

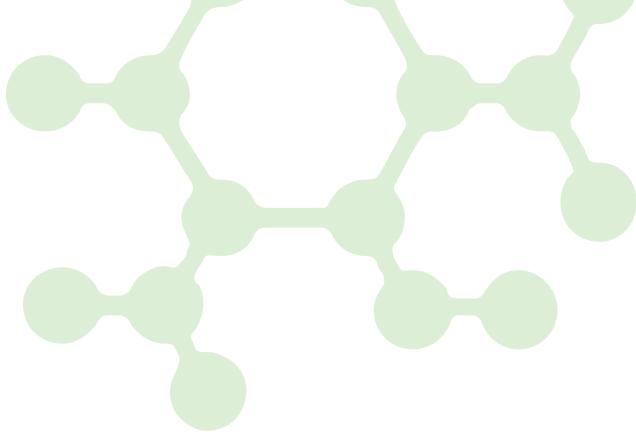


Sustainability Report
Fiscal Year | 2016



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1. PREFACE

Dear readers,
liebe Leser,

The chemical industry is experiencing digital revolution first hand.

The last major change we had was almost 40 years ago - globalisation, European internal trade market, internationalisation of trade and on-site production abroad, consolidation through acquisitions, development of chemical parks and speciality chemicals were all main priorities at the beginning of the 1980s.

These changes resulted in completely new opportunities to set up our business on a sustainable basis. We have purposefully taken up this responsibility.

We have aligned our activities effectively and constantly retain an overview for the consequences for the environment, society and health.

We joined the Global Compact Network of the United Nations in 2015.

United Nations Global Compact is the world's largest and most important initiative for responsible corporate governance. The World Commission for Environment and Development was established by the United Nations in 1983 and considerably influences the international debate regarding development and environmental policy.

This global pact from the United Nations sets out the 10 principles for a sustainable global economy for benefiting people, communities and markets.

Companies declare their willingness to endeavour to retain certain minimum social and environmental standards in the future. These fundamental principles are set out in these standards.

2016 was a very important year for us.

It was not only the year in which we concentrated intensively on our three business areas of agricultural chemicals, chemical solutions and fibre chemicals, rather also the year in which we realigned our sustainability strategy.

By implementing specifically-defined internal company measures, we at LEVACO Chemicals GmbH achieved continuous advances in the fields of corporate responsibility and sustainability. We were hereby guided by our corporate strategy, the requirements of our day-to-day business and the chemical world of the future.

We have additionally created a new focus for our future sustainability work. We want to make sustainability a part of our DNA, it must be easily recognisable in all our actions at all levels and in all fields of business.

Sustainability is imperative for us.

We utilise our sustainability report, which has been created in accordance with the G4 core guidelines from the Global Reporting Initiative (GRI), as an instrument for controlling all processes in sustainability management.

Sustainability is our operational principle for utilising resources. This is the basic concept for our corporate principles.

Pleased to demonstrate responsibility.

Save energy. Protect resources. Our actions and production clearly indicate that responsible trading is beneficial for all concerned - not just for the environment, rather also for ourselves and our customers. We have optimised the work processes so that they are considerate and thought out for our environment, which has also indicated a desired increase in efficiency.

This is very important for us. What is however decisive for us is that, following our realignment, we are now able to merge entrepreneurial success and the fundamental principles of sustainability. Because we do not just want to operate sustainability for us, rather that it is also the partner of choice for our customers, provides attractive returns and improves the quality of life in the communities where we live and work.

This methodology helps us to fulfil our promises and is our commitment to social responsibility. It is self explanatory for us that we, as a member of the United Nations' "**Global Compact**", support their ten principles. We are convinced that this is the right way.

Convince yourself by viewing our newly designed sustainability report. Read on to see what we have achieved to date and what we plan for the future.

With kind regards

Management Board

CEO - Ingo Notz

CFO - Jens Becker



Supporting
human rights

1

Excluding
human rights violations

Anti-corruption
measures

10

3

Upholding freedom
of association

Development & dissemination
of environmentally
friendly technologies

9

4

Eliminating all forms of
forced and compulsory labour

Initiatives for increased
responsibility awareness
for the environment

8

5

Eliminating child labour

Preventive
environmental protection

7

6

Preventing discrimination

2. CODE OF CONDUCT

Our code of conduct is the guiding principle for the binding behavioural manner at LEVACO.

