

PULCRA PURE CHEMISTRY

A sustainability journey towards a purer future

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Letter to our stakeholders

We are writing to you to provide an overview of the performance and key developments of PULCRA and to show our commitment to sustainability for the fiscal year 2023.

As you are aware, 2023 has been a year of significant challenges, both globally and locally, which have affected various sectors, including the chemical industry. Below, we outline some of the key facts and figures showing our progress towards achieving our sustainability goals while still aiming for our financial targets to ensure the long-term success of the company.

Economic and Market Overview

According to the first estimates from the German Federal Statistical Office (Destatis), Germany's GDP decreased by 0.3% in 2023 compared to the previous year. This contraction was largely due to persistently high prices, unfavorable financing conditions driven by rising interest rates, and reduced demand both domestically and internationally. This had a detrimental impact on the economic climate, leading to a notably lower growth rate in Germany compared to other major economies. Furthermore, Germany's economic growth since the pre-crisis year of 2019 has been limited to just 0.7%, placing it at the bottom of international rankings.

The chemical and pharmaceutical sectors were particularly impacted, as there were no positive impulses from foreign markets, leading to a noticeable drop in demand for chemical and pharmaceutical products. The export of these products fell by 11.5%, with the export of chemicals alone decreasing by 14.5%. Meanwhile, the domestic market also showed weak demand, contributing to a sharp 20.7% drop in imports. While the overall trade balance remained positive, certain sectors, such as petrochemicals, industrial gases, and pharmaceutical intermediates, experienced negative balances.

Performance

For PULCRA, 2023 was marked by the continuation of the energy crisis, the Russia-Ukraine conflict, and a general decline in demand for chemical products. Despite these challenges, the company navigated this period better than expected. However, the overall business objectives for 2023 could not be fully achieved due to the unfavorable global economic conditions. These conditions affected our revenue across all product groups, operating profit, and working capital.

Our revenue for the year decreased by EUR 11.4 million (14.6%) to EUR 66.9 million (previous year: EUR 78.3 million). The total volume sold fell by 15.2%, reflecting the broader market trends.

The cost of goods sold also decreased by EUR 9.9 million (17.3%) compared to the previous year, primarily due to lower raw material prices and the decline in demand.

Besides, the operating profit still fell short of expectations due to the unforeseen and repeated decline in demand, leading to a lower gross result than planned.

The changes in net working capital (NWC) also deviated from our forecasts. Although our projection accounted for a specific NWC level to support investments and ongoing operations (e.g., raw material purchases), cash flow developments were different than anticipated.

Sustainability Goals and Initiatives

At PULCRA, sustainability is at the core of our operations, and we are committed to integrating environmental, social, and governance (ESG) factors into our business strategy. Despite the challenging market conditions, we have made significant progress toward our sustainability goals:

Environmental Responsibility: We continue to focus on reducing our carbon footprint and improving energy efficiency. In 2023, we took steps toward optimizing energy use in our manufacturing processes and increasing the share of renewable energy in our operations. Our sustainability initiatives also include waste reduction, water conservation, and reducing emissions across our production sites.

Product Innovation for Sustainability: As part of our ongoing commitment to sustainability, we have expanded our portfolio of sustainable products. We are developing eco-friendly solutions for our customers in the textile and leather industries, with a focus on biodegradable materials, lower environmental impact, and the use of renewable resources. This aligns with our long-term vision of contributing to a circular economy.

Responsible Sourcing and Supply Chain Transparency: Sustainability is also embedded in our supply chain management. In 2023, we continued to work closely with our suppliers to ensure that raw materials are sourced responsibly, with a particular focus on ensuring ethical practices and reducing environmental impacts across the entire supply chain. This year, we increased our engagement with suppliers who have strong sustainability certifications, further ensuring that our products meet the highest standards of environmental and social responsibility.

Social Responsibility: We are also deeply committed to fostering a diverse and inclusive workplace. This includes continuous development opportunities for our employees, promoting a healthy work-life balance, and ensuring their well-being. Our social responsibility efforts extend beyond the workplace, as we continue to support local communities through various initiatives aimed at education, environmental awareness, and social equity.

Key Financial and Non-Financial Indicators

At PULCRA, we define our corporate goals based on key areas such as commercial activities, quality, environment, safety, energy, and sustainability. These objectives are developed through specialized working groups within the company.

The main financial performance indicators for the company are revenue, operating profit (EBIT), and the net working capital ratio. These metrics are reviewed monthly during management meetings, where deviations are analyzed and corrective actions are taken.

Additionally, we track several non-financial performance indicators, such as defect rates, complaint ratios, customer satisfaction, and the progress of our sustainability initiatives. These non-financial metrics are essential in evaluating our overall performance and the impact of our sustainability efforts across various departments.

Outlook

Looking ahead, the economic environment remains uncertain. We will continue to monitor the global economic situation closely and adapt our strategies accordingly. Despite the difficulties faced in 2023, we are committed to achieving growth in the coming years through innovation, operational efficiency, and a focus on delivering value to our customers and stakeholders, while continuing to uphold our sustainability commitments.

We are confident that our combined focus on operational excellence and sustainability will position PULCRA for long-term success. We look forward to continuing our journey toward achieving both our financial goals and our sustainability objectives.

We would like to express our gratitude for your ongoing support and partnership during these challenging times. With your continued engagement, we are confident that PULCRA will emerge stronger and more sustainable in the future.

"Thank you for your trust and commitment. Sincerely"



- Bernd Schalk Lommer
Chief Executive Officer Pulcra
Chemicals Group

About us

“PULCRA”: (Latin): translated to pure (both physically and mentally), clean.

Pulcra Chemicals GmbH (PULCRA) is headquartered in Geretsried, Germany and registered under the commercial number HRB 191568. As part of the globally active PULCRA Group, which operates in 16 countries, PULCRA brings more than 140 years of expertise in specialty chemicals to the fiber, textile, and leather industries.

PULCRA's history goes back to 1876, with its origins in the renowned German family-owned company Henkel. Based in Düsseldorf, Henkel's chemical division provided solutions for various industries, with strong focus on often bio-based detergents, and on adhesives. In 1999, Henkel's specialty chemical business was carved out, forming a new entity called Cognis.

Nearly a decade later, various business units, namely Textile, Fiber, Leather and Performance Chemicals were brought together as Pulcra Chemicals under Fashion Chemicals, setting the foundation for Pulcra Chemicals' independence as a dedicated group. This transition enabled Pulcra Chemicals to specialize and expand as an autonomous company, dedicated to developing sustainable chemical solutions for the textile, fiber and leather industries. In 2010, Pulcra Chemicals acquired the factory of Dr. Th. Böhme in Geretsried south of Munich, moving the headquarter there. By this move, the entity of Pulcra Chemicals GmbH (PULCRA) was founded.

In 2021, there was a second acquisition by the purchase of Devan, a fellow industry player, to expand Pulcra Chemicals' offerings across various textile markets. This move strengthened Pulcra Chemicals' vision of supporting customers with innovative, eco-friendly solutions.

With an emphasis on innovative and sustainable solutions, Pulcra Chemicals supports over 3.000 clients by improving manufacturing processes across diverse applications. Pulcra Chemicals combines a robust regulatory framework and environmental stewardship with customer-centric service, employing around 1,000 skilled professionals worldwide, including 300 engineers and chemists.

As Bluesign® system partner and ZDHC contributor, Pulcra Chemicals is committed to the highest environmental and safety standards in sustainable manufacturing. These partnerships reinforce Pulcra Chemicals' dedication to eliminating harmful substances and reducing its environmental footprint, aligning with its Responsible Care® principles.

For easier readability, we will refer to Pulcra Chemicals GmbH (Germany) as PULCRA from now on.

Pulcra Chemicals Group



Entities in
16 countries



3,000 customers
from textile, fiber and
leather industry

PULCRA



183 employees
9 % women in leadership



505 products



65.4m € net revenue



37.8m € active assets
49.8m € expenditures



15.3 GWh
12% renewables
1.4% own power



3,400 tons CO₂
Scope 1, 2



354,541 m³ water
57,536 m³ wastewater



407 tons waste
33% hazardous
67% non-hazardous



74% certified products¹



36 % biobased raw
materials

General disclosures

About this report

[ESRS 2 BP-1]

This sustainability statement establishes the foundation for PULCRA's reporting journey, marking our first report aligned with the Corporate Sustainability Reporting Directive (CSRD) requirements and principles. Covering the 2023 business year, this report provides a baseline for assessing PULCRA's

¹ Certified by ZDHC, Bluesign®, GOTS, Inditex

sustainability performance. When applicable, specific timeframes for targets are clearly defined.

Our initial report focuses on our German headquarters and is not yet a consolidated Group-wide statement. However, future reports will expand to cover our entire Group, integrating key financial and sustainability information to allow a comprehensive evaluation of our performance.

This report's topics are selected based on the principles of materiality, completeness, sustainability context, balance, and stakeholder inclusion. Reporting adheres primarily to the European Sustainability Reporting Standards (ESRS), while calculation methodologies are grounded in recognized national and international financial and sustainability standards.

The data and metrics for this period were provided by expert units using representative methodologies. To ensure transparency, any approximations or estimations, such as those related to Scope 3 emissions factors, are clearly noted in the report.

Unless otherwise specified, the environmental and social data align with the boundaries set for financial reporting, ensuring consistency and comparability. We are committed to evolving our reporting practices, with future reports broadening in scope and depth to enhance our accountability and support informed decision-making for all stakeholders.

Governance

[ESRS 2 GOV]

PULCRA reports to Fashion Chemicals GmbH & Co. KG (FASHION) as their holding company.

FASHION is controlled by a dedicated board, consisting of a number of shareholders and industry experts, meeting on a quarterly basis.

FASHION's Executive Committee (ELT = Executive Leadership team) meets on a bimonthly basis and its permanent members are the CEO, CFO, CTO, Global HR Director, SBU Leader Fiber, SBU Leader Textile, SBU Leader Leather and Head of Global IT. Other functions are invited if the current situation demands their presence.

The ELT of FASHION reviews the results of all affiliates and SBUs, and defines the strategy for the whole Pulcra Group, breaking it down to every affiliate and SBU.

Furthermore, the ELT of FASHION oversees sustainability initiatives, with a commitment to involving all employees in driving these efforts forward.

PULCRA is committed to responsible corporate governance that complies with the law, safeguards values and strengthens its reputation.

PULCRA is managed by a Management Meeting Circle (MM), which gathers on a monthly basis. The MM comprises of the managers of all administrative and business departments. The head of MM is the company's Managing Director (MD).

General management policies are internally audited by Quality Management for ISO 9001, ISO 14001, ISO 50001 and externally by a third-party auditor.

As for matters of sustainability, a Sustainability Committee has been founded. It consists of PULCRA's CTO, the Global Head of Production Safety and Regulations, the Head of Quality Management, and one R&D manager.

Business environment and strategy

[ESRS 2 SBM-1; SBM-3]

Sustainability is embedded in our decision-making processes. Our 2024 double materiality assessment, aligned with the CSRD, establishes a foundation to systematically identify and evaluate our sustainability impacts, opportunities, and risks, with the aim to embed them in our corporate strategy and decisions. This assessment provides a comprehensive view of the financial, environmental, social, and governance (ESG) factors critical to our long-term success, revealing how external influences impact our financial performance and how our operations can affect the environment and society.

By identifying priority sustainability issues, we can strategically align our efforts with the needs of both stakeholders and the business, ensuring our initiatives are impactful and transparent over the long term. Recognizing these key factors enables proactive management of regulatory changes, environmental impact, and social expectations – strengthening compliance and mitigating potential risks to our business.

Key insights of our 2024 materiality assessment

In 2024 we conducted our first materiality assessment following the ESRS general standards. In line with the double materiality approach, we assessed our impact as a company on society and the environment (impact materiality), as well as the impact of sustainability matters on the company (financial materiality). We consulted with key internal stakeholders and experts to guide us in this process.

In total, 127 aspects have been assessed for both their impact and financial materiality, providing a detailed understanding of the most impactful areas to address. Out of the analysis of 37 European Sustainability Reporting Standards (ESRS) topics, 23 have been identified as material for PULCRA as they met the defined threshold from an impact, or a financial perspective. Certain topics are material from both perspectives.

The approach to our materiality assessment is further discussed in chapter “ESRS 2 SBM-3; Iro-1”.

Our 23 material topics listed here below, serve as the basis of this report and are blended into our 4P’s overall corporate strategy described in this section.

They are discussed and presented in more details throughout this report, according to the ESRS reporting requirements. They are also considered in the description of PULCRA’s 4-P framework hereafter.

Topic	Type of Impact and occurrence in the value chain
PULCRA-4P: “ People ” material topics	
Working conditions	Actual positive impact Financial risk and opportunity Within operations
Equal treatment and opportunities for all	Actual positive impact Within operations
Other work-related rights	Actual positive impact Within operations

Topic	Type of Impact and occurrence in the value chain
PULCRA-4P: “ Partner ” material topics	
Working conditions	Actual positive impact Upstream
Communities’ economic, social and cultural rights	Actual positive impact Within operations
Information-related impacts for consumers or end-users	Actual positive impact Financial opportunity Downstream
Corporate culture	Actual positive impact Within operations
Management of relationships with suppliers including payment practices	Financial risk Upstream, operations
PULCRA-4P: “ Planet ” material topics	
Climate change adaptation	Financial risk Upstream and Operations
Climate change mitigation	Actual positive and negative impact Financial risk and opportunity Upstream, operations, downstream
Energy	Actual positive impact Financial risk and opportunity Upstream and operations
Air pollution	Financial risk Within operations
Water pollution	Potential positive impact Financial risk Upstream and operations
Soil pollution	Actual positive impact Within operations
Substances of concern	Financial risk and opportunity Upstream and operations
Substances of very high concern	Actual positive and negative impact Financial risk and opportunity Upstream and operations
Microplastics	Potential negative impact Upstream, operations, downstream
Water	Actual negative impact Upstream and operations
Marine resources	Actual negative impact Upstream and operations
Impacts and dependencies on ecosystem services	Actual negative impact Within operations
Waste	Actual negative impact Financial risk and opportunity Within operations
PULCRA-4P: “ Purpose ” material topics	
Resources inflows, including resource use	Actual positive impact Financial risk and opportunity Upstream and operations
Resource outflows related to products and services	Actual positive and negative impact Financial risk Upstream, operations, downstream

The insights gained from our materiality assessment are key in equipping and guiding PULCRA towards a more sustainable and resilient future.

By addressing and integrating financial and ESG factors in a balanced and strategic approach, we are well-positioned to thrive in a complex, evolving business landscape. As we further mature on our sustainability journey, we plan to regularly revisit our materiality assessment to ensure we are in line with societal expectations and requirements. This will also enable us to further integrate sustainability considerations into our corporate strategy.

Our commitment to continuous improvement and stakeholder engagement will drive long-term success and positive impacts for PULCRA, the broader community and the environment.

PULCRA's 4-P

At the heart of PULCRA's vision is the **4-P framework**:

- *Purpose,*
- *People,*
- *Planet, and*
- *Partner*

These four principles reflect our belief that sustainability is not just a goal but a way of doing business. They guide us in creating value responsibly, ensuring our actions today pave the way for a thriving tomorrow.

The 4-Ps are deeply interconnected. Our people drive innovation and ensure excellence, while our partnerships amplify impact, creating shared value across the supply chain. Our commitment to the planet keeps us focused on reducing our environmental footprint, and our sense of purpose ensures we remain dedicated to meaningful growth that balances economic stability with broader societal contributions.

This strategy is more than words; it's a commitment to progress that holds us accountable to stakeholders and the communities we serve. By aligning these principles with our operations, we aim not only to adapt to a changing world but to shape it—setting new standards for a more resilient, sustainable future.

Purpose

Purpose means for us economic stability, which is crucial for our long-term growth as a responsible employer and sustainability focused solution provider. It enables us to invest in sustainable technologies, infrastructure, and talent retention, while balancing financial performance with rising sustainability costs.

Aligning our portfolio with global megatrends

Markets are increasingly shifting toward sustainable practices and heightened environmental responsibility. This includes a rising demand for circular economy models, recycling, and waste reduction, alongside a growing emphasis on green chemistry principles and the use of renewable feedstocks. Interest in bio-based materials and advanced eco-friendly technologies is also expanding as industries seek more sustainable alternatives. Meanwhile, regulatory frameworks in Europe are evolving to focus more rigorously on environmental protection and product safety, including stricter guidelines around emissions, waste disposal and hazardous materials.

PULCRA's core business model revolves around providing sustainable and innovative chemical solutions for the textile,

fiber and leather industry with a balanced portfolio ensuring both resilience and further value creation.

Our company develops specialized products to optimize manufacturing processes, improve efficiency, and reduce environmental impact, while assuring the strictest levels for consumer safety in all our products.

Our spinning preparations and lubricants are an important component for the economical production of synthetic and natural fibers with high quality and safety and take the market leadership accounting for 52% of our market share during the reference period.

Our portfolio aligns with major societal megatrends that shape the primary trends across our business's main end-markets.

