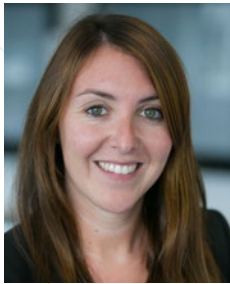
A handwritten signature in blue ink, appearing to read 'H.J.J. van Beijeren', written over a faint, light blue horizontal line.

H.J.J. van Beijeren  
Chief Executive Officer  
Stahl Holdings BV

## Sustainability Team



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