Our vision commences with some simple and clear values. They create the fundamental basis for our corporate principles and manage the activities of everyone who works for LEVACO. This LEVACO code of conduct clearly illustrates our obligatory duties for us to act as an internationally trusted and respected company.

The core message is simple:

The way in which we, the staff of the responsibly minded LEVACO company behave with regard to each other and to others outside of the company, has a direct influence on the reputation of LEVACO for stakeholders interested in our company.

This code of conduct should therefore assist us to transfer these values into actions. It indicates behavioural standards necessary for complying with certain legal or political obligations for companies - for example in terms of social responsibility with regard to marketing, product quality, human rights and employment, competition, financial integrity and relationships with business partners, the public and the media.

LEVACO cannot be economically successful without strong and lasting relationships with all the parties concerned.

Our fundamental principles for sustainability reporting are

- Truth
- Materiality
- Clarity and
- öffentlicher Zugang zu Informationen



3. TRANSPARENT AND LEADING WITH RESPONSIBILITY

Our fundamental principles for sustainability

We, LEVACO Chemicals GmbH, are a subsidiary of the DS Company Group which has its head office in Bremen. North Rhine Westphalia (NRW) is the most important chemical region in Germany. LEVACO is based there in Leverkusen. We are a relatively new company with a team full of experience and with a vision based on over 50 years of market presence.

Our staff are the driving force behind our company. We employed 113 staff at LEVACO Chemicals GmbH as of the balance sheet date of 31.12.2016. All employees contribute with their efforts and their skills to the success of our company - we could not successfully operate our business without our highly effective, motivated staff.

Global presence - our core competences:

- Agrochemicals

- Additives and auxiliary materials for agrochemical formulations

- Chemical solutions

- Additives for coatings, paints and printing inks, specialities for various industrial purposes and branches

- Fibre Chemicals

- Auxiliary materials for the chemical fibre industry

Our brand names and trading names

LUCRAMUL	LUCRACHEM	LUCRAFOAM	LUCRASPIN
<ul style="list-style-type: none">• Dispersing Agent• Emulsifiers• Wetting Agent	<ul style="list-style-type: none">• Specialities	<ul style="list-style-type: none">• Anti-foaming Agent	<ul style="list-style-type: none">• Auxiliary material for chemical fibre production

We rely on the brand name quality, technology and sustainability in order to provide "pure competence".

Sustainability also hereby means responsibility - responsibility for people and the environment. The different facets for responsibility begin with energy-saving technologies and production processes, continue through resource efficiency and customer support up to, and including, social and community-related responsibility.

This therefore results that protecting the environment, conserving resources as well as occupational safety and health protection are an integral and essential part of our business strategy. Compliance with legal regulations, provisions and local authority requirements is therefore a self-evident obligation for the company.

These fundamental principles and the guidelines for sustainability form the framework for setting strategic and operational objectives and apply for all the staff. Executive managers have particular responsibility. They are considered to be role models and must hereby contribute that the staff understand what environmental and resource conservation means as well as continuously developing and anchoring this and occupational safety and health protection in the corporate culture.

4. FRAMEWORKS AND OBLIGATIONS

Our many years of membership in the Chemical Industry Association e.V. (VCI, Frankfurt am Main) and in Tegewa e.V. (Frankfurt am Main) clearly illustrates our strong commitment to the chemical industry.



EcoVadis has set itself the goal of promoting the environmental and social practices of companies by implementing a CSR performance monitoring process within the supply chain and encourage companies to support the improvement of sustainability.

EcoVadis operates the first applicant-based platform which provides the CSR ratings of suppliers for global supply chains.

EcoVadis is a valued partner and it is the organisation platform for purchasing organisations in more than 120 of the world's leading multi-national companies. LEVACO utilises the EcoVadis platform to reduce risks, to promote innovation and for creating trust and transparency between business partners.

Professionalism, integrity, customer-orientation and an eye for innovation are all called for when working with EcoVadis.

