Kolmar

# ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICY

2024

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## SECTION 1 - INTRODUCTION

Our economies and societies are being radically transformed, and are facing unprecedented changes and challenges.

Through operational excellence and the continued support of our stakeholders, we at Kolmar are relentlessly adapting our approach to find the best way to create value for society while swiftly and accurately assessing and identifying changes and risks, respecting our planet's limited resources and adapting to climate change.

Integrating corporate sustainability (tackling poverty, inequality, environmental, social and governance issues) into our daily operations plays a key role in making a positive difference, benefitting society through our activities, creating new value for the entire supply chain and maintaining the trust and respect of our stakeholders and society.

We uphold the highest standards of integrity, ethics and governance thanks to the unwavering support and dedication of all our employees, suppliers and partners around the world.

This close collaboration and concerted effort ultimately enable us to actively support the United Nations 2030 Sustainable Development Goals (SDGs), which are the blueprint to achieve a brighter and more sustainable future. The SDGs are our guideline for working towards a sustainable, resilient and inclusive future. In 2023, Kolmar assessed the 17 SDGs and pinpointed the areas that are most relevant to its activities. This evaluation led to the identification of four primary goals to support and implement the SDGs and these goals form the foundation of our Agenda for 2030.

The following factors were considered when identifying the areas where our company can exert most influence by integrating the Sustainable Development Goals into our core strategies and incorporating them into operations:

- We evaluated the relevance and impact of the Sustainable Development Goals on our value chain and for our stakeholders;
- We identified opportunities to drive positive change so we can collaborate with stakeholders to address potential negative impacts across the value chain; and
- We outlined and are implementing the key actions which bring about substantial and positive change.

**As a result, Kolmar is placing particular focus on four Sustainable Development Goals:**

**Goal 5 - Gender Equality**




Equality, diversity and inclusion in the workplace are good practice and make business sense, ensuring the wellbeing of our employees. We have created a working environment of respect and equal opportunity, free from discrimination, where every individual and their contribution are recognized and valued. Incorporating Goal 5 into our business emphasizes our commitment to advancing gender equality, not only in our company, but also through supporting local communities/educational programs around the world.

**Goal 7 - Affordable and Clean Energy**




As a trading company specializing in biofuels and renewable fuels, we recognize the pivotal role energy plays in driving economic growth and fostering environmental sustainability. By focusing on the trade of biofuels and sustainable energy sources, we promote a cleaner, more sustainable future and actively contribute to the global effort to mitigate climate change. Our commitment to Goal 7 demonstrates that we are a responsible company dedicated to energy solutions that are not only economically viable but also environmentally responsible.



**Goal 12 - Responsible Consumption and Production**




Our sustainable business practices include reducing waste in our operations, informing our stakeholders about eco-friendly choices and promoting circularity in our industry by using it as a business model. We are developing and implementing solutions for our business partners on sustainability topics such as carbon emissions and decarbonization of the petrochemical industry. Fostering transparency in our supply chain and supporting ethical business partnerships are key to achieving responsible consumption and production goals.

**Goal 8 - Decent Work and Economic Growth**




As an employer, Kolmar has a culture of open communication and takes responsibility for its employees, providing a safe and healthy working environment. We conduct our business activities with respect for human and labour rights, advancing sustainability across our entire value chain.

## SECTION 2 - SCOPE

We have identified and are focusing on five pillars, structuring our efforts across these key areas to make the greatest impact: People, Environment and Certification, Stakeholders, Organization and Governance, and Community. Our employees, business activities and global operations comply with the standards set out in the five pillars.

## SECTION 3 - CORE PRINCIPLES

### 1. PEOPLE - HUMAN RIGHTS AND LABOR RIGHTS

People are our most valuable asset. The safety, health, well-being and professional development of all our employees and agents is our number one priority.

We conduct our business activities with respect for human rights, including labor rights, and comply with the relevant international laws and regulations (eg the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the IFC Performance Standard 2 Labor and Working Conditions and the eight International Labor Organization Fundamental Conventions) wherever the company operates.