These include the shift toward renewable energy, a focus on sustainable resources and resource efficiency and demographic changes.

These trends leverage PULCRA's strengths across its businesses and end-markets, creating unique opportunities within each of our main business lines.

"PULCRA comforts and clothes us, makes our life better and safer, purely through the application of sustainable products!"

- Dr. Holger Bender, CTO



"Our approach combines technical expertise with sustainability, offering customers reliable, high-quality products tailored to diverse applications, from apparel fabrics to automotive leather", says Dr. Holger Bender, CTO.

- PULCRA emphasizes eco-friendly formulations, such as bio-based materials and agents for reduced water consumption. These innovations meet stringent industry standards such as ZDHC, GOTS, Bluesign® and OEKO-TEX®. 74% of our product portfolio is already certified.
- Our spin finishes and lubricants enhance efficiency, reduce static and friction, and ensure safe, low-impact processing across apparel and technical textiles. Some of our spin finishes contain active skin care ingredients taking performance a step further, coating fibres for hygiene applications directly with e.g. aloe vera, vitamin E and chamomile.
- Our leather solutions promote renewable, bio-based materials and include formaldehyde-free and water-saving agents, helping tanneries achieve sustainable, high-quality results.
- **BREVIOL® Denim Technology (BDT)** reduces water usage during indigo and sulfur dyeing by incorporating

polymers that bond with dyes and fibers. This innovative solution saves costs, reduces wastewater, and minimizes environmental impact.

- *Sustineri Coloring®* is focused on shorter processing time and less use of water and energy. It is based on newly engineered process chemicals, with multifunctional wetting, emulsifying and dispersing capacities, which allow a one bath pretreatment and dyeing process for dark, medium and light shades of cotton and polyester/cotton fabrics by exhaust method.

In 2023, nearly half of our product development projects were directly linked to sustainability, with 45% aligned with Taxonomy Goal #1 – Climate Change Mitigation. These initiatives focus on replacing fossil-based carbon with renewable alternatives, producing lower-carbon solutions for our customers.

Beyond climate, our efforts extend to pollution prevention and biodiversity protection, as outlined in Taxonomy Goals #5 and #6. By replacing hazardous substances, we enhance product safety and reduce environmental risks during use and disposal. These proactive measures often anticipate regulatory shifts, demonstrating our dedication to minimizing harm while delivering cutting-edge, responsible innovations.

Our purpose strengthens our ambition to stay ahead in a changing world, transforming challenges into opportunities to create a positive impact for generations to come.

R&D Projects 2023	Fiber	Textile	Leather	Total
Pulcra Germany GmbH				
Total Development Projects	50	41	26	117
Sustainability attributed projects	22	10	19	51
% Sustainability projects	44	24	73	44



PULCRA's commitment to developing innovative solutions that not only exceed market standards but also deliver sustainable, future-oriented results has been recognized by the German Certification Office for Research Grants (BSFZ).

In 2023, PULCRA was awarded the prestigious BSFZ Seal, a testament to its innovation and dedication to research and development (R&D). This distinguished seal is exclusively granted to companies that meet the rigorous criteria for research grants and conduct independent R&D activities.

People

At PULCRA, we strongly believe that our company is only as strong as the people who drive it forward. Our innovative chemistry, which addresses the needs of the textile and leather industries, is developed and produced by our people. Our facilities are managed by our people, and our customers are served by our people. Therefore, attracting, hiring, and

retaining high-performing employees, particularly in specialized fields like chemical engineering and process innovation, is a priority for us.

With a global workforce of 900 employees, including 300 engineers and chemists, Pulcra Chemicals is represented in 16 countries. During the reference period, 183 employees were based at our headquarters PULCRA in Geretsried, Germany. Across our global operations, we are committed to creating a safe, fair, and inclusive workplace, supported by robust policies that manage impacts, mitigate risks and harness opportunities.

We uphold the highest ethical standards and comply with all applicable laws and regulations in conducting business. Every PULCRA employee is required to adhere to our Business Code of Conduct, which emphasizes a respectful workplace, free from discrimination, harassment, or abusive behavior. Managers play a critical role in ensuring compliance by leading with integrity and fostering a culture of accountability.

As an Equal Opportunity Employer, PULCRA prohibits discrimination based on factors such as race, color, age, sex, sexual orientation, gender identity, national origin, religion, marital status, disability, and more. This policy extends across hiring, promotions, compensation, training, and overall employment practices, ensuring fairness and inclusivity.

Respect for human rights forms the cornerstone of our culture. Aligned with international standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration, and OECD Guidelines, our Human Rights Policy ensures ethical practices in workforce management. Mechanisms are in place to monitor compliance and address potential violations, with employees able to confidentially report concerns through established channels.

We believe that employee engagement and well-being are essential to sustaining a high-performance culture. To this end, PULCRA provides local and global market-standard benefits or better, including initiatives that promote work-life balance, health, and sustainability, such as access to public transport benefits. Across the PULCRA Group, we prioritize employee development at all career stages. Training opportunities and semi-annual performance reviews help identify individual needs and maintain high performance levels throughout the organization.

Our commitment to our people reflects their value as our most important asset, ensuring both individual and collective growth as we pursue sustainability-driven objectives.

Partner

Partnerships for a sustainable future

We believe in strong, sustainable relationships with customers, suppliers, and local communities, promoting responsible practices across our value chain and aligning with partners' sustainability goals. These collaborations are guided by shared values of trust, transparency, and sustainability, which underpin our strategy for long-term success.

Global events such as the COVID-19 pandemic, geopolitical tensions, and climate change have highlighted the vulnerabilities in traditional supply chains. In response, businesses are increasingly focusing on building resilience through diversified sourcing strategies, digital supply chain solutions, and more flexible models that can adapt to unforeseen disruptions. By embracing these strategies, we aim to not only enhance supply chain robustness but also to anticipate and navigate future challenges.

Our commitment to reducing our carbon footprint is a central aspect of this strategy. We work closely with our suppliers to identify decarbonization opportunities across the value chain, targeting emission reductions in sourcing, manufacturing, and logistics. Additionally, 34% of the raw materials we source are biobased, aligning with our ongoing shift away from fossil-based sources and supporting our long-term sustainability goals.

On the procurement side, 84% of the raw material used in manufacturing originates from the EU, with 24% sourced directly from Germany. Key sourcing regions outside Europe include Indonesia, Malaysia, and India. This geographical diversity enhances the resilience of our supply chain, while reinforcing our commitment to sustainable sourcing practices.

Our supplier relationships are governed by clear policies, outlined in our *Terms of Purchase*, ensuring mutual accountability and alignment with the highest standards of quality and responsibility. Key aspects include:

- **Ethical Compliance:** Suppliers are required to adhere to the company's high standards of sustainability, ethical practices, and regulatory compliance.
- **Quality Assurance:** Suppliers must ensure product quality, aligning with specific technical and environmental requirements
- **Contractual Transparency:** Agreements emphasize clear obligations, timely deliveries, and mechanisms for resolving disputes.
- **Sustainability Goals:** Collaboration with suppliers supports the company's focus on reducing environmental impact and fostering innovation.



"We are proud to be ranked by EcoVadis in the top 15% of all companies within the sector: *Manufacture of Chemical Products*"

"We recognize our responsibility toward the environment and society", says Gerhard Geipel, Head of Purchasing. This sustainability report reflects our commitment to promoting sustainable business practices and making a positive impact on the world. We firmly believe that economic success and ecological sustainability can go hand in hand.

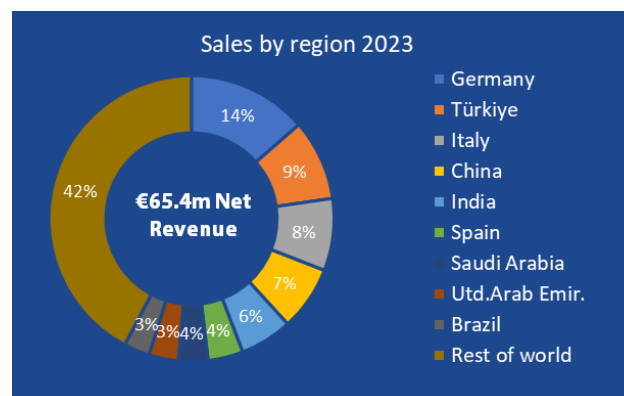
In working with our business partners, we prioritize long-term partnerships built on reliability and mutual respect. Our business relationships thrive on healthy collaboration, enabling us to comply with laws and regulations across the supply chain and often exceed them. We consistently pursue

our goals, balancing commercial objectives with a strong focus on ecological and social factors in both day-to-day operations and strategic projects.

From the selection and qualification of our suppliers to operational processes, we act with care to continuously enhance the performance of our organization, contribute to environmental protection, and fulfill our social responsibility.

Meeting high expectations through collaboration

Customer relationships are fundamental to our success. With a total sales volume of €65.36 million in 2023, PULCRA serves both established and emerging markets across the globe. Our ability to adapt to diverse market dynamics and meet shifting demands reflects the resilience of our business model. PULCRA's presence spans across established markets such as Germany, Türkiye, and Italy, alongside emerging markets like China, India, and the UAE.



Our customers expect not only high-quality products but also a commitment to sustainability, transparency, and reliability. These high expectations drive us to not only meet but exceed our customers' needs, ensuring timely deliveries, product excellence, and compliance with international standards. We engage with our customers to understand their unique challenges, building long-term partnerships rooted in shared values and a collective commitment to sustainability.

We view customer relationships as opportunities for mutual innovation. By collaborating closely with our customers, we explore new ways to reduce environmental impact, enhance product performance, and build more resilient supply chains.



"We build strong, sustainable relationships with customers, suppliers, and local communities, promoting responsible practices across our value chain and aligning with partners' sustainability goals."

- Teresa Copete, Global Business Management

PULCRA maintains a strong partnership with INDITEX, one of the world's largest fashion companies, headquartered in Galicia, Spain. This collaboration encompasses the development of best practices for textile and leather

production, as well as consulting on potential improvements to enhance the sustainability of production processes.

One example of this collaboration is Sustineri® Coloring, a new dyeing process for cotton and polyester/cotton fabrics. Notably, the dyeing process consumes exceptionally large amounts of water and energy. Sustineri® Coloring, based on newly engineered process chemicals, allows a one-bath pretreatment and dyeing process, leading to substantial resource savings. This process, already adopted by selected mills, has reduced processing time by up to 60%, water consumption by up to 80%, and energy usage by up to 60%.

This joint effort between PULCRA and Inditex aims to mitigate the impact of standard dyeing processes and promote sustainability in the textile industry.

Our interactions with partners and broader stakeholders are guided by our Corporate “Business Code of Conduct Guidelines”, which outline the key principles for ethical business conduct both within our organization and in dealings with external business partners and third parties.

[Business Code of Conduct](#)

Planet

Our focus is on minimizing environmental impact by using certified biobased materials, complying with ISO 14001 and ISO 50001 standards, and collaborating with certification bodies like ZDHC, Bluesign® and RSPO. This strategy emphasizes a circular economy, a reduced carbon footprint and enhanced resource efficiency.

Acknowledging Climate Risks

Climate change poses significant risks to businesses, including severe weather events, prolonged droughts, and disruptions to global supply chains. For the chemical industry, these challenges amplify the urgency to transition to sustainable practices, as the sector depends on reliable access to raw materials, water, and energy. Addressing these risks is integral to our strategy, ensuring resilience alongside decarbonization efforts.

Transitioning away from fossil fuels

The chemical industry is both a cornerstone of the global economy and a significant contributor to greenhouse gas emissions. As the sector faces increasing pressure to decarbonize, it has begun pursuing ambitious climate targets, such as achieving net-zero emissions by 2050. The *Chemistry4Climate* initiative, a joint effort led by the German chemical industry association (VCI) and key stakeholders, provides an in-depth roadmap to support this transition.

The path to net-zero is particularly challenging for the chemical sector due to its reliance on fossil fuel-based feedstocks, high energy demands, and emissions-intensive production processes. To align decarbonization of the chemical industry with economic sustainability is seen as the main challenge for the coming decade.



“Our upstream value chain holds the key to transforming our climate impact.”

- Dr. Ivo Reetz, Leather Technology

The calculation of Scope 3 emissions was highly anticipated, especially after three years of analyzing Scope 1 and Scope 2 emissions, says Dr. Ivo Reetz, Leather Technology expert and member of PULCRA’s Advisory Sustainability Council.

The results exceeded all expectations: a staggering 93% of our total carbon footprint falls under Scope 3, with 97% of this attributed to ‘purchased goods and services.’ This underscores the critical role raw materials play in PULCRA’s journey to carbon neutrality.

Projects like Pulcra® Naturalis, developed with dedication over the past three years, focus on integrating bio-based raw materials. The use of bio-based carbon is, from a common-sense perspective, an essential step toward sustainability. However, current carbon footprint methodologies often penalize bio-based materials compared to fossil-based alternatives. The reasons are complex: conversion factors fail to adequately reflect the origins of raw materials, obscuring the environmental benefits of renewables. This discrepancy hampers their adoption, but changes in methodology are anticipated in the near future.

While responsible energy use and renewable energy sourcing remain important, their impact is relatively small compared to the influence of raw materials. Shifting toward renewable carbon-based materials is PULCRA’s most effective approach to significantly reducing emissions. Though challenging, it offers the most promising path to a sustainable future.

Driving environmental responsibility across our value chain

We are mindful of the impact of our operations on the environment across our value chain. We abide by the precautionary approach when managing substances of concern, preventing pollution or preserving water quality and quantity. Our Environmental Management System (EMS) and our policies are key in guiding us in our actions.

Stakeholder engagement

[ESRS 2 SBM-2]

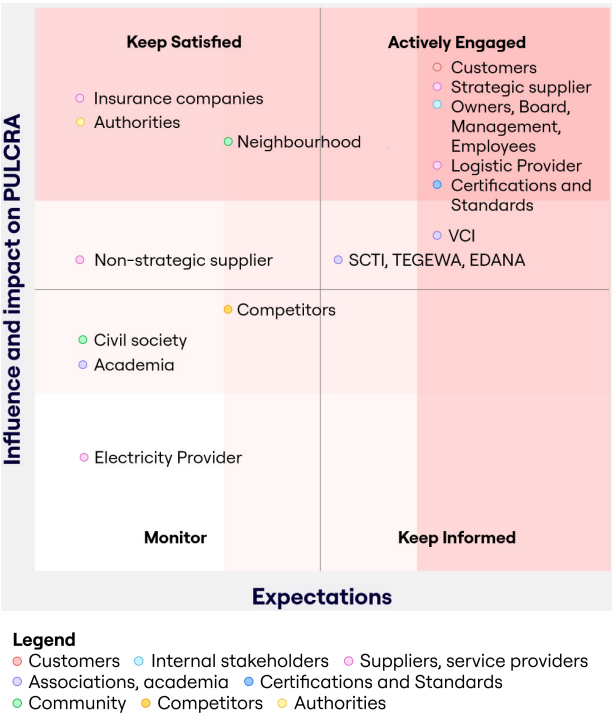
Effective stakeholder engagement is at the heart of PULCRA’s commitment to sustainability. It allows us to understand the expectations, interests and concerns of the key parties we interact with and to align our business strategies accordingly.

By integrating stakeholder feedback into our decision-making processes, we ensure that our strategies are responsive, sustainable and create value for all involved.

This engagement process is not only aligned with the requirements of the CSRD (Corporate Sustainability Reporting Directive), but also essential for fostering long-term, positive relationships that drive both business success and societal impact.

Identifying and engaging key stakeholders

PULCRA identified a diverse range of stakeholders who play pivotal roles in our sustainability journey. For each of these groups, we have developed tailored engagement strategies that aim to address their unique expectations and integrate their views into our sustainability objectives.



We ensure that the views of these stakeholders are captured through various channels, such as surveys, feedback sessions, roundtables, meetings, and direct communication. Engagement frequencies vary depending on the stakeholder category, with more frequent interactions (e.g., monthly or quarterly) for critical stakeholders such as employees and management, and less frequent engagements (e.g., annually) with others, such as civil society or authorities.

Engagement strategy and organization

The organization of stakeholder engagement at PULCRA will be further embedded within our broader governance structure 2025, with clear roles and responsibilities assigned

to relevant functions. PULCRA’s *Advisory Sustainability Council* works closely with departments such as HR, Legal, Operations, and R&D to ensure a holistic approach to engagement that touches all areas of our business.

Our engagement strategy focuses on three main pillars:

- Understanding Interests:** We aim to understand and address the diverse interests of our stakeholders. Through active listening and transparent communication, we gather insights into their needs, concerns, and expectations. These insights inform the development of our business model and strategic direction.
- Collaboration for Impact:** Stakeholder engagement is not limited to information sharing. We collaborate with key stakeholders – such as suppliers and customers – to create solutions that drive sustainability. Whether through joint projects, innovation workshops, or sustainability partnerships, we work together to enhance the collective impact of our efforts.
- Continuous Feedback:** We establish feedback loops to ensure that stakeholder views are not only heard but also acted upon. Regular surveys, stakeholder meetings, and advisory councils help us track ongoing expectations and adjust strategies as needed.