LEVACO was awarded the EcoVadis gold status for sustainability in April 2017. The CSR score overview now places us among the top 5% of listed companies (Sustainability Report 2017). We verify this in an annual audit process.



We have acknowledged and also committed ourselves to the "Responsible Care" fundamental principles of the chemical industry for many years.





Overview of the LEVACO memberships in organisations with sustainability references

Organisation	Function from LEVACO	Subjects
Chemical Industry Association e.V.(VCI)	Member	Exchange of information within the chemical industry
TEGEWA	Member	Exchange of information within the chemical industry
Industrie - und Handelskammer zu Köln (IHK) <small>(Cologne Chamber of Commerce and Industry)</small>	Participation in exchange of experience	Exchange of information by interested parties/training and further education
EcoVadis	Member	Sustainability and assessment platforms for global supply chains
Responsible Care	VCI initiative	Safety and environment
Global Compact	Member	Human rights, labour standards, environment, climate and preventing corruption
AmCham Germany	Member	Sustainable growth/promoting economic relationships

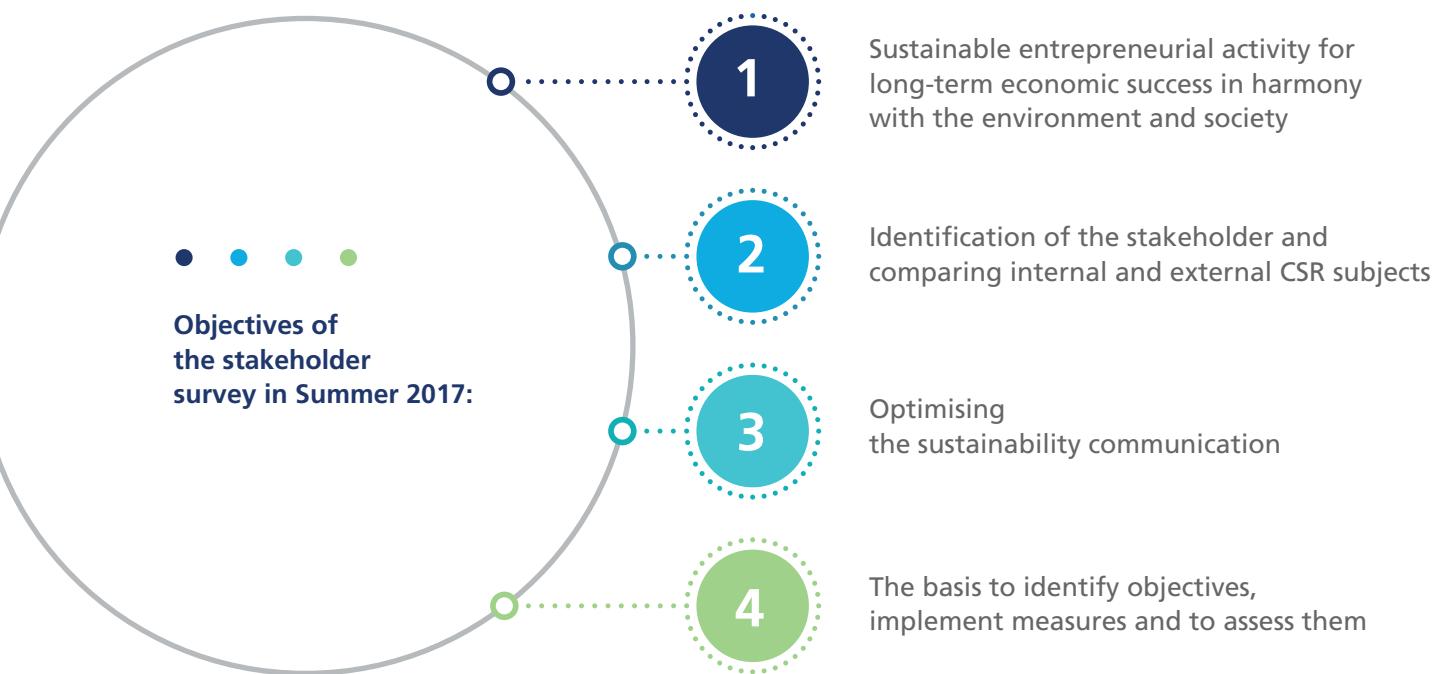
5. STAKEHOLDER DIALOGUE

Our stakeholders should be able to understand and accept our entrepreneurial actions. This therefore means it is essential for us to enter into dialogues with them and integrate them into our business processes. This is the only way that we can understand what they expect from us and be able to create a consensus with them for the chemical world of tomorrow. Within the context of our social commitment, we also intend to make a contribution to the prosperity and economic development in the regions in which we operate.