We recognize and uphold the laws and regulations in, but not limited to, the following areas: freedom of association, forced or child labor, harassment, diversity and equal opportunities, fair recruitment, human rights and labor due diligence, a safe and healthy workplace, personal and professional development, human resources procedure and reporting mechanisms.

- Forced or child labor: Zero tolerance of forced or child labor;
- Diversity and equal opportunities: With over 30 nationalities employed in our company, diversity is our strength. We ensure no discrimination in hiring and employment practices with regard to race, religion, sex, age, physical ability, political opinion, social or ethnic origin, or sexual orientation;

  Representation of women in our operations and managerial positions has always been and remains an essential aspect in our business. We promote gender balance in the recruitment and promotion processes, and provide equal opportunities and equal access to managerial positions, which are currently occupied by an equal number of men and women;

- Fair employment practices: We comply with the relevant laws and industry norms regulating employee working hours, rest and holiday entitlement, and pay (Gender Equality Act). We provide fair and competitive compensation commensurate with each employee's position(s);
- Safe and healthy workplace: We provide and maintain a safe and healthy working environment for every employee and for our service providers. We comply with international and local laws and regulations in the countries where we operate;

  We identify any potential hazards or risks to increase workplace safety and prevent injury or fatality. An emergency plan, including first aid and fire safety procedure, is in place at all our premises;

  During the global Covid-19 pandemic, we took immediate measures to protect our employees and to keep operations running smoothly;
- Personal and professional development: We encourage and support our employees to maintain a healthy life-work balance. Our employees are given opportunities for career advancement and access to professional development and skills training.

  Tailor-made training courses (including e-learning) are provided to employees on a regular basis (e.g. compliance, due diligence, GDPR and contracts training).

  Through our sponsorship of Bildxzug, a company in Zug which educates and trains apprentices, we provide young people with unique insights into how we operate and give them exposure to industry leaders.

  Tailor-made leadership training courses from Dale Carnegie and Pryor Learning are provided to employees of Kolmar Americas Inc. and American GreenFuels LLC.
- Reporting mechanism: Since the company started in 1997, we have upheld a culture of open communication. Our open door policy encourages employees to take their concerns, questions or suggestions in confidence direct to management.

## 2. ENVIRONMENT AND CERTIFICATION

As we work towards a more sustainable ecological footprint, we are reducing the impact of our activities on the environment, in particular by pursuing an active environmental management and optimizing the use of resources.

We are committed to complying with international and national laws and regulations, such as the Renewable Energy Directive II, in all our business activities.

Specifically, we commit to:

- Identify and assess environmental risks;
- Use renewable fuel energy wherever possible;
- Re-use and recycle materials and waste wherever possible;
- Minimize our environmental impact;
- Encourage and implement good environmental practices throughout the supply chain and comply with environmental laws and regulations; and
- Monitor and improve our performance in these areas.

The following measures have been incorporated into our daily business activities to help protect the environment:

- Ship chartering terms require all seagoing vessels chartered by Kolmar to have a valid ITOPF membership providing the vessel owners with spill response, spill relief and contingency planning know-how and assistance;
- Ship chartering terms require all seagoing vessels chartered by Kolmar to be registered with a first class protection and indemnity insurance (P&I – part of the International Group of P&I Clubs), with a pollution cover of no less than USD 700 million;
- Kolmar proprietary pollution insurance, valid worldwide, covering all means of transport and all types of storage, with a pollution cover of no less than USD 500 million and spill response, spill relief and contingency planning know-how and assistance must always be added; and
- All storage and warehousing contracts require all storage terminals, interim storage locations and warehouses to be audited and approved by an independent surveyor appointed by Kolmar and/or Kolmar's cargo insurance underwriters.