Purpose of engagement

Each stakeholder group has distinct expectations that shape the purpose of our engagement efforts.

For instance, our employees are fundamental to the success of our sustainability efforts. They seek job security, fair treatment, and a work environment that prioritizes their health and safety. Beyond that, they are also keen to be part of an organization that prioritizes sustainable practices. By engaging our workforce through continuous training, open communication, and feedback mechanisms, we foster a culture where sustainability becomes an integral part of our daily operations. This not only enhances employee satisfaction but also drives accountability and innovation, ensuring that everyone is working towards our shared sustainability vision.

Similarly, our management team plays a pivotal role in aligning business activities with sustainability. Their high expectations for profit optimization and adherence to regulatory requirements are balanced with a commitment to integrating sustainability into our core strategies. Regular strategic discussions and ESG performance reviews ensure that sustainability remains a focal point in decision-making processes. By keeping management fully informed and engaged, we mitigate risks, enhance business efficiency and move toward long-term sustainable growth.

Our owners also share in these high expectations, seeking profitability alongside the value that sustainable growth can bring. Transparent communication about ESG progress and alignment with sustainable long-term growth strategies is key to maintaining trust and confidence in our direction. With regular sustainability briefings and performance updates, we

keep them engaged in PULCRA's journey, ensuring their continued support for our sustainability initiatives.

Beyond internal stakeholders, the engagement of external parties such as customers, suppliers, and service providers is equally crucial. Customers, for example, expect not only high-quality products but also a clear commitment to sustainability. By engaging them through joint sustainability projects, transparent reporting, and continuous dialogue, we can align our sustainability efforts with their expectations, driving mutual growth and strengthening our supply chain. Similarly, our suppliers are vital partners in implementing sustainable practices across the value chain. By maintaining open, long-term relationships based on trust and mutual goals, we ensure that sustainability is embedded throughout the production process.

At the same time, our interactions with local communities, civil society, and authorities help us build a reputation as a responsible corporate citizen. Local communities expect us to minimize our environmental impact and engage transparently with them. We address this through regular outreach, ensuring that we remain responsive to their concerns and maintain positive relationships. Likewise, authorities require compliance with legal and environmental regulations, and we engage with them to ensure that PULCRA adheres to all relevant laws while contributing to local development and sustainability goals.

Engagement extends as well to sectors such as academia, where collaboration on research initiatives helps drive innovation in sustainable chemistry and further strengthens PULCRA's commitment to evidence-based sustainability practices. Through knowledge-sharing forums and research sponsorships, we ensure that we remain at the forefront of sustainability advancements, benefiting from the latest insights and best practices in the industry.

Consequences and actions resulting from stakeholder engagement

Through our ongoing stakeholder engagement process, we gain insights that often lead to tangible actions and adjustments in our strategy. For example, feedback from employees about sustainability practices has led to enhanced training programs, a stronger focus on health and safety, and the integration of ESG targets into performance incentives. Similarly, input from customers has driven innovation in our products, leading to more sustainable solutions that align with market demand.

On the other hand, neglecting stakeholder concerns can have negative consequences. For instance, if employees feel disconnected from sustainability goals, it could result in disengagement, reduced productivity, and higher turnover of staff. Similarly, failure to meet customer expectations for transparency and eco-friendly products could harm our brand reputation and customer loyalty.

As part of our commitment to continuous improvement, we will continue refining our engagement strategies. In the next phase, we aim to address the identified dependencies between risks and impacts more systematically, ensuring a

more holistic approach to understanding and managing sustainability-related challenges.

Understanding stakeholder interests and their impact on strategy

In our most recent materiality assessment, we analyzed the interests and views of key stakeholders in relation to our sustainability strategy. This process has provided valuable insights that help us shape our business model and strategic priorities. For example, employees' expectations for job security and fair treatment have been integrated into our human resources policies, while customer demands for greener products have informed our innovation pipeline.

As we move forward, we plan to deepen our understanding of stakeholder interests through regular follow-up assessments and engagement activities. This will allow us to make informed adjustments to our business model, ensuring that it remains aligned with evolving expectations and the broader sustainability landscape.

Looking ahead: next steps and timeline

We have set clear goals for the next phase of our stakeholder engagement efforts. Over the next 12 months, we will work to refine our strategies and address any gaps identified in the materiality assessment. This includes incorporating a more structured approach to analyzing the dependencies between risks and impacts and expanding our stakeholder engagement efforts to encompass new and emerging issues.

Aligning stakeholder insights with governance

To ensure that our stakeholder engagement activities are aligned with our broader governance framework, we regularly inform PULCRA's management, supervisory, and advisory bodies about the interests and views of our stakeholders. These bodies play an active role in overseeing the integration of sustainability-related feedback into decision-making processes. They review regular reports on stakeholder engagement and provide strategic direction on how best to address the concerns raised by key stakeholders, ensuring that PULCRA remains responsive, responsible and aligned with its sustainability commitments.

Materiality approach

[ESRS 2 SBM-3; Iro-1]

In 2024, we conducted our first materiality assessment, aligning with the Corporate Sustainability Reporting Directive (CSRD) requirements by applying the principle of double materiality. This assessment aims to identify and prioritize the sustainability issues that significantly impact PULCRA’s operations and influence stakeholder decision-making.

The process was coordinated by PULCRA’s *Advisory Sustainability Council*, in collaboration with internal and external experts, to set materiality thresholds and scales. This collaborative approach ensures that no material information is omitted or misstated in ways that could affect decision-making. Experts from corporate functions reviewed each aspect of the analysis to ensure alignment with the Group’s overall risk assessment, while business leadership teams validated the findings to incorporate sustainability effectively into core business strategies.

The 2024 assessment focused strongly on PULCRA’s own operations and business activities, examining 127 scenarios and prioritizing them according to their impacts, risks, and opportunities.

Assessed sustainability scenarios	Material	Non-material
Scenarios concerning actual positive impacts	18	12
Scenarios concerning actual negative impacts	7	9
Scenarios concerning potential positive impacts	0	2
Scenarios concerning potential negative impacts	0	4
Scenarios concerning financial risks	13	28
Scenarios concerning financial opportunities	7	27
Total assessed Scenarios	45	82

This structured approach ensures that PULCRA’s sustainability priorities are evidence-based, focused, and aligned with both risk management and strategic goals, supporting the company’s commitment to transparent and impactful decision-making.

Laying the foundation: advancing our materiality approach

Building on the foundation of the 2024 materiality assessment, PULCRA is committed to refining its approach to ensure it addresses emerging sustainability challenges and opportunities. Future assessments will systematically explore dependencies between risks and impacts, providing a more integrated view to inform decision-making.

To enhance the depth and relevance of future assessments, the process will be guided by an expert roundtable comprising representatives from across PULCRA’s internal functions. This approach will foster interdisciplinary insights and ensure that the full spectrum of ESG factors is comprehensively evaluated.

Furthermore, PULCRA is committed to collaborative initiatives that leverage the expertise and resources of its stakeholders. Joint efforts with our suppliers, for example, can help reduce environmental impact across the supply chain, while

partnerships with community organizations can address pressing social issues. To ensure these initiatives are impactful, stakeholder input will be systematically gathered through feedback mechanisms such as surveys and interactive platforms, enabling continuous improvement and alignment with stakeholder expectations.

Equally important for us is the focus on education and awareness, both within the company and among external stakeholders. PULCRA will invest in programs that enhance understanding of ESG issues and equip stakeholders with the knowledge and tools needed to contribute effectively to sustainability initiatives. By fostering a culture of shared responsibility, PULCRA aims to build lasting partnerships that not only address current material topics but also adapt to evolving challenges and opportunities in the sustainability landscape.

Climate Change

At PULCRA we recognize the critical importance of addressing climate change and its associated risks to ensure the long-term sustainability of our business. As part of our commitment to reducing our environmental impact, we are developing a structured transition plan to mitigate climate-related risks and align with the global transition to a low-carbon economy. This involves reducing greenhouse gas (GHG) emissions across Scope 1, 2, and 3 categories, with an emphasis on integrating climate-related goals into our operations and strategic planning.

Our efforts are informed by a baseline assessment and are guided by the principles of transparency and accountability. The ongoing work, including collaboration with experts and stakeholders both internally and externally, is aimed at understanding key climate impacts, evaluating GHG emissions, and identifying high-impact areas within our own business activities and value chain. Through these steps, we are actively working to set ambitious and achievable targets for emission reductions. This will ensure that we are not only complying with evolving regulatory requirements but also position ourselves in a leading position within the industry.

The following subchapters outline the progress of our transition plan, the material climate-related risks we face, and how we are integrating climate change into our overall business strategy. This will include the development of specific actions, financial planning, and a comprehensive resilience strategy to safeguard our future operations and growth in an increasingly climate-conscious market.

Strategy

[ESRS E1-1]

PULCRA is developing a structured transition plan to address climate change mitigation, with a focus on significantly reducing greenhouse gas (GHG) emissions across Scope 1, 2, and 3 categories. This approach is informed by a baseline assessment and a clear definition of targets and key actions to integrate climate-related goals into our operations and strategic planning.

In collaboration with an external consultancy partner, PULCRA has conducted a first assessment of GHG emissions for Scope 1 and 2, with a preliminary analysis of Scope 3 emissions (compare chapter Gross GHG emissions). This assessment has allowed us to identify high-impact levers within our operations and supply chain, prioritizing those with the most significant potential for emissions reduction. By understanding these parameters, we are committed to setting ambitious and achievable GHG reduction targets in the short-term future after refining our baseline in 2025.

Upon completing the baseline assessment in 2025, PULCRA will derive specific key actions to meet our emission reduction goals. These actions will be developed in alignment with comprehensive Scope 3 data to ensure a holistic approach to mitigating emissions across our value chain. Additionally,

targeted CAPEX projects relevant under the EU Taxonomy will be identified to ensure sustainable financing and compliance with regulatory frameworks.

At present, the transition plan is not yet embedded in PULCRA's overall business strategy or financial planning. For the next reporting period, we consider a gap analysis to identify areas of improvement. We intend to implement a comprehensive transition plan that aligns with PULCRA's overall business objectives, ensuring that climate-related goals are fully integrated into our corporate strategy.

Integration of sustainability-related performance in incentive schemes

[ESRS 2 GOV-3]

Climate-related considerations are currently not included in the remuneration scheme for members of PULCRA's administrative, management, and supervisory bodies.

However, we plan to incorporate corporate goals, such as GHG emissions reduction, into the remuneration structure, either by linking them to controllable parameters or combining them with commercial objectives.

Material risks and impacts on strategy

[ESRS 2 SBM-3]

PULCRA has identified the following key climate-related risks through its 2024 materiality assessment, which are categorized as physical risks (e.g., severe weather events) and transition risks associated with the shift to a low-carbon economy.

These risks are under critical consideration for the development of our company's climate strategy and resilience.

Physical risks

- *Acute physical risks:* Extreme weather events, such as floods, storms, or temperature extremes, could result in substantial costs for our company. This includes the need for preventive measures, such as air conditioning, expanded storage, and infrastructure adjustments to ensure business continuity. For example, the proximity of our headquarters to rivers and reliance on rail transport have been identified as vulnerable areas that could lead to operational interruptions.
- *Chronic physical risks:* Over time, climate change may lead to gradual temperature increases and other long-term environmental changes that could affect our infrastructure and supply chain. Energy efficiency measures and resilience planning, such as improved cooling systems and energy savings across operations, are being integrated to mitigate these risks.

Transition risks

- *Regulatory risks:* The introduction of CO₂ taxes and carbon pricing directly impacts our purchasing and cost structure. These measures could increase operational expenses, especially related to energy consumption and emissions from production processes. To manage these risks, PULCRA will continue to invest in renewable energy sources and energy efficiency initiatives to reduce emissions and mitigate potential cost increases.
- *Market risks:* Transitioning to a more climate-friendly product portfolio, including replacing raw materials with those that have a lower climate impact, could reduce existing sales in the short term. However, this transition also presents opportunities to capture new customer segments and enter emerging markets that prioritize sustainability. Non-compliance with customers' decarbonization strategies could pose a risk to existing business, highlighting the need for continued alignment with customer demands for greener products.
- *Energy transition risks:* Replacing fossil fuels with renewable energy sources impacts our energy demand and lowers associated emissions. This shift helps mitigate risks related to fossil fuel volatility and rising energy costs. Additionally, PULCRA evaluates the potential to produce more own energy to enhance self-sufficiency and ensure price stability. However, the reliance on internal energy production also introduces risks, such as the potential failure of energy generation plants, which must be addressed through appropriate risk management and contingency planning.

For the current reporting year this sustainability report is considered a gap analysis including IRO-1. For the coming reporting years implementation of a resilience analysis is planned.

We expect that our climate strategy will consist of multiple transition projects (such as the transition to biobased raw materials, recycled and reused raw materials) to not be solely dependent on one solution only. Specific resilience analysis will be derived after baseline assessment is completed and all relevant information on each transition project is available.

PULCRA's corporate policy on climate change

[ESRS E1-2]

PULCRA's Corporate Policy on Climate Change and Sustainability is aligned with our core values of *People, Partner, Planet and Purpose*, aiming to address climate change while balancing regulatory compliance, environmental responsibility, and business growth. This policy aligns with the Corporate Sustainability Reporting Directive (CSRD) and EU climate targets, with commitments to achieve net-zero carbon emissions by 2050, with a noticeable reduction in the forthcoming years. (comment: the reference for this goal would be 1990 emissions, something that is not a relevant figure for Pulcra).

- *Principle of People* We emphasize employee safety, development, and empowerment. PULCRA fosters a culture of integrity, innovation and leadership, creating a safe and supportive work environment that aligns with our sustainability objectives.
- *Principle of Partners* We build strong, sustainable relationships with customers, suppliers and local communities, promoting responsible practices across our value chain and aligning with partners' sustainability goals.
- *Principle of Planet* Our focus is on minimizing environmental impact by using certified biobased materials, complying with ISO 14001 and ISO 50001 standards, and collaborating with certification bodies like ZDHC, Bluesign®, and RSPO. This strategy emphasizes a circular economy, a reduced carbon footprint, and enhanced resource efficiency.
- *Principle of Purpose* Purpose means for us economic stability which is crucial for our long-term growth as a responsible employer. It enables us to invest in sustainable technologies, infrastructure and talent retention, while balancing financial performance with rising sustainability costs.

To effectively implement this policy, PULCRA has established leadership oversight and an *Advisory Sustainability Council* to guide these initiatives, with the Chief Technology Officer (CTO) responsible for ensuring compliance and transparency. Our commitment to sustainability, through the integration of resource efficiency, biobased materials and responsible growth aims to secure our position in the chemical industry. By pragmatically pursuing EU climate goals, we ensure balanced progress across environmental, social and economic dimensions, supporting resilience and competitiveness for the future.

Climate actions

[ESRS E1-3]

At PULCRA, we are actively laying the groundwork for a comprehensive set of actions that are aligned with our strategy and aim at achieving our climate-related targets. While specific actions are still being defined, we are focusing on high impact fields such as reducing Scope 1, 2 and, most importantly, Scope 3 emissions, improving energy efficiency and transitioning to sustainable raw materials whenever economically and technically feasible.

An important portion of our operational expenditures (OPEX) is allocated toward initiatives designed to mitigate climate change. One expenditure is related to the installation and improvement of our energy measurement system, in which a multitude of measuring points is installed in order to better identify potential areas for improvement. Another important expenditure is the thermal insulation of one of our site buildings in addition to the installation of an up-to-date heat pump to improve energy efficiency.

Operational expenditures

Spent 2022

Spent 2023

OPEX related to climate change mitigation	229,060 €	1,511,780 €
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We are refining our baseline GHG emission accounting to identify the most impactful levers for emission reductions. In 2025, following this assessment, we plan to set clear, measurable actions and timelines aligned with EU climate targets. Our approach ensures that climate-related actions are not isolated but will be integrated into PULCRA's broader strategy and financial planning, with another gap analysis planned for the next reporting period.

Targets

[ESRS E1-4]

The German greenhouse gas reduction targets are outlined in the Federal Climate Protection Act (as of August 2024). These targets aim for a minimum reduction of 65% of emissions by 2030 and 88% by 2040, compared to 1990 levels. Germany seeks to achieve net-zero greenhouse gas emissions by 2045, with the goal of reaching negative emissions after 2050.

In order to achieve the targets in the industrial sector, the Federal Government is relying on an efficient mix of market-based instruments (in particular carbon pricing in EU emission trading system and BEHG), targeted funding instruments and sensible regulation. At the same time, the German government is committed to effective carbon-leakage protection.

European regulations have a significant influence on the economic efficiency of industrial plants, particularly in the raw materials industry. The EU's "FitFor55" legislative package sets out new framework conditions for industry up to 2030, including for EU emissions trading, carbon leakage protection and markets for climate-friendly products.

PULCRA's strategic approach to climate goals involves a flexible, phased implementation tailored to regional operational needs. We are committed to carbon neutrality by 2050, circular economy transition by 2030, and building climate resilience across our supply chains and infrastructure to address potential risks. To this end, we are working on a decarbonisation roadmap.