Sustainable economics create a common added value whereby not only our company but also the environment and society benefit from the values created. The economic objective is a close and long-term linking of social and ecological values.

We have involved our stakeholders in the creation of our sustainability report from day one and the results will be presented in this chapter:

Procedures and programmes



Our method for materiality analysis is based on the following procedures.



We take stakeholder interests seriously

We trade in a conflict field with different demands and interests - both globally and regionally. Our objective is to ensure that our customers, staff, members of the public, politics and additional stakeholders and interested parties understand and accept our entrepreneurial actions ("license to build and operate"). We therefore want to learn about their demands, requirements and interests and consider these in our business processes. This is the only way we can secure the trust and confidence of our interest groups (stakeholders), ensure our reputation and our long-term business success. This task means that we have to meet the challenges created in the market environment, which is not only influenced by regulatory intervention but also from radical technology changes.



1. STAGE: INVENTORY

The following, which were essential sustainability subjects for us, and which are the basis for the dialogue with our stakeholders:

- Preventing corruption
- Environmental protection
- Resource efficiency in production/utilising materials
- Products
- Employees' rights
- Training and further education
- Labour and social standards
- Occupational health and safety for employees
- Social responsibility
- Human rights
- Supplier management
- Energy
- Waste
- Electricity and
- Water

2. STAGE: STAKEHOLDER ANALYSIS

The following overview summarises our essential stakeholder groups, their importance for us as well as what they expect from us. We consider our stakeholders to be all people or entities which have an interest in our company.

Stakeholder-Gruppe	Importance for LEVACO	Expectations for LEVACO
Customers	Our customers' purchasing decision is central to the success of our business.	<ul style="list-style-type: none"> • Quality products at affordable prices • Active contribution to energy transition both nationally and internally • Supporting energy generation and energy efficiency
Shareholders and other capital investors	The capital from our investors is the required basis for being able to successfully develop our company.	<ul style="list-style-type: none"> • Transparent reporting is therefore necessary for how we manage their capital • Information for estimating the value and value potential
Suppliers and business partners	We have to consider the services provided by numerous suppliers and sub-suppliers within our procurement processes.	<ul style="list-style-type: none"> • Fair terms and conditions • Appreciative collaboration
Politics, society and the public	Our business activities are strongly influenced by socially-related developments and the political decisions which result from them.	<ul style="list-style-type: none"> • Transparency • Reliable, economical and environmentally friendly production • Compliance with regulatory and legal framework provisions
Staff/works council	The performance of our staff is decisive for our business success.	<ul style="list-style-type: none"> • Secure and interesting working environment • Fair remuneration and equal opportunities
Municipalities and regions	Energy transition can only be successful when the citizens, as well as consumers and residents, actively participate and commit to it.	<ul style="list-style-type: none"> • Transparency regarding planned measures • Active participation at local levels
Non-governmental organisations and sustainability experts	We value higher education institutes as important cooperation partners. Non-governmental organisations provide us with valuable information about societal expectations.	<ul style="list-style-type: none"> • Transparency • Accountability

As a young, innovative company, we have initially positioned the following stakeholders in our survey.

- Works Council
- Capital Investors
- Shareholder

On the basis of the essential sustainability subjects for our company, we surveyed the selected stakeholders in Summer 2017.

The information was evaluated in the context of a personal discussion with the aforementioned interest groups determined on the basis of a questionnaire.