Certification, registrations and memberships help us achieve the highest standards of product quality and safety, environmental protection and supply chain sustainability. Among the certification and verification schemes we work with are:

- Kolmar Group AG holds the EcoVadis (a leading independent sustainability ratings provider) Gold Sustainability Rating;
- Kolmar Group AG has registered with the UN Global Compact;
- Kolmar Group AG holds the ISCC PLUS certificate and the National Italian Scheme certificate;
- American GreenFuels LLC (a subsidiary of Kolmar Americas Inc.) holds the ISCC EU certificate, the National Biodiesel Accreditation Program BQ9000 registration, is registered with both the Renewable Fuel Standard and the Low Carbon Fuel Standard, and completed multiple Environmental Claim Validations from UL;
- Kolmar Americas Inc. (a subsidiary of Kolmar Group AG) holds the ISCC EU certificate and the National Biodiesel Accreditation Program BQ9000 registration;
- Kolmar NL B.V. (a subsidiary of Kolmar Group AG) holds the ISCC EU certificate and the National Italian Scheme certificate;
- Kolmar Italia S.r.l. (a subsidiary of Kolmar Group AG) holds the ISCC EU certificate and the National Italian Scheme certificate;
- Kolmar Belgium S.A. (a subsidiary of Kolmar Group AG) holds the ISCC EU Certificate and the National Italian Scheme certificate; and
- Kolmar Singapore Pte Ltd (a subsidiary of Kolmar Group AG) holds the ISCC EU certificate and the National Italian Scheme certificate.

Other commitments made by Kolmar:

- **Circular Economy and Recycling:** The ISCC International Sustainability and Carbon Certification PLUS (ISCC PLUS) is a certification system that offers solutions for the implementation and certification of sustainable, deforestation-free and traceable supply chains of agricultural, forestry, waste and residue raw materials, non-bio renewables and recycled carbon materials and fuels. When Kolmar Group AG became ISCC PLUS certified in 2021, it committed to revolutionizing its core business, the petrochemical industry, by promoting the re-use and recycling of plastics, polymers and synthetic rubbers, and leading the way in reducing the dependency of the petrochemical industry on fossil feedstocks such as crude oil and oil derivatives. By offering investment, financing, marketing, technological and off-take services for single use and waste plastics, which are converted into feedstock for the petrochemical and refining industry, we are actively involved in the transition towards carbon neutrality in the petrochemical industry and refining sector. Kolmar intends to further develop its transparency on feedstock origin, increases in recycling rates and use of recycled raw materials.

- **Decarbonization of the Transport and Heating Industry:** We are focusing on global decarbonization in the transport and fuel industry in the US through our subsidiary American GreenFuels LLC, by providing the market with emissions reduced sustainable biodiesel and heating oil, while in Europe, in close cooperation with our industry partners, we are providing Renewable Energy Directive II (RED II) compliant waste-based, non-food, non-animal feed and non-deforestation and land use sensitive biofuels to facilitate decarbonization of the European transport industry.

  Kolmar Group AG is about to become registered with ISCC CORSIA, the Carbon Offsetting and Reduction Scheme for International Aviation, which was set up by the International Civil Aviation Organization (ICAO) to reduce aviation emissions. CORSIA is the first Global Market Based Measures (MBM) scheme for the

aviation industry sector. We are committed to achieving the ICAO Member States' target of reducing greenhouse gas emissions from air transportation, including carbon-neutral growth from 2020 and a 50 % reduction of net aviation carbon emissions by 2050. 81 states (including all the EU member states), representing around 80 % of international aviation, intend to participate in CORSIA. We are committed to achieving CORSIA's ambitious targets by working together with our industry partners to produce and distribute sustainable fuels for the aviation industry.

## 3. STAKEHOLDERS

We expect and require our suppliers, customers and service providers to meet our social, environmental and ethical standards and to conduct their operations based on responsible and sustainable business practices. We will not commence, or will immediately cease, doing business with any partners who fail to reach our high standards. All our counterparties are constantly monitored, starting with the due diligence process, and are subject to a strict selection process, third-party inspections and on-site audits.