Energy consumption and mix

[ESRS E1-5]

Energy management is a critical component of our sustainability strategy, particularly due to the significant energy consumption involved in the production of our fiber, leather and textile auxiliaries. Our manufacturing processes, which rely heavily on heating and cooling, are energy-intensive and contribute substantially to our greenhouse gas (GHG) emissions. Reducing energy consumption and improving efficiency are therefore central to our environmental responsibility.

PULCRA is certified under the ISO 50001 Energy Management Standard, ensuring that energy efficiency is embedded into all facets of our operations.

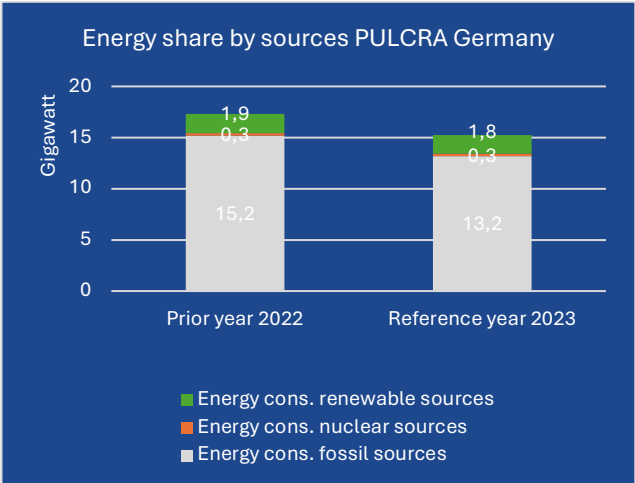
Despite declining production since the artificial boom of 2021, we were able to meet our 2023 energy savings target. However, 87% of our energy demand is still supplied by fossil fuels, primarily natural gas, but we are working to reduce this reliance. In 2018, we transitioned from heating oil to natural gas, reducing our carbon footprint. We purchase electricity from MVV Energie AG, with 58% sourced from renewables and 34% from fossil fuels.

Additionally, our on-site combined heat and power micro gas turbine boosts energy efficiency by generating both heat and electricity. In theory, around one third of our current electricity demand could be covered by power-heat-coupling (1,000 MWh). However, due to technical defects and maintenance work only 44 MWh of electricity have been generated in the reporting period.

We continue to modernize our operations by installing new, more efficient equipment, such as IE3 motors and frequency converters, to lower specific power consumption. The installation of new metering systems has improved our ability to monitor and optimize energy use in real time, allowing us to target inefficiencies.

Our ongoing focus on reducing fossil fuel dependence and improving energy efficiency reflects PULCRA's commitment to sustainability, helping us align with EU climate goals while ensuring responsible production practices.

Energy consumption and mix PULCRA Germany	Unit	2022	2023	+/- %
Energy cons. fossil sources	MWh	15,176	13,169	-13.2
Energy cons. nuclear sources	MWh	271	268	-1.2
Energy cons. renewable sources	MWh	1,863	1,840	-1.2
Fuel consumption from:				
Crude oil and petro. products	L	14,870	12,789	-14.0
Natural gas	m³	1,092,056	927,967	-15.0
Purchased electricity from fossil sources	MWh	1,095	1,081	-1.2
Total energy consumption	MWh	17,311	15,277	-11.8
Energy intensity	kWh/€ _{NR}	0.221	0.228	3.3



Further details on key performance indicators (KPIs) and additional contextual information are provided in the Annex.

Gross GHG emissions

[ESRS E1-6]

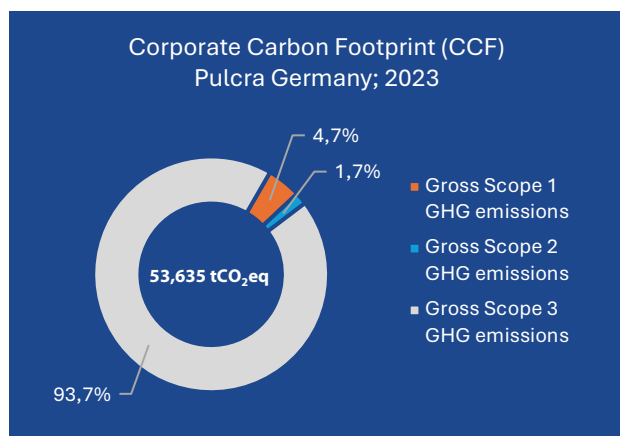
We have been measuring our Scope 1 and Scope 2 GHG emissions for several years, following the Greenhouse Gas

Protocol Corporate Standard and the DIN EN ISO 14064-1:2019 methodology and principles. Based on our defined organizational and operational boundaries, PULCRA's Scope 1 and Scope 2 GHG emissions are approximately 3.400 metric tons of CO₂ equivalents. It is important to note that PULCRA's operations are not subject to the EU Emissions Trading System (ETS) requirements for boiler houses (>20 MW heating output).

Recognizing the importance of a comprehensive GHG profile, we have started analyzing our Scope 3 GHG emissions in more detail. However, as for many companies, limited data availability from the supply chain presents challenges in accounting for Scope 3 emissions. To address this, we have used emission factors from Life Cycle Assessment (LCA) databases to approximate GHG emissions within our value chain, specifically for purchased goods.

Our preliminary GHG assessment indicates that emissions associated with our purchased goods and logistics operations represent the largest share of our corporate carbon footprint, accounting for approx. 93% of our total emissions. This reflects the typical GHG distribution within the chemical industry, where indirect emissions along the value chain often carry the highest climate impact.

Greenhouse gas emissions	Unit	2022	2023	+/- %
PULCRA Germany				
Gross Scope 1 GHG emissions	tons CO ₂ eq	2,847	2,507	-11.9
Gross Scope 2 GHG emissions	tons CO ₂ eq	904	893	-1.2
Gross Scope 3 GHG emissions	tons CO ₂ eq	Incomplete	50,230	
Total gross GHG emissions	tons CO ₂ eq	incomplete	53,635	
GHG emission intensity (total)	gCO ₂ eq/€ _{Net}	incomplete	800	
GHG emission intensity (Scope 1,2)	gCO ₂ eq/€ _{Net}	48	51	6.1



Further details on key performance indicators (KPIs) and additional contextual information are provided in the Annex.

GHG removals and GHG mitigation projects financed through carbon credits

[ESRS E1-7]

At present, PULCRA does not engage in GHG removal activities or finance GHG mitigation projects through the purchase of carbon credits. Instead, our focus remains on reducing emissions within our own operations and supply chain.

By improving energy efficiency, optimizing production processes and sourcing cleaner energy, we aim to lower our carbon footprint directly, without relying on external offset mechanisms.

We continue to explore opportunities for further emission reductions while working to align our sustainability goals with industry best practices.

Internal carbon pricing

[ESRS E1-8]

PULCRA plans to apply an internal carbon pricing scheme in line with the German federal emission law "BEHG – Brennstoffemissionshandelsgesetz" to support decision-making and incentivize the implementation of our climate-related policies and targets.

We aim to assign a monetary value to each ton of CO₂ emitted to ensure that climate costs are integrated into our business operations and investment decisions.

In the reporting period, the CO₂ price increased from 30€/t to 35€/t, driven by legal requirements under BEHG, and is set to rise to 55€/t by 2025. This pricing covers our on-site natural gas consumption for stationary combustion and diesel use for mobile combustion (forklifts and vehicles). In the reference period, 2,600 tons of CO₂ were priced under this scheme accounting for approximately 91,000 €.

By factoring the cost of emissions into our operations, we encourage more energy-efficient practices and align our financial and environmental strategies with Germany's broader climate goals."

Anticipated financial effects from climate related risks

[ESRS E1-9]

Climate-related risks fall into two main categories: physical risks and transition risks. Physical risks arise from climate events, which can be acute (like extreme weather events) or chronic (such as gradual temperature increases and sea level rise).

Transition risks, on the other hand, stem from the shift toward a low-carbon economy, which can lead to regulatory changes, shifts in market preferences, and technological advancements that impact business operations.

Financial effects from material physical risks

Severe weather events present considerable financial risks for PULCRA's business activities. To address these, we implement climate adaptation actions, including infrastructure upgrades, enhanced cooling systems for temperature-sensitive products, expanded storage and reinforced supply chain resilience. These actions aim to mitigate the proportion of assets at material physical risk.

At our German location, the risk assessments have focused on geographical factors, such as proximity to rivers and reliance on rail transport, which have highlighted vulnerable areas within our primary value chain.

Acute risks, such as extreme weather events, are anticipated to have immediate impacts on specific asset groups, while chronic risks, including gradual temperature rises, pose a longer-term threat.

Our financial materiality assessment reveals that these combined risks could represent up to 20% of our annual EBIT over the medium to long term, depending on evolving climate conditions and the progress of our adaptation measures.

Physical risk exposure

A share of our active assets, totaling around 54%, is potentially exposed to physical climate-related risks, such as extreme weather events. This exposure affects our fixed assets, including buildings, infrastructure, stocks, and inventories.

PULCRA already has implemented general protective measures against adverse weather, such as roofing, drainage systems and climate-controlled (heated or cooled) areas to assure a functional infrastructure that provide a baseline level of resilience. However, we are in the process of further assessing appropriate measures and developing a framework for future climate risk management and adaptation. This will allow us to better protect our assets and reduce potential financial impacts over time.

Financial effects from material transition risks

Transitioning away from fossil fuels in our production processes and throughout our supply chain requires substantial investments and operational costs. While essential for long-term decarbonization, this transition is expected to have a financial impact of up to 20% on our annual EBIT.

Additionally, by generating our own energy, PULCRA ensures price stability in a volatile energy market, increasing self-sufficiency. This reduced market dependence offers opportunities, including potential income from electricity trading. However, the risk of operational failures in our own energy plants remains, making continued investment in their reliability crucial. We estimate this could result in a financial impact of up to 10% of our annual EBIT.

The introduction of CO₂ taxes and carbon pricing schemes will affect our purchasing and cost structure in the near to mid-term, leading to higher operational expenses, particularly in energy-intensive production processes and supply chain activities. This impact is estimated to be up to 10% of our annual EBIT.

Shifting to a climate-friendly product portfolio may negatively affect sales of traditional products in the short term. For example, limited availability and higher purchase prices of biobased raw materials due to climate-related risks could create challenges. However, this transition also opens new customer segments and markets, driven by growing demand for sustainable products. We anticipate long-term benefits from market expansion with an estimated financial impact of up to 30% of our annual EBIT.

Finally, failing to align with customer decarbonization strategies poses a significant risk to existing business relationships and revenue with an estimated financial impact of up to 30% of our annual EBIT. Meeting evolving customer sustainability demands is critical to maintaining market share and ensuring customer loyalty.

Pollution

PULCRA recognizes that pollution represents both a significant material risk and a vital area of strategic focus in the pursuit of sustainable operations. As detailed in our 2023 materiality assessment, pollution-related risks encompass physical threats such as air, water and soil contamination, as well as transition risks driven by regulatory, market and societal changes. This chapter outlines our comprehensive approach to identifying, mitigating, and managing these risks, ensuring both environmental stewardship and business resilience.

Our efforts focus on reducing hazardous emissions, optimizing processes and adhering to evolving regulatory frameworks. By leveraging advanced technologies and innovative practices, PULCRA is committed to minimizing its environmental footprint while safeguarding the health of ecosystems and communities.

Material risks and impacts on strategy

[ESRS 2 IRO-1]

As part of our commitment to environmental stewardship, PULCRA has identified and assessed pollution-related risks through our 2024 materiality assessment. This chapter outlines our strategic approach to addressing these risks, categorized into physical and transition risks, as we strive to minimize our environmental impact and fulfill our corporate responsibilities.

By implementing robust preventive measures, optimizing process efficiency and adhering to evolving regulatory frameworks, we aim to reduce our environmental footprint and safeguard ecosystems and communities.

Physical risks

Physical risks stem from the direct environmental consequences of pollution or contamination incidents. Key risks include:

- *Air pollution:* Exceeding local thresholds can result in ecological harm and community health issues. Preventive measures ensure compliance and minimize impact.
- *Water pollution:* Hazardous substances discharged into water bodies can disrupt ecosystems and contaminate community water supplies, particularly in protected areas. PULCRA employs advanced wastewater treatment technologies and adheres to strict regulatory standards, including the EU Detergents Regulation, to mitigate these risks.
- *Soil pollution:* Contaminants leaching into soil or groundwater degrade land quality and jeopardize agricultural and drinking water sources. To counter this, PULCRA has implemented preventive measures like soil sealing and Loss of Primary Containment (LoPC) management to minimize contamination risks.

Transition Risks

Transition risks arise from changes in regulatory, market or societal expectations that impact operations or product portfolios. Key risks include:

- *Regulatory risks:* Increasing restrictions on chemical substances, including substances of concern and very high concern (SOCs; SVHCs), require significant investment in R&D to develop safer alternatives and reformulate products. Important examples, for which both investment and development capacities were committed in 2023 are the reduction of dioxane and of hexylene glycol in our products. Compliance with pollutant thresholds to air and water and emerging regulations on substances like PFAS is critical to avoiding legal repercussions and operational disruptions.
- *Market risks:* Regulatory bans and public scrutiny of harmful substances could necessitate changes to product lines or discontinuations, leading to higher operational costs and potential market share losses. A failure to address these challenges could erode stakeholder trust, heighten reputational risks, and prompt divestment by key investors.

By proactively managing these risks, PULCRA is committed to ensuring compliance, driving innovation, and maintaining the trust of our stakeholders while upholding our environmental and corporate values.

Our policies

[ESRS E2-1]

The PULCRA "Policies and Guidelines" state that environmental protection is a responsibility requiring active commitment from both the company and all employees. The management is responsible for establishing the necessary organizational framework, providing the required resources, defining appropriate measures, and informing employees accordingly.

All employees are encouraged to promote environmental protection through dedication and initiative, as well as to implement and adhere to the measures established by management.

Pollution prevention and mitigation (actions)

[ESRS E2-2]

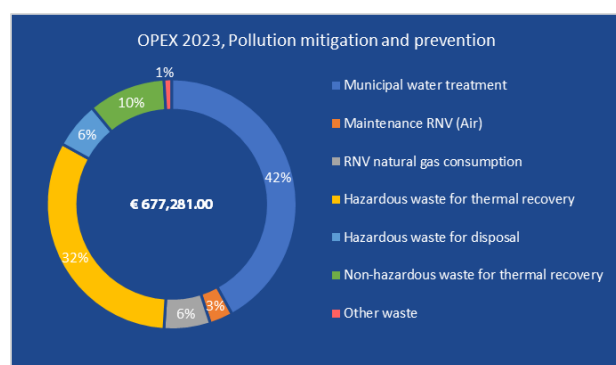
PULCRA remains steadfast in its commitment to preventing and mitigating the release of hazardous substances into the environment. This commitment is reflected in our ongoing investments in advanced technologies and infrastructure improvements to reduce pollution and improve environmental outcomes. A significant portion of our operational expenditures (OPEX) capital expenditure (CAPEX) is allocated toward initiatives designed to minimize the environmental impact of our operations.

Expenditures related to pollution prevention and mitigation	Spent 2022	Spent 2023
Operational Expenditures (OpEX)	764,868 €	677,281 €

Capital Expenditures (CapEX)	2,756,833 €	33,512 €
Total expenditures	3,750,762 €	710,793 €

For the calculation of the share of capital expenditures aligned with the EU taxonomy, we include expenditures aimed at reducing the environmental impact of our manufacturing activities. A major investment in CAPEX was the installation of the after-treatment vessel for 1,4-dioxane at our alkoxylation unit, the major part of which was realized already in 2022. In 2023, we further refined the new installation, in addition to dioxane discharge from pumping units.

Similarly, the calculation of operational expenditures aligned with the EU taxonomy primarily accounts for spending on research and innovation as well as efforts in pollution prevention and mitigation.



One of our primary focus areas is addressing the presence of 1,4-dioxane in production pathways. By installing a highly sophisticated steam stripping unit, we have successfully reduced dioxane levels in both products and water. Dioxane-containing water from the stripping unit is currently cleaned in an external burning unit, eliminating dioxane completely. To further enhance this effort, we plan to invest €350,000 in 2025 to implement ozone/UV treatment system which will help us to clean dioxane containing stripping waters directly in our plants. This advanced technology will oxidize dioxane more efficiently into harmless oxidation products and thus not only improve environmental performance but also reduce long-term disposal costs.

PULCRA's dedication to environmental stewardship is firmly embedded in our strategic planning and investment decisions. These efforts not only comply with international standards, such as the EU-Taxonomy, but also align with our long-term vision of reducing environmental impact while maintaining operational excellence.

In 2023, PULCRA invested €2.22 million in pollution prevention and mitigation measures, building on the €3.75 million allocated in 2022. These investments span a range of critical initiatives aimed at reducing emissions, enhancing energy efficiency, and improving safety.

By combining innovative technologies with targeted investments, PULCRA is committed to driving measurable improvements in pollution prevention and ensuring the sustainability of our operations for future generations.