The following listed levels of information are utilised in order to gain information about our sustainability performance:

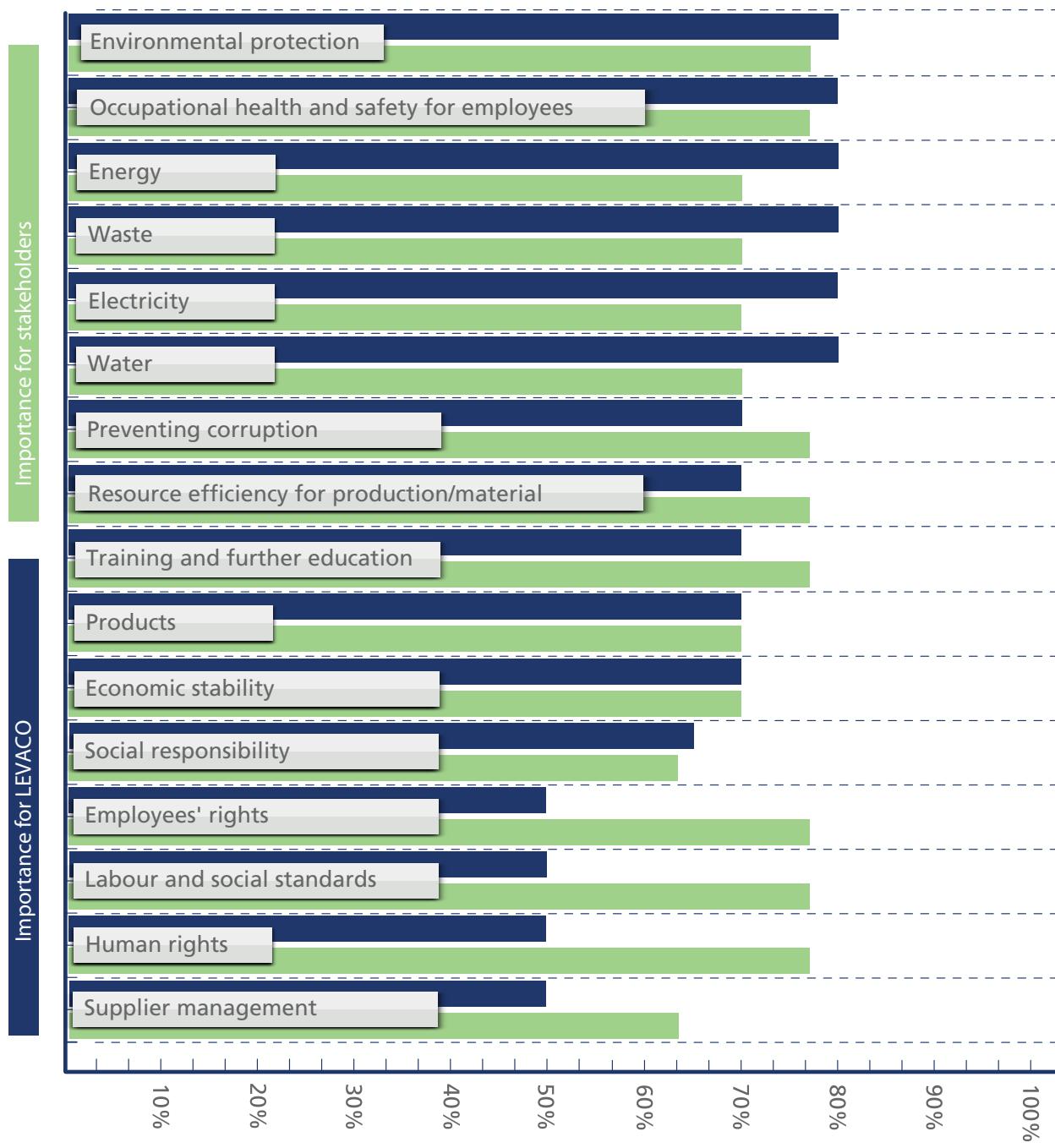
- Internet/Web Page
- Sustainability Reports (CSR Reports)
- Direct Interviews

3. STAGE: MATERIALITY ANALYSIS

The sustainability subjects have been defined in the exchange with the stakeholders, also from the internal reports for our management board as well as from the expectations of stakeholders.

We will implement discussions with additional stakeholders as a continuation for constructive and solution-oriented dialogues.

Materiality Matrix: Essential subjects
- relevance of sustainability subjects from the company and stakeholder perspective





Sustainability subjects, which are positioned in the materiality matrix, are of particular interest for sustainability performance and for the sustainability strategy.