Counterparties must adhere to and are expected to demonstrate compliance with the following principles by their successful completion of our KYC Questionnaire, together with supporting documents and a relationship review process:

- Compliance with all relevant laws and regulations, and conducting business with integrity, including the core principles of the OECD's Due Diligence Guidance for Responsible Supply Chains;
- Never engaging in bribery, fraud or other corrupt practices;
- Compliance with all relevant laws and regulations to protect the human rights of employees and contractors;
- Compliance with current trade sanctions, refraining from engaging in transactions with a sanctioned party or country or using another party to carry out activities that cannot lawfully be performed directly due to trade sanctions;
- Zero tolerance of slavery, child labor, forced labor and human trafficking;
- Providing a safe and healthy working environment for all employees and contractors;
- Compliance with environmental legislation relevant to our business activities;
- Using renewable fuel energy and climate-friendly products, re-using or recycling waste wherever possible;
- Preventing and minimizing environmental impact;
- Ensuring that the supply chain and suppliers understand and comply with all of the above principles;
- Providing traceability of commodity sourcing back to the site of production wherever possible.

In due diligence, KYC and onboarding screening procedures, we now require counterparties to provide the following information in our KYC Questionnaire and also in the counterparty's onboarding and relationship review process, both of which form an integral part of our Internal Control System (ICS):

- Human rights and labor rights;
- Anti-money laundering, anti-bribery, anti-corruption, conflict of interest, etc;
- Health and Safety.

We also now add the following clauses as an integral part of our purchase and sales contracts:

- Sanctions clause;
- Compliance clause; and
- For certified sustainable products, the Kolmar Sustainability Annex.



## 4. ORGANIZATION AND GOVERNANCE

Kolmar has appointed a number of experienced and qualified employees whose role it is to mitigate risks. They report on a regular basis direct to senior management and ensure full alignment with Kolmar's principles. Kolmar's senior management is ultimately responsible for ESG risks and approves all material ESG decisions. Day-to-day monitoring is carried out by the ESG Committee.

- ESG Committee: The Committee is responsible for identifying, reviewing and considering ESG impacts on Kolmar's business. It meets every three months. Senior management is actively involved in the Committee. All employees are expected to be aware of ESG risks in Kolmar's business activities and to raise any queries or concerns they may have with the Committee.
- Training: Training is essential for the implementation of the compliance system. The Legal/Compliance teams and the ESG Committee are responsible for developing and implementing training sessions which cover key compliance risks as well as complex and ever-changing laws and regulations. Training is tailor-made, to take into account jurisdictions which may have different compliance requirements.
- Monitoring: The Legal/Compliance teams and the ESG Committee monitor and evaluate the compliance system and collaborate closely with the Client Relations/KYC/Registration teams. Monitoring aims to identify the effectiveness, regularity and frequency of controls and reduces the risk of breaches of law, regulations or procedures. The frequency and extent of monitoring (including audits) is risk-based. If monitoring or audits detect a weakness, the appropriate corrective measures are taken immediately.
- Reporting breaches: Kolmar is committed to whistleblower protection. All employees are required to report any breach, or risk of breach, of Kolmar's policy.

## 5. COMMUNITY

The success of our operations and our company's value to society depend to a large extent on the communities that surround us. We are committed to supporting local communities around the world and to supporting a variety of charity programs, in particular those based on education. We also provide support to improve the lives of the disadvantaged, those with (mental) health conditions and the elderly community.