Our targets and thresholds

[ESRS E2-3]

Quality of air, water and soil is managed at PULCRA through the environmental management system certified in accordance with ISO 14001 in line with the regulatory requirements of the Bundes-Immissionsschutzgesetz (BImSchG) and the Abwasserverordnung (AbWW).

PULCRA works in close cooperation with local stakeholders and the regulatory authorities (Landratsamt Bad Tölz-Wolfratshausen, Wasserwirtschaftsamt Weilheim) to control, maintain and improve air, water and soil quality at local and regional levels.

Air quality

[ESRS E2-4]

At PULCRA, we are committed to minimizing air pollution and managing air quality as part of our broader sustainability strategy. Our manufacturing operations are classified under Annex 1 of the 4th BImSchG: *Installations for the production of substances or groups of substances by chemical transformation on industrial scale, especially for the production of oxygen-containing hydrocarbons, such as alcohols, aldehydes, ketones, carboxylic acids, esters, acetates, ethers, peroxides, epoxides.*

We strictly adhere to regulatory requirements such as the Technical Instructions on Air Quality Control (TA-Luft) and the EU Solvent Directive 1999/13/EC to monitor and reduce our emissions. Details on emission thresholds are listed in the Annex.

The highest raw material usage during the reporting period involved ethylene oxide and propylene oxide, followed by maleic anhydride and acrylic acid. These materials are critical to our production processes and are strictly monitored for compliance with TA-Luft standards.

Emissions of organic substances are routed together to the regenerative thermal oxidizer (RTO) since 2015. The availability of the RTO in the reference period was above 98.2%. In most cases, short-term shutdowns occurred due to disturbances in the lower explosive limit (LEL) monitoring of the exhaust gas flow. These failures are primarily caused by moisture in the intake system.

Emissions are measured every three years by accredited bodies such as DEKRA under local authority ordinances. In February 2023, the latest emission measurement report confirmed compliance with regulatory thresholds, except for sulfur dioxide (SO₂). In response, we installed an additional gas scrubber in the exhaust collection system to ensure future compliance.

In line with the European Pollutant Release and Transfer Register (E-PRTR) Regulation, PULCRA fulfills its obligation to report pollutant emissions data to the relevant authorities. This register provides transparency about emissions from industrial facilities across Europe, enabling stakeholders to assess environmental impacts.

The following pollutants, originating from manufacturing operations and energy generation processes, are reported into E-PRTR in the category of *release to air*.

Air Quality Pollutant Release and Transfer Register PULCRA Germany	2022 kg	2023 kg	+/- %
Nitrogen oxides (NOx as NO ₂)	1,420.0	1,344.8	-5.3
Sulfur oxides (SOx as SO ₂)	57.3	49.3	-13.9
Non-methane volatile organic compounds (NMVOC)	82.3	57.0	-30.7
Ethylene oxide	0.8	1.5	77.4

According to the EU Solvent Directive 1999/13/EC, Volatile Organic Compounds (VOCs) are compounds with a standard boiling point below or equal to 250°C. Non-methane volatile organic compounds (NMVOCs) include all VOCs other than methane. During the reference period, PULCRA utilized **560 tons** of organic solvent input in pure or mixture form. With an emission mitigation efficiency of **99.99%** achieved due to our combined off-gas treatment system we have reported a minor release of 57 kg of NMVOCs during the reporting period into the E-PRTR.

Nitrogen oxide (NO_x) emissions, conventionally expressed as nitrogen dioxide (NO₂), comprise the emissions of nitrogen monoxide (NO) and nitrogen dioxide (NO₂). NO_x is reported due to their impact on acidification. NO_x emissions from PULCRA's operations result mainly from the combustion of fossil fuels. Emissions of nitrous oxide (N₂O) are excluded from this definition, as they have no impact on acidification. The impact of our N₂O emissions is taken into account when assessing PULCRA's contribution to climate change.

Data Collection and Reporting Methodologies

Our pollution-related data collection and reporting processes are embedded in our environmental management system. Emission data are derived primarily from direct measurements conducted by certified external auditors, such as DEKRA, as required by local regulations. Measurements occur frequently and are supplemented by continuous monitoring systems for specific pollutants, such as VOCs, managed internally.

For pollutants where direct measurements are not technically or economically feasible, such as emissions during temporary shutdowns or low-concentration releases, we rely on estimation methodologies. These are based on internationally accepted calculation models and assumptions derived from operational data, such as material input and throughput. We recognize the limitations of such methodologies and remain committed to transitioning to more direct measurement techniques as technology and resources allow.

By employing a combination of direct measurements and estimation techniques, we ensure that our emissions reporting remains accurate, transparent, and aligned with regulatory standards. Regular reviews and updates to our methodologies reflect our dedication to continuous improvement and compliance with evolving best practices.

Water quality

[ESRS E2-4]

PULCRA fully adheres to the Wastewater Ordinance (Abwasserverordnung, AbwV), Appendix 2: Chemical

Industries. The following measures are implemented to manage water pollution effectively:

- Highly contaminated washing water, such as the water from the first washing of production vessels, is thermally re-utilized by an external service provider.
- All other washing waters, including water used for cleaning packaging for subsequent reuse, as well as rainwater and cleaning water collected from areas at risk of chemical contamination, are directed to the Mixing and Equalization Basin (MEB). The water in the MEB is frequently monitored and, if within established limits, sent for municipal wastewater treatment. The monitored parameters include:
 - Permanent measurement: pH
 - Daily measurement: COD (Chemical Oxygen Demand) and 1,4-Dioxane
 - Monthly measurement: AOX, BOD₅, and Phosphate
- Water from sealed surfaces with no risk of contamination is collected. This water is diverted to an infiltration area, where it is dispersed over a large area and allowed to recharge the groundwater. Examples include water from roofs and parking areas.
- Water from sealed surfaces within the plant but without contamination risk is discharged into the municipal sewage system and treated in municipal water treatment facilities.

Water Quality Parameters PULCRA Germany	Unit	2022	2023	+/- %
Wastewater volume	m ³	94,232	57,536	-38.9
COD load	t	174	128	-26.5
AOX load	kg	<12.0	<7.2	-40.0
Phosphate load, PO ₄ -P	kg	1347	255	-81.0
1,4-Dioxane load	kg	<0.49	<0.30	-39.0

Soil quality

[ESRS E2-4]

At PULCRA, we are committed to protecting soil quality by ensuring that all our processes are conducted in a closed environment, preventing any contamination and safeguarding the surrounding soil.

In 2023, no incidents of soil contamination were reported.

An important measure to maintain soil quality is the management of rainwater and cleaning water collected from areas at risk of chemical contamination, such as those prone to spillage. This water is always directed to water treatment facilities after passing through the Mixing and Equalization Basin (MEB).

To maintain a high standard of soil quality, we train our employees to recognize potential contamination risks and emphasize the importance of prompt reporting and prevention.

We also maintain a plant fire brigade that is trained to prevent contamination of soil and water by absorbing leaking substances.

Substances of concern and substances of very high concern

[ESRS E2-5]

PULCRA is committed to the responsible management of Substances of Very High Concern (SVHCs) as part of our broader sustainability strategy. Our approach ensures compliance with regulatory requirements, reduces environmental and health risks, and aligns with our dedication to sustainable innovation across the entire product life cycle.

PULCRA’s policy mandates a comprehensive understanding of each product’s hazards, risks and impacts at every stage of its life cycle. This knowledge enables us to ensure the safe handling of our products and manage potential risks effectively. We adhere to stringent global standards by maintaining detailed records of product safety information and making this information available to stakeholders throughout the product’s life cycle, including beyond its commercialization period.

To fulfill these obligations, PULCRA provides standardized safety data sheets (SDS) to customers with initial deliveries and as required by local regulations. These SDS documents are regularly updated and distributed worldwide in compliance with regional and national chemical safety requirements. By prioritizing consistency and accessibility, PULCRA ensures that critical safety information is available in local languages to support safe product use by customers and employees alike.

PULCRA’s management of SVHCs extends beyond compliance with regulatory frameworks such as REACH in the European Union. The company actively monitors and integrates updates from regional and global SVHC lists, including the EU REACH Authorization List (Annex XIV), the Candidate List and international frameworks like the POP Stockholm Convention. By maintaining an extensive understanding of SVHC risks, PULCRA prioritizes mitigation actions and develops safer alternatives to reduce reliance on these substances in its products and operations.

Our product portfolio undergoes continuous review to ensure compliance with applicable regulations in all regions where PULCRA operates. This includes preemptively addressing potential regulatory changes by phasing out substances likely to face future restrictions. Investments in innovative solutions aim to reduce or eliminate the need for SVHCs, enabling PULCRA to maintain product quality and performance while enhancing environmental and safety profiles.

Identified Substances of Very High Concern (SVHC)

Two substances of very high concern (SVHC) have been identified as material to our business activities and product portfolio.

- 1. 1,4-Dioxane is an unintended by-product formed when alkoxylates are exposed to acidic pH, a condition that can arise during various chemical reactions involved in surfactant production. To address this, a state-of-the-art stripping unit has been installed, enabling a substantial reduction in average dioxane concentrations in intermediate products. This resulted in the average

- dioxane levels dropping from 188 ppm in 2022 to 128 ppm in 2023, or a 32% reduction.
- 2. Glutaraldehyde has been used for decades as a tanning agent in metal-free, wet-white tanning processes. It produces soft, full leathers with a fine grain structure. Notably, we have substantially reduced the sales of glutaraldehyde based products in comparison to 2022.

Substances of very high concern	Unit	Prior year 2022	Reference year 2023	+/- %
PULCRA Germany				
1,4-Dioxane (CAS: 123-91-1)	tons	1.63	1.10	-32.5
impurities in products	%	99.0%	99.5%	
emissions (waste for recovery), max.	%	1.5%	1.5%	
emissions (waste), max.	%	0.05%	0.03%	
Glutaraldehyde (111-30-8)	tons	12.0	1.3	-89.6
active ingredient in products	%	100%	100%	
emissions	%	0%	0%	
SVHCs Total	tons	13.6	2.4	-82.8

Innovative product solutions

Pulcra Natur Tanning® exemplifies our R&D commitment to reducing SVHCs in our value chain. This alternative tanning method delivers high-end, light-colored leathers with superior softness, roundness and thermal stability, without using glutaraldehyde. Additionally, it eliminates the formation of Cr(VI), ensuring leathers are entirely free of heavy metals. This aldehyde- and heavy-metal-free approach meets the growing demand for sustainable, SVHC-free leather solutions, providing stable, high-quality tanning while significantly possible risks for consumers.

We collaborate with customers, suppliers and other stakeholders to promote safe handling practices and the adoption of sustainable alternatives across the value chain. Transparency remains central to PULCRA’s approach, as evidenced by the consistent communication of hazards and risks through reliable safety documentation and proactive customer engagement.

Identified Substances of Concern

At PULCRA, we are committed to minimizing environmental and health impacts while ensuring our products fulfill critical societal needs.

Our use of PFAS (Per- and Polyfluoroalkyl Substances) is strictly confined to essential applications where no viable alternatives currently exist. These applications include military textiles, personal protective equipment such as firefighting suits and medical gowns, advanced medical devices, and specialized engineering textiles used in aerospace, automotive and construction industries. In these contexts, the performance, reliability, and safety offered by PFAS remain indispensable.

We recognize the concerns surrounding PFAS due to their environmental persistence and potential health risks. As such, our approach emphasizes responsible use, guided by stringent regulatory compliance and active monitoring of developments. We demand zero emissions of PFAS to wastewater from our operations and customers, ensuring rigorous control measures to prevent environmental contamination.

Our long-term strategy includes reducing reliance on PFAS by investing in research and innovation to develop safer,

sustainable alternatives. We are committed to transparency by reporting on PFAS usage and engaging stakeholders to evaluate their essential applications. Additionally, we emphasize robust lifecycle management practices to minimize emissions and ensure the responsible disposal of PFAS-containing materials.

By limiting PFAS use to critical applications and aligning with evolving sustainability goals, PULCRA balances essential societal benefits with a steadfast commitment to environmental stewardship and public health.



“I recommend implementing a phased reduction of PFAS or at least a highly restrictive approach to PFAS, guided by the essential use concept to limit their application to critical, irreplaceable functions.”

- Dr. Jan Roedel, Global Product Safety

“Phasing out PFAS: A Call for Essential Use and Stringent Regulation”

Dr. Jan Nicolas Roedel, Head of Global Product Safety and Regulations, reinforces this commitment, stating: “The environmental persistence and widespread mobility of PFAS, combined with their potential health hazards, have sparked growing concern about these chemicals. The ways PFAS can enter the environment or pose exposure risks have resulted in a varied and fragmented set of regulations, differing across regions and among agencies or levels of government within the same jurisdiction. These regulations may encompass bans on PFAS use in products, mandates for product labeling or disclosure, restrictions on the disposal of PFAS-containing materials, or holding parties financially and legally responsible for contamination caused by their activities. I therefore recommend implementing a phased reduction of PFAS or at least a highly restrictive approach to PFAS, guided by the essential use concept to limit their application to critical, irreplaceable functions.”

Synthetic polymer microparticles (SPM; microplastic) have been identified as another potential substance of concern (SOC), with their hazard classification determined by specific environmental factors. These polymer wax components are incorporated into certain softening finishing formulations. During application, they melt and no longer pose a hazard as microplastics.

Beyond regulatory provisions like REACH SVHCs, we are strongly working on eliminating other hazardous substances as well. 2022, hexylene glycol (CAS 107-41-5) was classified as reprotoxic Category 2 (H361d) following animal testing commissioned by ECHA. In response, PULCRA initiated substitution projects with safer, equally effective alternatives.

As a result, our consumption of hexylene glycol has decreased from 89.2 tons in 2022 to 33.2 tons in 2023.

Additionally, a reprotoxic Category 2 classification was applied to an anionic emulsifier (sulfosuccinate) used in many leather fatliquors. In light of this, PULCRA developed new products with similar properties avoiding entirely the use of this component. As further animal testing revealed even more severe effects, we are working to phase out this particular substance and market the new products, significantly reducing the hazard potential associated with our products.

Through these efforts, PULCRA minimizes risks to human health and the environment, supports the transition to safer chemicals, and strengthens its leadership in delivering sustainable, high-quality products. This commitment reflects PULCRA’s dedication to innovation, responsibility, and long-term value creation.

Anticipated financial effects from pollution related risks

[ESRS E2-5]

PULCRA recognizes the financial and reputational risks posed by material pollution, as well as the opportunities for innovation and mitigation. These risks are assessed across short-, medium-, and long-term time horizons, based on data from our 2024 financial materiality assessment. When monetary quantification is not feasible without undue cost or effort, qualitative insights are provided to highlight potential impacts.

Key pollution-related risks include regional air pollution non-compliance (e.g., NO_x, SO₂, VOC thresholds), which may lead to production interruptions, fines, and reputational damage. The financial effect on EBIT in such cases is estimated to reach up to 30%. Additionally, accidental releases of hazardous substances into water protection zones or soils could incur restoration costs, fines, and reputational losses, with potential EBIT impacts of up to 20%. Regulatory restrictions on persistent substances, such as PFAS, may necessitate costly product reformulations and process adjustments, risking EBIT reductions of up to 30% for affected product lines.

A small portion of PULCRA’s revenue is linked to products containing substances of concern (SoCs) or substances of very high concern (SVHCs). Products with glutaraldehyde as an active ingredient represent 0.03% of total net revenue, while products with SoCs, including synthetic polymer microparticles, account for 1.7%. These substances are subject to evolving regulations, including REACH and restrictions on microplastics, which increase compliance costs and require proactive mitigation strategies.

Operational and capital expenditures

PULCRA allocates both operating expenditures (OpEx) and capital expenditures (CapEx) to address pollution-related risks. These expenditures support action plans for managing SVHCs, SoCs, and potential regulatory changes. For example, investments in emissions control technologies and waste management systems are critical to maintaining compliance and mitigating potential production disruptions. Provisions

for environmental remediation costs are also reserved to manage liabilities linked to pollution incidents.

Critical assumptions and uncertainties

Our financial projections are based on evolving regulatory frameworks, particularly the European Union Deforestation Regulation (EUDR), REACH, and emerging restrictions on microplastics and PFAS. Assumptions include the pace of regulatory implementation, customer acceptance of product substitutions, and the cost implications of transitioning to sustainable raw materials. Uncertainty remains in market reactions, technological feasibility of alternatives and the costs of compliance measures, necessitating close monitoring and adaptation.

Mitigating risks and leveraging opportunities

PULCRA's strategy focuses on reducing dependencies on substances of concern through research, development and substitution efforts. Transitioning to circular economy practices, such as enhancing waste recovery and reducing reliance on fossil-based raw materials, supports long-term value creation. For example, our innovation pipeline includes products designed to comply with forthcoming restrictions on persistent chemicals and align with circular economy principles.