These will be classified as critical for the success of the business. At the same time, there is a very high level of expectation on the part of the stakeholders. We will hereby focus on the TOP 6 sustainability subjects.

The essential subjects will be continuously updated.

On the basis of the stakeholder analysis and the resulting materiality matrix, we have set our priorities on the following important sustainability subjects:

TOP 6 sustainability subjects for LEVACO according to the stakeholder evaluation

Rank	Sustainability Subject
1	Environmental protection (<i>water, waste and resource efficiency</i>)
2	Health and safety at work
3	Energy
4	Preventing corruption
5	Economic stability
6	Operational responsibility (<i>career options</i>)

We have planned and/or already activated the activities in these fields of action on the basis of the inventory and the materiality analysis.

We will continue to align the interests of the stakeholders with our corporate goals.

The following will list measures based on measurable indicators. We would like to achieve a comparability and can then concentrate on measuring the degree of goal accomplishment annually.

6. ECONOMIC STABILITY

Economic stability is important for us in order to achieve long-term added value creation. We increased the revenues for LEVACO Chemicals GmbH by 10% in the fiscal year for 2016 compared to the previous year.. Despite the generally constant economic situation, LEVACO still finds itself in a steady and broad-based upswing.

Increasing turnover has been generated in all business areas.

The gross profit has increased by T€ 1,793 to T€ 22,085.

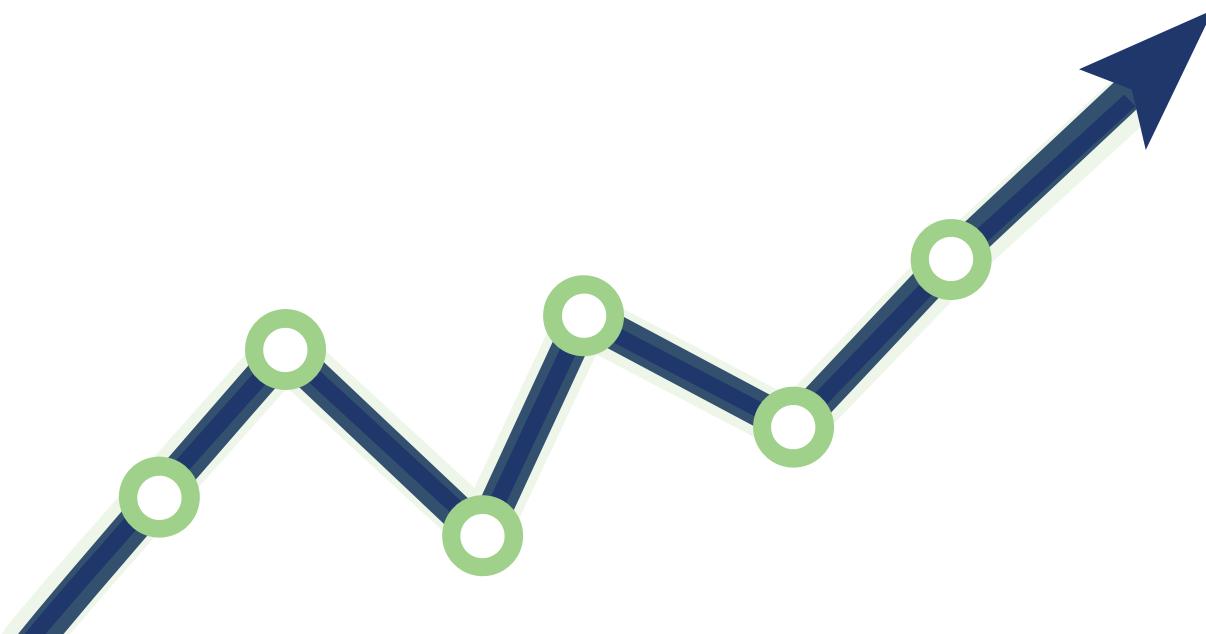
Personnel expenses have, among other things, increased by the wage increase and expenses for pensions by T€ 504.

The increase in other operating expenses amounting to, generally, T€ 880 must be considered in conjunction with the increased revenues.