| Organisation |
|---|
| ASJ Scholarship, Palestine (formerly KSP) |
| Antara Foundation, India |
| Aramaic Relief, Baar, Switzerland |
| Casa Farfalla, Switzerland |
| Centre for Advancement of Functional Capacities, Israel |
| China Youth Development Foundation |
| Etz Chaim School, Switzerland |
| Glückskette, Switzerland |
| Hamogelo The Smile of The Child, Greece |
| Il Papavero, Italy |
| Japanese Earthquake Fund |
| KJ Somaiya Medical Trust, India |
| Lucerne Symphony Orchestra, Switzerland |
| Orphans of the Tsunami, Japan |
| Rainbows4Children, Ethiopia |
| St. Mary Goreti School, Tanzania |
| Stars for Children, Russia |
| Suyana, Switzerland/Bolivia |
| Ulus Day School, Turkey |
| UNIBES, Brazil |
| Wishes Foundation, Israel |
| Yemen Orde Educational Community, Israel |



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Image: Ingo Höhn



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**1_ASJ Scholarship, Gaza**
The ASJ Scholarship coordinators and students send Kolmar a heartfelt 'Thank You' for supporting the needy and marginalized women students in Gaza through providing the Kolmar Scholarship Program. Kolmar's generous financial support has clearly reflected on the success and well-being of the students as it allowed them to focus on their academic performance, and to avoid any possible distracting financial pressure that they or their families would have faced otherwise. The Scholarship's support of students' extracurricular activities (such as the semester-end gatherings, the English Club and the graduation ceremonies) provides a unique bond among the Kolmarians who share fun memories and positive experiences, resulting in long-term friendships lasting beyond the completion of their studies.

**2_St. Mary Goreti School, Tanzania**
Kolmar is sponsoring the secondary education of two young girls in Tanzania so they can have a brighter future and to help them on the way to making their dreams come true. The aim of the school is to raise the education level of girls in Tanzania. By helping these students, Kolmar is not only changing the girls' lives, but also making a meaningful contribution to the empowerment of women in Tanzania.

**3_Lucerne Symphony Orchestra Projects, Switzerland**
Kolmar is sponsoring music workshops for school classes and concert programs for children so they can experience music from a young age. Kolmar is also sponsoring projects to bring music to people who are older or unable to attend concerts in a concert hall, and helping people needing special assistance to attend concerts, so they can experience the joy of music.

**4_Il Papavero, Italy**
Kolmar continues to support the educational charity Il Papavero in Ferrara, Italy. The charity helps children with learning difficulties by giving them extra tuition in subjects such as Italian and maths outside of school hours. Learning Italian in particular is very important for emigrant children so they can become integrated.

**5_Nicolas Robinson School, Ethiopia**
Kolmar is sponsoring students to complete their education at the Nicolas Robinson School in Ethiopia. Rainbows4Children, the Swiss charity which runs the School, is a humanitarian organization focusing on education of the most disadvantaged children.

**6_Fellowship Place, USA**
Fellowship Place's mission is to serve adults living with mental health conditions by offering a full range of therapeutic support and rehabilitation services that promote independence, wellness and a meaningful life. The services that are provided are designed to increase stability, self-sufficiency, and help function at the highest level possible, including help with basic needs, meals, socialization, skill-building groups, case management, job training and career development services, expressive arts programs, computer classes, physical recreation and much more.

**7_Junior Achievement of Southwest New England, USA**
Junior Achievement is an organization dedicated to giving young people the knowledge and skills they need to own their economic success, plan for their futures and make smart academic and economic choices. Junior Achievement's programs include work readiness, entrepreneurship and financial literacy. The goal is to ignite the spark in young people to experience and realize the opportunities and realities of work and life in the 21st century as well as inspiring and preparing young people to succeed in a global economy.

**8_Suhl Foundation, USA**
The Eric M. Suhl Foundation was created in memory of Eric Matthew Suhl who passed away aged 28 in 2016. The mission of the Foundation is to enjoy the company of family and friends while positively impacting and supporting causes Eric loved and issues he faced in his life. One of the Eric M. Suhl Foundation's founding principles is to help raise awareness for all types of mental health initiatives.

Through our activities and supporting these communities, we show our commitment to maintaining the highest standards of integrity, ethics and governance. We will continue to find ways of overcoming any challenges and make a positive difference, with the help and support of our employees, suppliers and partners.

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