Material pollution incidents and impacts on financial performance

To date, no major pollution incidents have negatively impacted PULCRA's financial position or cash flows. However, the potential for such events underscores the importance of maintaining robust monitoring, compliance, and mitigation frameworks. Future scenarios involving pollution incidents could lead to direct costs, including fines and restoration expenses, as well as indirect impacts, such as reputational harm and loss of market share.

By prioritizing compliance and resource efficiency, PULCRA aims to address pollution-related risks while capitalizing on opportunities to innovate and align with a more sustainable economy.

Water and Marine Resources

Water is consumed and discharged as part of our operations. Therefore, it is important that we identify and assess risks and impacts related to water and marine resources, too.

PULCRA is dedicated to sustainable water management, continuously striving to optimize resource use and minimize environmental impacts. While our German operations are not located in water-stressed areas, we recognize the importance of addressing global water challenges. As part of our sustainability strategy, we are committed to conducting a comprehensive analysis of water consumption across our global operations, with a specific focus on entities operating in regions facing water stress or high-water risks.

A detailed evaluation will be a key priority for the coming reporting reference periods. By employing advanced assessment methodologies and collaborating with local stakeholders, we aim to identify opportunities for enhanced efficiency, develop targeted water stewardship initiatives and align our operations with regional water availability and quality standards.

Through this forward-looking approach, we commit to preserving water resources worldwide, supporting both local ecosystems and community resilience while advancing our broader sustainability objectives.

Material risks and impacts on strategy

[ESRS 2 IRO-1]

Through our materiality assessment, we have examined a range of sustainability risks and impacts. In this section, we focus on those that have been deemed material in the areas of Water and Marine Resources. The issues discussed here are those with a clear and direct impact on our operations and the environment, which we are addressing in this report.

Water

Water usage and management emerged as a critical area of focus. The withdrawal and subsequent reintroduction of water, either by the company or its supply chain, directly impact the availability and quality of water in local habitats. This is particularly significant due to the water-intensive nature of raw material production, processing and manufacturing, which may contribute to local water scarcity. As an impact-based issue with actual negative implications, water management is classified as *material* for reporting purposes.

Marine Resources

The extraction and utilization of marine resources, such as sand, minerals and fish oil, were identified as material issues. These resources are integral to certain production processes, such as the use of Category 2 technical grade fish oil from fish farms in leather chemical production. Given the potential for resource depletion, this impact-based issue is also deemed *material*.

Although PULCRA complies with local regulations and operates in an area not affected by water stress, we acknowledge that water management remains a key topic for further analysis of our global operations. This sustainability report has highlighted areas for improvement and we look forward to gaining deeper insights and enhancing our practices in the years ahead.

Our water stewardship (policies)

[ESRS E3-1]

While PULCRA's "Policies and Guidelines" include environmental protection, we do not have a specific policy on water stewardship. We will review our position on this annually and adopt one if deemed necessary.

Our actions

[ESRS E3-2]

Many actions are taken to control, maintain and improve the quality of our water. Regular measurements are conducted on the water leaving our company. The water discharged from our water treatment plant is tested for specific parameters as listed in the table under [Water quality](#) and the temperature of the cooling water discharged to the River Isar is closely monitored. These values are reported to local regulatory authorities, such as the Landratsamt Bad Tölz-Wolfratshausen. Also, the cooling water is continuously analyzed for possible contaminants like organic surfactants before flowing into the river.

Our targets

[ESRS E3-3]

Our goal is to fully maintain the high standards of water quality and supply at our location. The River Isar, flowing less than 100 meters from our plant, is a natural symbol of the healthy environment in our homeland, Bavaria.

We are responsible for ensuring the impeccable quality of drinking water, a vital resource. To achieve this, we adhere to numerous legally defined parameters, conducting regular and comprehensive tests in an accredited laboratory approved by the State Office for Health and Food Safety. Additionally, our water supply systems are officially monitored by state health authorities, ensuring the highest standards are upheld at all times.

Water consumption

[ESRS E3-4]

The data on water consumption in this report is based on actual measurements taken at our Geretsried site in Germany. Water usage is metered using water meters, ensuring accurate tracking across all relevant operations, including industrial processes and cleaning activities. The measurements are based on direct readings, with no estimations or modeling used. We rely on standard industry practices to compile and report these data, ensuring the reliability and transparency of our water usage reporting.

Water utilization PULCRA Germany	Unit	2022	2023	+/- %
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Service water (cooling, steam generation)	m ³	327,243	320,792	-2.0
Drinking water (vessel cleaning, IBC cleaning)	m ³	37,046	27,978	-24.5
Water in products	m ³	6,226	5,771	-7.3
Discharge cooling water	m ³	199,089	228,379	14.7
Wastewater for communal treatment	m ³	94,232	57,536	-38.9
Washwater for reutilization (energy recovery)	m ³	1,878	1,692	-9.9
Total water consumption	m³	370,515	354,541	-4.3
Water use intensity	L/€ _{NR}	4.7	5.3	12.0

While our operations are not located in water-stressed regions, we are aware of the material risks associated with water consumption. We continuously monitor the quality and availability of water in our operating areas and will assess our global operations in more detail in future reporting periods, particularly for sites in regions with higher water stress.

Our water intensity, measured as 4.7 L/€_{NR} in 2023, reflects our current water usage relative to net revenue. Moving forward, we are committed to improving our water management practices, further reducing water consumption, and exploring opportunities for recycling and reuse where feasible.

In 2023, the average temperature of cooling water discharged into the River Isar was 19.7°C, with a maximum allowable discharge temperature set at 30°C.

An important initiative is the creation of infiltration areas for collecting water from sealed surfaces with no risk of contamination. These installations will be expanded in the coming years.

There are two internal water reservoirs:

- De-ionized water (50 m³): This water, obtained after reverse osmosis, is used in production processes without any discharge.
- Process water for fire extinguishers (260 m³): In the event of a fire, water used in firefighting is collected in a dedicated basin connected to the Mixing and Equalization Basin (MEB).

Anticipated financial effects from pollution related risks

[ESRS E3-5]

The extraction of water or the reintroduction of water of poor quality could lead to regulatory intervention and the relocation of sites. Through extensive cleaning and control measures, the risk of such an action is considered to be extremely low. However, in the event of regulatory intervention, significant penalties could arise, estimated at 50% of EBIT.

These are rough estimates, as no precedent case is known.

Biodiversity

PULCRA recognizes the critical importance of biodiversity and its interconnectedness with the health of ecosystems, communities and our business operations.

While our current engagement is at an early stage, we are laying the groundwork to integrate biodiversity considerations into our strategy and business model in the coming years.

Building Towards a Transition Plan

Our initial steps include a commitment to develop a transition plan aligned with global frameworks, such as the Kunming-Montreal Global Biodiversity Framework and the EU Biodiversity Strategy for 2030. This plan will outline how we intend to adapt our business model to reduce biodiversity-related risks and contribute to global biodiversity goals.

The transition plan will be based on a thorough analysis of:

Resilience of Strategy and Business Model: Evaluating how our operations and value chain can adapt to biodiversity-related physical, transition and systemic risks.

Scope and Assumptions: Defining the boundaries of the analysis, key assumptions and the time horizons to be considered, ensuring a realistic approach.

Stakeholder Engagement: Engaging with local communities, employees, and experts, including holders of indigenous and local knowledge, to create an inclusive plan.

Building awareness while taking next steps

We recognize that our production site's location near residential areas, industrial zones and the Isar River makes it critical to prevent environmental pollution, which could directly impact local ecosystems and community well-being.

Similarly, the sourcing of natural raw materials like palm oil and castor oil, while already partially managed through certification schemes such as RSPO and FSC, requires further scrutiny to ensure minimal biodiversity harm.

Although we have taken initial measures, such as adhering to certifications and wildlife protection regulations, these are only the first steps. Our immediate focus is on conducting detailed analyses to understand our impacts comprehensively and laying the foundation for a structured biodiversity management approach.

ensures that PULCRA remains accountable while aligning with evolving expectations and standards for biodiversity stewardship.

Commitment to Transparency

We are committed to reporting transparently on our progress in biodiversity engagement and management. In the next reporting period, we aim to disclose a more detailed strategy, including the results of our assessments and the implementation steps of our transition plan. This approach

Resource use and Circular Economy

Material risks and impacts on strategy

[ESRS 2 IRO-1]

Through the 2024 materiality assessment, PULCRA identified risks and impacts from resource use and circular economy. While these risks – both physical and transitional – present significant hurdles, they also unveil opportunities to enhance market positioning and resource efficiency.

By addressing these risks through focused strategies, PULCRA can reinforce its commitment to circular economy principles and maintain competitiveness.

Physical risks

Physical risks stem from the direct environmental consequences of our resource use or waste. Key risks areas come from:

- *Resource inflows:* While PULCRA's products contribute to resource conservation during processing by our customers, any inefficiencies in upstream processes, such as overproduction or misproduction, lead to unnecessary resource use.
- *Resource outflows:* The primary physical risk lies in the company's products being non-economically recyclable, with their lifecycle determined by their final application. This limits the potential for integrating circular economy principles into the end-of-life stage of the product lifecycle, generating unnecessary waste.
- *Waste:* The production process generates hazardous waste materials, such as 1,4-dioxane, which pose environmental challenges. Proper disposal and mitigation strategies are crucial to manage this risk.

Transition Risks

Transition risks arise from changes in regulatory, market or societal expectations that impact operations or product portfolios. Key risks include:

- *Regulatory risks:* The taxation of non-recyclable products introduces additional financial and administrative burdens, emphasizing the need for strategic shifts toward recyclable materials.
- *Market risks:* Firstly, the use of natural and recycled ingredients often incurs higher procurement and administrative costs. These materials are also subject to availability issues, impacting production consistency and competitiveness. Secondly, extending the product lifecycle for e.g. fiber, textile and leather articles may reduce sales volumes for new products. However, the focus on high-quality, durable offerings aligns with emerging sustainability preferences, potentially opening new customer segments and markets. In fact, the communication of the resource-saving benefits of

products highlights the company's commitment to sustainability and resource efficiency, creating opportunities for brand differentiation in competitive markets.

- *Operational risks:* Our efforts to use recyclable packaging and to reprocess containers add logistical complexity and operational costs. In addition, overproduction and misproduction lead to increased waste and disposal costs, detracting from financial performance. Ongoing efforts to minimize errors and optimize waste disposal (e.g., single-variety waste) present opportunities for cost reduction.

Our policies

[ESRS E5-1]

PULCRA has a policy and grievance procedure on palm oil.

The grievance procedure applies to RSPO-MB certified products and was established to address grievances from parties, including individuals, government organizations and non-governmental organizations concerning the implementation of our palm oil policy. We recognise that providing this feedback mechanism for stakeholders is important because it helps in the monitoring of compliance with the palm oil policy throughout our operations and supply chain. This promotes transparency and accountability. We hold ourselves and our suppliers accountable to respond to grievances, set time-bound action plans to ensure progress and close the grievance in a timely manner as agreed to by the complainant.

Grievances can be submitted by email to grievance_procedure@pulcrachem.com or in writing to our Product Safety & Regulations Department (RSPO Coordinator).

We will investigate all cases received. Based on the evidence received, we will assess the case via engagement with relevant parties and decide on any further action.

The necessity of any other policies with regards to resource use and circular economy will be reviewed annually and decided upon on a case-by-case basis.

Our actions

[ESRS E5-2]

At present, no action has been taken on this topic as no violations of our policy have been reported, yet.

Our targets

[ESRS E5-3]

Based on the current status, we have not deemed it necessary to set targets on this matter. However, we will review this position periodically and introduce them as appropriate.

Resource inflows

[ESRS E5-4]

Recognizing the pressing challenges of climate change, PULCRA actively works towards reducing its reliance on fossil-based raw materials by transitioning to a climate-friendly product portfolio. Central to this effort is the sourcing of biobased alternatives that align with our commitment to sustainability and environmental responsibility.

During the reporting period, 36% of our total purchasing volume of raw materials originated from biological sources. A significant proportion of these materials is derived from palm and palm kernel oil.



PULCRA acknowledges the environmental and social challenges associated with palm oil sourcing and its significant role in addressing climate change. Since December 12, 2017, we have been a member of the RSPO Initiative, reflecting our commitment to developing and marketing products

based on certified palm oil and palm kernel oil.

However, only 1.5% of our total palm oil-based raw material volume is certified, primarily due to limited market acceptance of the additional costs associated with certification schemes. Many sectors still prioritize cost over sustainability, limiting the broader adoption of certified raw materials.

This landscape is set to change with the introduction of the European Union's Deforestation Regulation (EUDR), effective June 2023. The regulation mandates that commodities like palm oil placed on the EU market must meet strict deforestation-free criteria, including traceability to production plots and compliance with geolocation and due diligence requirements. As the EUDR reshapes market expectations and creates regulatory incentives, we anticipate a shift towards higher demand of certified raw materials.

PULCRA remains dedicated to the development, formulation and promotion of innovative products based on certified biobased raw materials. This focus supports both environmental stewardship and the transition towards a more sustainable product portfolio.

Resource outflows

[ESRS E5-5]

Products and services

At PULCRA we demonstrate leadership in circularity through products designed to extend the life cycle of fiber, textile and leather applications while optimizing environmental performance. In general, for all of our product's, efforts in the design stage are taken to enhance resource use, durability and recyclability, contributing to sustainable value chains.

Enhancing durability and longevity of fiber, textile and leather applications

Notable innovations include products which improve tear resistance by up to 30% and tensile strength by 20%, increasing mechanical strength. The improvement of tensile strength and tear resistance is closely related to the sustainability of leather. Increased mechanical strength improves the service life of a leather article. The likelihood of the leather cracking or breaking during the manufacture of the final application and during wear is reduced. In addition, the leather can be split thinner, which reduces its weight. When used in the production of automotive leathers, the CO₂ balance is thus improved.

Contributing to circular economy and biological cycles

For more than one decade we are employing sugar-based alkyl polyglycoside (APG) surfactants in our formulations. This class of highly sustainable raw materials is fully based on renewable vegetable raw materials and has excellent biodegradability supporting business models related to biological cycles. To produce APGs, starch or other polyglycosides are reacted with fatty alcohols of natural vegetable oils. The starch is obtained from corn or potato, the fatty acid chain of the natural oil determines largely the surfactant properties. We are using APGs as synergistic component in a variety of different leather products, in soaking and degreasing agents and in wool-washing auxiliaries. Using APGs is an important step forward in sustainability – it is environmentally friendly, not hazardous to human health and is at the same time a powerful detergent.

Optimizing resource efficiency and water usage

Water efficiency is another cornerstone of our design approach. Water is vital for our life – besides being necessary for our organism to function, water also promotes life in numerous other ways. Fresh water is needed to grow grain, vegetables or fruits, keep livestock and for washing food. Also, it is used in many productive processes and as a source for green power supply.

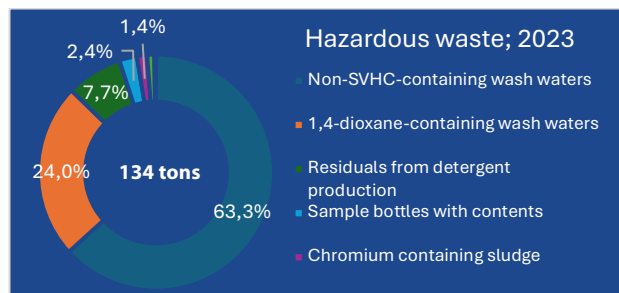
In leather processing, water is by far the most important mass input. For bovine hides, a total of 35-40 liters of water per kg of raw hide are often used, in the case of sheep skins and especially double face the amount of water is even higher. The highest water consumption occurs during beam house, with often requires more than 20 liters per kg of hides.

At PULCRA, we have created specific solutions, which support our customers in saving water in their process and avoiding contaminations. Most importantly, these solutions do not only help the environment but do also improve the quality of the final applications.

Waste

In 2023, we invested approximately 331,000€ in waste management activities at our German location. The largest portion of this investment, around 77%, was directed towards waste management of hazardous waste, primarily energy recovery and disposal of hazardous waste that requires specialized handling.

A significant portion of hazardous waste, particularly contaminated washing water, is generated from stringent cleaning protocols we utilize for our reactors between different product types and batches. These protocols are critical to ensuring the highest product quality and safety while effectively removing unwanted impurities. Mitigation measures have been already implemented through optimized capacity planning, where similar products are, whenever possible, produced consecutively or on the same production lines. This reduces the need for extensive cleaning, helping preserve product quality, minimize waste, and improve overall efficiency.



Separation of industrial waste is carried out in accordance with § 2 GewAbfV, targeting waste fractions such as paper/cartons (old paper), glass, plastics (plastic hollow bodies), foils, metals (mixed scrap), wood, organic waste (green and garden waste), and other specified waste types. The current separation rate stands at 78%, with around 22 tons of industrial waste separated for recycling.

Waste categories	Treatment Methods	2023 tons	% Share
PULCRA Germany			
Total waste diverted from disposal		378	
Hazardous waste (solid content)	Energy recovery	85	20%
Non-hazardous waste	Energy recovery	271	63%
Industrial waste	Recycling	22	5%
Total waste for disposal		51	
Hazardous waste	Incineration	49	11%
Garbage	Incineration	2	0%
Total amount of waste generated		429	100%
Total amount of non-recycled waste		407	95%

Anticipated financial effects from in-and outflow related risks

[ESRS E5-6]

Building on the insights from our 2024 materiality assessment, we have identified key financial risks and opportunities stemming from our material resource use and circular economy-related actions. These insights, based on both physical and transitional risks, outline potential challenges and strategic opportunities that could shape our financial performance in the coming years. Addressing these risks through focused strategies allows PULCRA to enhance its resource efficiency, contribute to the circular economy, and maintain competitiveness.

Financial Risks

Several material risks could significantly impact our financial performance, primarily in relation to the transition toward more sustainable and circular business practices.

Bio-based raw materials and higher costs: As bio-based raw materials are often more expensive than their fossil-based counterparts, this shift could negatively affect profitability in the short term. This is consistent with the market dynamics where bio-based materials may incur higher procurement and administrative costs. We estimate that this transition could reduce EBIT by up to 20%, as bio-based alternatives are more costly, and customer acceptance is a gradual process. To mitigate this, PULCRA is actively engaging in marketing campaigns and working towards creating demand for renewable carbon. The anticipated financial effect could materialize over the next 3 to 5 years as market acceptance increases.

Use of secondary materials and availability issues: Incorporating secondary materials and recyclates into production processes can lead to additional procurement challenges and higher administrative burdens. Moreover, the availability of these materials may fluctuate, and quality concerns can further affect the consistency of production, potentially impacting competitiveness. The anticipated financial impact is an up to 10% reduction in EBIT due to these additional costs. The increased demand for secondary materials, particularly those used in other sectors like food and feed, could further influence their availability and price.

Regulatory risks from taxation on non-recyclable products: Increasing regulations on non-recyclable products – particularly taxes – can create additional financial burdens. We anticipate that this could result in an up to 10% decrease in EBIT, depending on future regulatory developments. Given the focus on sustainability and recycling, the financial impact of this regulatory shift may materialize as early as the next reporting period.

Operational Risks from overproduction and waste: Overproduction and misproduction not only lead to inefficiencies in the supply chain but also create higher disposal costs. Efforts to reduce these issues through improved production accuracy and waste optimization could help reduce costs. However, we estimate that operational inefficiencies may negatively affect EBIT by up to 10%.

Financial Opportunities

Despite the challenges, PULCRA has identified financial opportunities arising from the adoption of circular economy principles and the use of more sustainable materials.

Market Expansion and New Customer Segments: The integration of secondary materials, natural ingredients, and recyclates presents an opportunity to tap into new customer segments and emerging markets. By promoting the resource-saving benefits of these products, PULCRA is able to differentiate itself in the marketplace and align with growing sustainability trends. This strategy offers the potential to increase EBIT by up to 50% as the demand for sustainable products continues to rise.

Brand Differentiation and Competitive Advantage: Through effective communication of the sustainability and resource efficiency aspects of our products, PULCRA can leverage its commitment to sustainability to enhance brand value. This

differentiation in a competitive market is a key opportunity to capture market share and foster long-term customer loyalty, which is expected to provide significant financial returns.

Critical assumptions and uncertainties

The financial effects described above rely on several critical assumptions:

1. The availability of secondary materials, natural ingredients and recyclates remains relatively stable, with no significant supply chain disruptions.
2. Market demand for bio-based raw materials and sustainable products will increase gradually, in line with customer trends towards sustainability.
3. Regulatory changes related to non-recyclable products and waste management will continue to evolve, with their financial impacts becoming more apparent over the next 1 to 3 years.
4. Operational improvements aimed at reducing waste and optimizing resource use will result in cost savings, though these may take time to fully materialize.

Given the evolving nature of both market conditions and regulatory frameworks, there is a degree of uncertainty regarding the exact timing and magnitude of these financial effects. Nonetheless, by implementing proactive strategies to address both risks and opportunities, PULCRA aims to strengthen its financial resilience while contributing to the circular economy.

Employment

We believe that PULCRA is only as strong as the people in our company. As such, we have identified this as one of the core values in our strategic approach of PULCRA's 4 P's.

Material risks and impacts on strategy

[ESRS 2 IRO-1]

Through our 2024 materiality assessment, we have identified and assessed our people-related impacts and risks. While risks were identified (full list in the annex under Materiality Rationale S1), they were not deemed material. This chapter therefore outlines the people-related impacts we have evaluated:

As an employer, PULCRA has a direct impact on our employees. We have classified our impact into 4 broad categories and expanded upon how exactly we influence them:

- *Employee welfare:* Implementation of well-defined agreements and regulations to guarantee legal, competitive and transparent working conditions for employees. Provision of work-related benefits such as accident insurance, company canteen, reliable wage payments, pension insurance and opportunities for further development.
- *Occupational health and safety:* Enhancement of safety in the handling of PULCRA's products, particularly in downstream processes. Adherence to occupational safety standards that meet or exceed local requirements.
- *Diversity, inclusion, and equal opportunity:* Upholding equal respect for all individuals and ensuring equal opportunities for everyone, irrespective of gender, origin, or any other distinguishing factors.
- *Human Rights and Ethical Standards:* Implementation of guidelines and measures to ensure adherence to human rights within operations and maintaining compliance with other work-related rights.

By being aware of our impact and allowing that to inform our strategy, PULCRA strives to create a positive impact on our employees.

Commitment to fairness, safety, and inclusion – Our workforce policies

[ESRS S1-1]

PULCRA is committed to ensuring its workforce operates in a safe, fair and inclusive environment, underpinned by comprehensive policies that manage material impacts, mitigate risks and leverage opportunities. These policies encompass human rights, diversity and inclusion, workplace safety, IT security and more, aligning with international standards and best practices in the following key areas:

Human Rights and Labor Standards

We are dedicated to respecting labor rights and eliminating human trafficking, forced labor and child labor across our operations. Guided by the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines, the Human Rights Policy ensures compliance and accountability at all levels. Processes include monitoring adherence and addressing violations through a transparent reporting mechanism. Employees and other stakeholders can report suspected violations confidentially to Global Human Resources at global.hr@pulcrachem.com or via our compliance address at compliance@pulcrachem.com.

Diversity and Inclusion

PULCRA is an Equal Opportunity Employer. We enthusiastically accept our responsibility to make employment decisions without regard to race, color, age, sex, sexual orientation, gender identity, national origin, religion, marital status, medical condition or disability, military service, pregnancy, childbirth and related medical conditions, or any other classification protected by country or local laws and ordinances. Our management is dedicated to ensuring the fulfilment of this policy with respect to hiring, placement, promotion, transfer, demotion, layoff, termination, recruitment advertising, pay and other forms of compensation, training, and general treatment during employment.

Workplace Safety

The Workplace Violence and Accident Prevention Policies ensure a safe environment, emphasizing prevention, risk identification, and mitigation. Employees are trained to report unsafe conditions promptly, and managers are held accountable for safety standards.

IT Security and Data Protection

PULCRA's IT Security Policy safeguards sensitive information and IT systems, addressing evolving cyber risks. Employees must adhere to guidelines for secure usage of devices, with annual reviews ensuring continuous improvement.

Ethics and Grievance Mechanisms

Employees and other stakeholders are encouraged to report unethical behavior, compliance violations, or workplace grievances directly to the Compliance Committee, which includes senior leaders such as the Group CEO and Global HR. Reports can be submitted via compliance@pulcrachem.com, with privacy protected to the extent possible during investigations.

Scope and Governance

Our policies apply globally, covering all employees and stakeholders along the value chain. The CEO and Human Resources oversee implementation, supported by regular evaluations.

At PULCRA, every member of the Country Leadership Team is committed to our philosophy that effective leadership and dedication are the keys to a productive work environment. We believe the best working environment is one where associates

are free to express their thoughts and ideas. We have a true Open-Door Policy at PULCRA, which means that employees can take their problems, complaints or suggestions to any supervisor or manager of their choice. Employees are also empowered to raise concerns directly via the Compliance Committee.



Iris Binder, HR
Administrator

“Our open-door policy ensures an environment that feels open and supportive. Our employees are encouraged to discuss any ideas and problems with their immediate supervisors or other managers. In this way, we improve fast communication and trust throughout the company and the feeling of being listened to and supported.”

Commitment to international standards

PULCRA aligns with the UN Guiding Principles, ILO standards, and OECD Guidelines, embedding ethical practices into every aspect of our workforce policies.

Respect for each individual is the cornerstone of PULCRA's culture. We value the personal dignity, privacy and rights of all employees and foster an open, trustworthy environment where everyone's contribution is valued.

Our Global Code of Conduct serves as a foundational guideline for ethical behavior and compliance, binding all employees worldwide.

Implementation and monitoring

Our policies are communicated through training, handbooks, and digital platforms. Grievance mechanisms, performance reviews and compliance checks ensure these policies are actively monitored and continuously improved.

PULCRA's workforce policies and Code of Conduct reflect our commitment to creating a fair, safe, and thriving workplace, driving sustainable growth and employee satisfaction.

Employee engagement - empowering workforce voices

[ESRS S1-2, S1-3]

PULCRA is dedicated to maintaining an open and constructive dialogue with our workforce to ensure that we effectively manage actual and potential impacts on our employees. Through a range of engagement processes, we actively listen to the perspectives of our workforce and their representatives, ensuring that their voices are heard and that their insights inform our decisions and activities. These processes aim to foster an environment where employees feel empowered to raise concerns and contribute to the improvement of the workplace.

At PULCRA, we prioritize continuous engagement with our employees and workers' representatives. This engagement occurs through various channels and is designed to be inclusive, transparent and responsive. We believe that engaging with employees is essential for identifying and addressing issues that may impact their well-being, safety and rights. Key engagement processes include:

Direct Engagement with Employees: Employees are encouraged to raise concerns directly with their supervisors, managers, or Human Resources (HR). This open-door approach ensures that concerns related to unfair treatment or workplace issues are addressed promptly. Employees can report issues confidentially, and we maintain a strict no-retaliation policy to protect those who raise concerns.

Engagement with Workers' Representatives: In addition to direct engagement, PULCRA actively engages with workers' representatives, e.g. the works council, to understand the collective concerns and needs of our workforce. This includes regular meetings, surveys and workshops where workers' representatives provide feedback on company policies, working conditions, and potential impacts. The engagement process ensures that the perspectives of the workforce are reflected in our decision-making.

Frequency and Stages of Engagement: Engagement occurs regularly at key stages, such as during performance reviews or employee feedback sessions. Engagement with workers' representatives typically takes place quarterly, with additional meetings as needed to address specific concerns or emerging issues.

Interactions of Workforce with Management regarding workplace impacts

Employee engagement directly influences PULCRA's approach to managing workplace impacts. Feedback from our workforce and workers' representatives lead to decisions related to health and safety, workplace policies and improvements in communication.

A milestone in this respect is the *Psychological Risk Assessment Course* initiated in 2023. Feedback from this initiative was used to identify specific challenges and impacts on employees' mental health. More than 120 representatives from practically all departments participated in the course and shared their perspectives on potential risks, leading to improvements in the flow of information and creating more opportunities for employees to exchange opinions.

The outcomes of such assessments and engagement activities are shared with employees, often anonymously, to ensure transparency and allow for corrective actions where necessary. This continuous cycle of feedback and improvement ensures that our workplace evolves to meet the needs of our workforce while addressing potential risks proactively.

Other regular communication channels include the “*Unter Uns*” monthly bulletin from PULCRA and the “*One Pulcra*” bulletin which covers global topics and provides updates on ongoing projects across all Pulcra sites. Three times per year, a bulletin titled “*Working and Living Together in Good Health*” is published,

highlighting developments and initiatives in workplace safety and general social well-being.

Senior Leadership and Accountability

The responsibility for ensuring that engagement processes are effectively implemented lies with our senior leadership, particularly the Group CEO, Group CFO and Global HR. These leaders are involved in overseeing the engagement processes and ensuring that the results of employee feedback are integrated into company policies and actions. HR plays a central role in facilitating communication between employees and management and ensures that issues raised are addressed promptly and in a manner that respects confidentiality and fairness.

Global Framework Agreements and Collaboration with Workers' Representatives

Where applicable, PULCRA is committed to adhering to Global Framework Agreements (GFAs) or other agreements with workers' representatives that focus on human rights and employee well-being. These agreements provide a formal structure for ongoing dialogue and ensure that the company's policies and actions are aligned with the interests and rights of its workforce. Such agreements enable PULCRA to gain valuable insights into employee concerns which are then incorporated into decision-making processes.

Effectiveness of Engagement and Vulnerable Groups

PULCRA assesses the effectiveness of its engagement activities through regular follow-ups, surveys and feedback from employees and workers' representatives. Key outcomes, including agreements or improvements in workplace policies, are evaluated to ensure they effectively address employee concerns and are being properly implemented.

We also pay particular attention to the perspectives of employees who may be underrepresented, vulnerable or marginalized, such as women, migrants and individuals with disabilities. PULCRA takes proactive steps to ensure that these groups have a voice in engagement processes. This includes targeted initiatives, such as outreach and surveys, specifically designed to ensure that vulnerable employees are included in discussions about their working conditions and potential impacts.

In addition to the ongoing engagement activities, the monthly "Unter Uns" bulletin serves as a key tool for informing employees about what is happening across the company and encourages open communication on a range of topics. This bulletin is another channel through which employees can learn about changes, initiatives, and policies that impact their daily work lives, helping to ensure that all employees, including those from marginalized groups, stay informed and engaged.

Managing and mitigating workforce impacts and risks

[ESRS S1-4]

An important project was the fully interactive course on *Psychological Risk Assessment*, which addressed many potential impacts of various aspects of the working

environment and proposed solutions. The course is still ongoing and a preliminary evaluation showed general satisfaction among participants with the proposed solutions.

Targets

[ESRS S1-5; MDR-T]

A system for incentives and TOP (Targeting Outstanding Performance) has been established for all workers. This system includes group targets, which encourage teamwork within teams or across the entire company, as well as individual targets. The purpose of these targets is to motivate employees toward personal development and increase their satisfaction with their own performance. Individual targets are negotiated and evaluated between employees and their supervisors. The mechanisms for defining targets are outlined in the works agreements 'Performance Evaluation in the Tariff Sector' and the 'Incentive Agreement,' which apply to tariff and non-tariff employees, respectively.

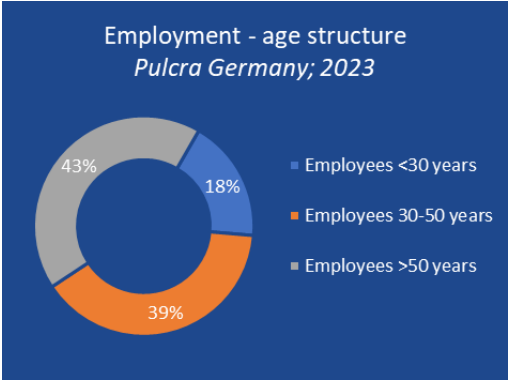
A view on our workforce

[ESRS S1-6, S1-7, S1-9, S1-12]

At PULCRA's German location, our team comprises 183 employees during the reference period, reflecting a slight decrease of 3.2% from the prior year. Our workforce embodies a balance of expertise and adaptability, with 31% female and 69% male employees.

	Female	Male	Prior year 2022	Reference year 2023	+/- %
PULCRA Germany					
Total number of employees	56	127	189	183	-3.2
Number of permanent employees	56	127	189	183	-3.2
Number of temporary employees	0	0	0	0	0
Number of full-time employees	38	122	165	160	-3.0
Number of part-time employees	18	5	24	23	-4.2
Number of employees on an hourly basis	0	0	0	0	0
Number of apprentices	2	8	12	10	-16.7
Number of interns, trainees, students	0	0	0	0	0

Spanning multiple generations, our team benefits from the diverse perspectives of employees under 30, those in mid-career stages and experienced professionals over 50, ensuring a dynamic and well-rounded organizational culture.



Gender diversity and inclusion

While women currently represent 9% of leadership positions at PULCRA, we recognize the importance of fostering greater gender diversity in decision-making roles. As part of our broader commitment to diversity and inclusion, we aim to create initiatives that support women in advancing their careers and accessing leadership opportunities.

Flexibility is key to our employment approach. Some employees work shorter hours, with part-time staff working 10–91% of full-time hours, depending on their agreement. This approach fosters a supportive and adaptable working environment that meets both organizational needs and personal circumstances.

Our employment structure includes 160 full-time and 23 part-time employees, with no temporary staff or hourly workers. Apprenticeships are a valued part of our strategy to cultivate future talent, with 10 apprentices engaged during the reference period, while internships and trainee programs remained constant.

We remain committed to ensuring a supportive work environment for all employees, including those with disabilities, and we will continue to foster inclusivity through tailored initiatives and support systems.

To complement our core workforce, PULCRA also relies on the expertise of external professionals, including consultants, to address specialized projects and temporary needs in areas like production, IT and warehouse management.

This flexible staffing model ensures that PULCRA remains adaptable and continues to meet both the short-term and long-term demands of our business.

Collective bargaining coverage and social dialogue

[ESRS S1-8]

At PULCRA Germany, collective bargaining plays a crucial role in determining the working conditions and terms of employment for our employees.

75% of our employees at PULCRA are covered by collective bargaining agreements in alignment with the multi-sector trade union of the IG BCE, and they are represented by the workers' council, ensuring that their rights and interests are effectively safeguarded.

For non-tariff employees, while they are not automatically covered by collective bargaining agreements, they have the option to seek assistance from the workers' council in negotiations. The terms of employment for these employees are negotiated directly between the individual and management, and their wages are higher than those of tariff employees. This flexible approach allows for personalized agreements while still considering the broader collective agreements in place for tariff employees.

PULCRA is committed to maintaining open channels of social dialogue, fostering an inclusive work environment where employees can freely discuss their needs and concerns. The

company recognizes the importance of collective bargaining in promoting fair working conditions and strives to offer support where necessary to maintain a harmonious and productive workplace.

By ensuring that collective bargaining remains a cornerstone of our employment practices, PULCRA helps ensure the fair treatment and well-being of its employees while adhering to national and international labor standards.

Social protection

[ESRS S1-11]

At PULCRA, we ensure that all employees are comprehensively covered by social protection programs, in accordance with German labor laws. Our goal is to provide our employees with financial security and peace of mind during major life events, such as sickness, unemployment, employment injuries, parental leave and retirement. In addition to mandatory social protection, we offer supplementary company benefits to further enhance the support available to our workforce.

Sickness and Health Protection

All employees at PULCRA are covered by the German statutory health insurance system, which ensures access to healthcare and financial support in case of sickness. In line with German labor laws, employees receive continued wage payments during the first six weeks of illness. After this period, statutory health insurance takes over. Additionally, PULCRA offers accident insurance for work-related injuries, ensuring that employees are financially protected during illness or injury. These provisions are further supplemented by the company's commitment to providing ongoing wage payments in the event of sickness, ensuring that our employees' income is secured during challenging times.

For employees who have been on sick leave for extended periods, an Occupational Reintegration Process has been established to address their individual needs following a prolonged absence. Members of the Occupational Reintegration Committee are fully trained to provide personalized support and mediate between the employees, their colleagues and supervisors.

Unemployment Coverage

PULCRA ensures all employees are covered by unemployment insurance, as required by German law. This insurance provides financial assistance if an employee loses their job. Employees can rely on this system to provide them with the necessary income while they seek new employment. Our adherence to statutory regulations helps ensure that our employees are supported in the event of job loss.

Employment Injury and Disability

Employees are covered by accident insurance, which protects against work-related injuries. This includes both physical injuries and long-term disability. In addition to the mandatory coverage, PULCRA is committed to offering a supportive environment for employees affected by employment injuries or disabilities, ensuring they receive the appropriate care and financial protection. In the event of long-term disability,

employees benefit from disability coverage in line with German statutory provisions.

Parental Leave

PULCRA supports employees during parental leave, in accordance with German regulations. Employees are entitled to parental leave benefits, which provide financial support during this important life event. The company ensures that employees can take their parental leave with confidence, knowing that their rights will be respected, and their position will be protected upon their return. This support is crucial for employees balancing work and family responsibilities.

Retirement Benefits

In addition to the statutory pension system, Pulcra also offers a collective agreement pension scheme. Pulcra contributes €613.55 per year to the ChemiePensions Fund (CPF) for each full-time employee covered by the collective agreement, upon application. The company contributes to pension plans in line with German law, ensuring that employees can look forward to a stable and secure retirement. This commitment to retirement benefits helps employees plan for their future with confidence.

At PULCRA, we are dedicated to ensuring that our employees are well-protected against life's uncertainties. Through a combination of statutory coverage and supplementary company benefits, we offer a comprehensive social protection system that addresses sickness, unemployment, employment injury, parental leave, and retirement. Our commitment to social protection reflects our dedication to the well-being and long-term security of our employees.

Other benefits

One example of other workers benefits is the "Job-Ticket", which PULCRA employees can use for commuting to work by public transport or to use public transport more frequently. This initiative also helps reduce emissions, as it can be used instead of commuting by car.

Adequate wages and equal remuneration

[ESRS S1-10, S1-16]

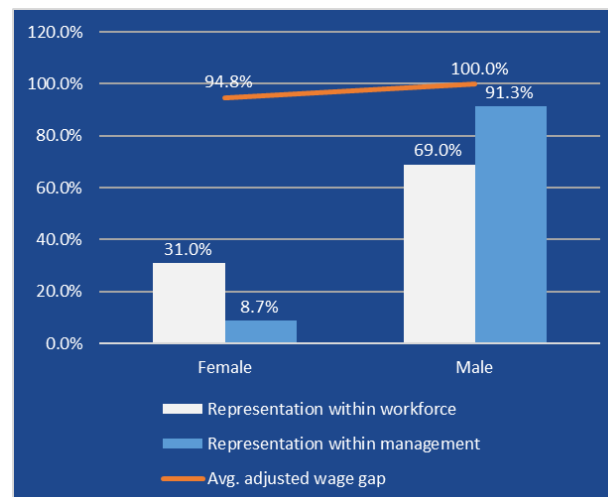
At PULCRA's German location, we ensure that all employees receive an adequate wage aligned with relevant benchmarks and legal requirements. The wages of our tariff employees are governed by the tariff regulations of the Chemical Industry in Bavaria, which exceed the statutory minimum wage. Furthermore, non-tariff employees earn wages that surpass those of tariff employees, ensuring competitive and fair remuneration across all employment levels.

For non-employees in our workforce, such as temporary workers or contractors, the companies employing them are subject to German labor legislation. This ensures compliance with minimum wage standards; safeguarding fair pay for all individuals contributing to our operations.

In terms of remuneration metrics, we strive to maintain transparency regarding pay equity across the company:

Gender Pay Gap

The unadjusted gender pay gap at PULCRA is 5.2%. When factors such as qualifications, job level, professional experience, and type of employment are considered, the remuneration of female and male employees is equal. PULCRA strongly supports gender equality and continuously strive to hire and promote female employees.



Total Remuneration Ratio

PULCRA is committed to transparency in remuneration practices, and these disclosures reflect our ongoing efforts to ensure fair pay and equitable treatment for all employees. We are going to introduce a precise statistic in the forthcoming year.

Employee development and career progression

[ESRS S1-13]

PULCRA is committed to the ongoing development of its workforce, recognizing that regular performance evaluations and training opportunities are essential for both individual growth and company success. These processes help us align employee goals with organizational objectives while promoting a culture of continuous improvement and accountability.

Performance and career development reviews

To support employee growth, PULCRA conducts bi-annual performance and career development reviews for all employees. These evaluations are a key part of our Targeting Outstanding Performance (TOP) system, providing employees with feedback on their strengths and areas for improvement. The review process is structured to assess several performance metrics, including initiative, cooperation, quality of work and alignment with company standards. Supervisors also set development goals with employees, guiding their progress and offering feedback throughout the year. This ensures employees receive continuous support in their professional development.

Training and development hours

PULCRA recognizes the importance of skill-building and offers all employees a range of training opportunities, including

safety courses and career development programs. In 2024, we began tracking training hours to better understand the average number of training hours per employee, broken down by gender and employee category. This will help us ensure equitable access to training opportunities and identify areas for improvement.

Participation and employee categories

All employees, regardless of category, participate in regular performance evaluations and training. These processes are designed to be inclusive and provide equal development opportunities across operational, technical and managerial roles. By monitoring participation rates, we can ensure that training and performance reviews are accessible to all employees, without any barriers based on their role or gender.

Monitoring and effectiveness

To evaluate the effectiveness of our performance reviews and training programs, PULCRA regularly gathers employee feedback and tracks key metrics, such as participation rates and progress toward development goals. This ongoing monitoring ensures that our processes are delivering the desired outcomes and that employees' voices are reflected in the company's development strategies.

By continuously refining these engagement processes, Pulcra strives to create an environment where all employees are empowered to grow professionally, contributing to the long-term success of the company.

Health and safety

[ESRS S1-14]

The well-being of all employees is a top priority for PULCRA. To ensure this, we provide comprehensive care through our Company Physician and the Department of Workplace Safety. These teams work collaboratively to maintain a safe and healthy work environment, offering regular risk-oriented health check-ups, vaccinations, safety training and support to address any workplace-related concerns. We are committed to fostering a culture where employees feel valued, protected and supported.

Work-life balance

[ESRS S1-15]

At PULCRA, we believe that maintaining a healthy work-life balance is essential for personal and professional success. We are committed to creating a supportive environment where employees can excel in their roles while also dedicating time to their personal lives.

The regular working hours for our tariff employees are 37.5 hours per week, with the option to apply for part-time work if it better suits their personal situation. Each full-time employee is entitled to at least 30 days of paid vacation per year.

Our flexible work arrangements allow employees to plan their working hours whenever feasible for the organization. In 2022, we introduced the option for home office and mobile work which has been embraced by many employees. After

consultation with their supervisors, employees in suitable roles can perform up to 40% of their working hours from home.

Additionally, we support family-related leave to help our team balance their professional and personal responsibilities. In 2023, three employees utilized family-oriented leave, two men and one woman.

Pulcra has established a long-term account for employees covered by the collective agreement. These employees can contribute time or salary components (e.g., remaining vacation days, flexitime, bonus payments, etc.) to a long-term account. The accrued value credit can then be used for periods of paid leave (e.g., sabbaticals, training programs, or pre-retirement leave).

Furthermore, PULCRA has introduced a "Zukunftsbetrag" – Future Benefit, an additional payment equivalent to 23% of the monthly collectively agreed salary. Employees can choose how to use this amount:

- **Payout:** The amount is paid out directly.
- **Contribution:** The amount can be contributed to the ChemiePensions Fund (CPF) or the long-term account.
- **Time Off:** The amount can be converted into additional leave.

This concept provides flexibility, allowing employees to align their choice with personal priorities such as financial security, time off or retirement planning. PULCRA is fostering the well-being of elderly employees. Starting at the age of 57, employees covered by the collective agreement are entitled to two and a half hours of paid seniority leave per week. Alternatively, the seniority leave can be transferred to the long-term account or combined into one day of leave per month.

Incidents

[ESRS S1-17]

PULCRA is committed to maintaining a respectful and ethical workplace. In the reporting period for 2023, no incidents of discrimination, including harassment, were reported. Similarly, no formal complaints were filed through our grievance mechanisms. We maintain accessible and confidential channels for employees to raise concerns, and these are monitored to ensure any issues are addressed appropriately.

There were no fines, penalties or compensation for damages related to incidents of discrimination or harassment during the period, and no such amounts are reflected in our financial statements. Furthermore, no severe human rights incidents, including violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, were reported. We continue to monitor and address any potential human rights risks in our operations and workforce.

Workers in the value chain

[ESRS 2 SBM-3]

“Partners” is one of PULCRA’s 4 P core values. We believe in strong, sustainable relationships with our suppliers and customers, promoting responsible practices across our value chain. For the long-term success of both PULCRA’s business as well as that of our partners’, it is imperative that we consider the well-being of the workers in our value chain.

Material risks and impacts on strategy

[ESRS 2 IRO-1]

PULCRA’s strategy and business models have significant interactions with the value chain workers, particularly in the upstream and downstream segments. The sourcing of raw materials and the manufacturing processes involve workers in various stages of the value chain. These interactions can potentially lead to impacts such as unsafe working conditions, violations of labor rights and other human rights concerns. PULCRA ensures compliance with labor laws and ethical standards by rigorous supplier evaluations and audits.

Through our 2024 materiality assessment, we have identified and assessed our impacts and risks with regards to this topic. While risks were identified (full list in the annex under Materiality Rationale S2), they were not deemed material. This chapter therefore outlines the impacts we have evaluated, all of which are positive.:

- *Working conditions:* Not only does PULCRA have a "General Terms and Conditions of Purchase" supplier policy, but we also engage with third-party service provider Integrity Next to improve our supplier evaluation process. In addition, our employees regularly visit suppliers and customers, offering recommendations for improving working conditions when needed. A particular focus lies in enhancing safety in the handling of PULCRA products, particularly in downstream processes.

PULCRA continuously adapts its strategy to mitigate risks and enhance opportunities for value chain workers. The company's commitment to human rights and labor standards influences strategic decisions, ensuring that operations and business relationships align with these principles.

Respecting human and labor rights – our policies related to value chain workers

[ESRS S2-1]

Scope

We include all materially impacted value chain workers within our scope, covering own operations, value chain, products, services, and business relationships. The following categories are included:

1. Workers on company site (non-own workforce)
2. Workers in upstream value chain, where information is available
3. Workers in downstream value chain

4. Workers who are especially vulnerable, e.g. trade union members, migrant workers, home workers, women, and young workers

The category “Workers in joint ventures or special purpose vehicles” is explicitly excluded as it does not apply to PULCRA’s operations.

Commitment to international standards

PULCRA is committed to respecting the human rights of all workers, including labor rights, as outlined in the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The company’s policies focus on:

- *Respect for Human Rights:* Ensuring fair treatment and safe working conditions for all workers.
- *Engagement with Value Chain Workers:* Regular interaction with workers and their representatives to understand and address their concerns.
- *Remedy for Human Rights Impacts:* Mechanisms to provide or enable remedies for any human rights violations.

Currently, PULCRA’s policies do not explicitly cover human trafficking, forced or compulsory labor, and child labor. However, the company does enforce a general supplier code of conduct to uphold ethical standards.

Any suspicion of policy violations can be reported to the compliance committee at compliance@pulcrachem.com. Instructions for reporting violations are provided to all stakeholders to ensure transparency and accountability.

Engaging with value chain workers – ensuring voices are heard

[ESRS S2-2]

PULCRA engages with value chain workers and their representatives through site visits and virtual meetings, conducted frequently. Integrity Next is contracted for sustainability evaluations, with 162 suppliers assessed periodically using holistic sustainability criteria.

Engagement primarily involves technical personnel for addressing technical issues, with occasional interactions with company management. The purchasing department and sales technicians are responsible for ensuring engagement and incorporating insights gained from workers from the upstream and downstream value chain respectively.

Engagement occurs 3-4 times per year. PULCRA complies with German legislation, fully respecting workers’ rights and union roles.

The effectiveness of engagement is assessed through the reporting of violations and subsequent actions. Since the establishment of our policy violation at PULCRA, there has been 0 violations reported.

PULCRA plans to implement training on avoiding discrimination to better understand and address the perspectives of vulnerable and marginalized workers.

Staying accountable - remediating negative impacts and providing channels for raising concerns

[ESRS S2-3]

Although no formal grievance mechanism exists for value chain workers, any infractions reported internally lead to management-coordinated actions.

PULCRA participates in the Leather Working Group (LWG) to promote responsible leather production, with many customers achieving LWG Gold Status. For the textile sector, factory audits by Inditex ensure compliance with labor standards, with PULCRA maintaining strong relationships with Inditex and our products mostly included on The List by Inditex.

PULCRA’s overall approach involves cooperation with industry groups and customers to audit and remedy negative impacts. The effectiveness of these remedies is continuously evaluated through ongoing audits and supplier assessments.

Our approach to managing risks and pursuing opportunities

[ESRS S2-4]

We see room for improvement with regards to the participation rate of Integrity Next’s supply chain evaluation as the results cannot be considered representative at present. As such, we will focus on motivating our suppliers to provide more information in the next round of survey in order to have a better understanding of where our suppliers stand on ESG topics.

Targets

[ESRS S2-5, MDR-T]

While PULCRA has implemented policies to protect the rights and enhance the well-being of our value chain workers as outlined above, we have not set any targets yet with regards to reducing the negative impacts on, advancing the positive impacts on, and managing the material risks and opportunities related to value chain workers.

We have received 0 reported violations since the establishment of our anti-violation policy in 2019. As no violations had been reported in the last five years, we have not deemed it necessary to set targets on this matter. However, we will review this position periodically and introduce them as appropriate.

Violation of PULCRA's "General Terms and Conditions of Purchase"	2019	2020	2021	2022	Reference year 2023
Reported	0	0	0	0	0

Annex – List of abbreviations

BlmSchG	Bundes-Immissionsschutzgesetz
CEFIC	Conseil Européen des Fédérations de l'Industrie Chimique
CSRD	Corporate Sustainability Reporting Directive
CO ₂	Carbon Dioxide
CO ₂ eq	Carbon Dioxide equivalent
COD	Chemical Oxygen Demand
CTO	Chief Technical Officer
EBIT	Earnings before interest and taxes
E-PRTR	European Pollutant Release and Transfer Register
ESG	Environmental, social, governance
ESRS	European Sustainability Reporting Standards
GewAbfV	Gewerbeabfallverordnung
ILO	International Labour Organization
ISO	International Standard Organization
LWG	Leather Working Group
MD	Managing Director
OECD	Organisation for Economic Co-operation and Development
PFAS	Per- and polyfluoroalkyl substances
RSPO	Roundtable on Sustainable Palm Oil
SBU	Strategic business unit
SOC	Substances of concern
SVHC	Substances of very high concern