Essential for the tax amount is the EBITDA, which has increased by T€ 423.

in T€	2016	2015
EBITDA	4,141	3,718

Further information regarding the 2016 Annual Report can be viewed on the official publication (www.bundesanzeiger.de).



7. QUALITY AND FULFILLMENT OF CUSTOMER REQUIREMENTS

The customer at the forefront

We always need to win the trust of our customers again, and secure it constantly, in order to remain successful in the future. We must therefore listen carefully to them and take their concerns very seriously. This is the only way for us to learn in which areas we need to improve.

Global trends such as sustainable development, climate protection and the digitisation processes alter the situation considerably, therefore altering the requirements of our customers. We want to understand what they expect from us, and provide improvements through efficient quality management.

Implementing processes in accordance with DIN ISO 9001 support the strategic development of the company.

Important objectives of the DIN EN ISO 9001 standard comprise

- Improving internal communication
- Improving the understanding for the processes
- Improving the process controlling

- The benefits which arise from implementing the quality management system are the ability to supply durable products and services which fulfil customer-related requirements and applicable legal and local authority regulatory requirements;
- creating opportunities to be able to increase customer satisfaction;
- the treatment of risks and opportunities in association with their context and their objectives;
- And the ability to verify compliance with specified requirements in the quality management systems.

Well thought-out and implemented work processes contribute significantly to the quality of our products and services.

A certified quality management system according to ISO 9001 determines who is responsible for which quality-related activities and which procedural methods must therefore be complied with. The standard demands a regulatory loop which ensures regular additional development in the sense of a continuous improvement process (CIP). This therefore ensures that quality orientation is lived day by day for every member of our staff.

Our customers are our first priority and they benefit from our quality management. Always remaining true to our brand promise of "**Competence in excellence**", we want to jointly shape the future with you.

We always listen closely: This is the only way that we can understand what our customers expect from us.



Our company is subjected to regular mandatory, as well as voluntary audits.

These include DIN ISO Audits 9001 (Quality).

The procurement department at LEVACO also pays special attention to the aspect of sustainability.

Our various procedural methods for suppliers and service providers, as well as obligation declarations, are the basis for assessments and audits and are implemented and utilised constantly. Suppliers and service providers are required to comply with and adhere to the **LEVACO** standards in the areas of environmental protection, occupational safety and health protection. It is not only the sustainability of our own operations which is important, rather also the sustainability of our suppliers.

All LEVACO products are characterised by their consistent high quality.

All production processes are continuously monitored in the laboratory. The product may only leave our premises after all the product specifications have been fulfilled. All the products are continuously tested for their application. This clearly indicates that it is always worth exceeding our own and the international quality standards.

LEVACO quality considerably exceeds the normal, accepted standards and our customers benefit from this.

The stable rate of product complaints indicates that process performance and product conformity correspond perfectly. Complaints are communicated on a regular basis, preventive measures implemented punctually.

This transparency assists us to maintain the high achieved standard.

Our guiding principle is the retention and improvement of the quality standard to ensure good sustainability performance. Good quality ensures customer satisfaction, material efficiency (reducing rejections, waste, scrap, energy consumption), ensures orders and long-term working relationships.



8. CREATING GOOD WORKING CONDITIONS

Objectives and success controlling

It is only possible for us to implement our goals when we have satisfied and healthy staff. We therefore ensure working conditions which minimise health-related stress problems and which thereby help us to prevent accidents. We consider the diversity of our workforce as an opportunity. Respectful and open dealings with each other thereby forms the foundation. We create attractive working conditions to ensure that we will continue to have qualified and motivated employees at our disposal. Targeted promotion and further training contributes accordingly.

We assess our performance for occupational health and safety on the basis of audited results. Key indicators for working time losses, accidents and hazardous incidents assist us to research the cause and create comprehensive risk analysis. This enables us to identify the areas in which we need to redouble our efforts and where we must implement preventive measures.

We implement collective wage agreements from our industry for all LEVACO employees.

- Our rate was 100% in 2016. The target is also 100% for 2017.

LEVACO successfully employs severely disabled people for working activities. We are involved in intensive dialogue with the Integration Office in order to create appropriate jobs.

- We had a severely disabled percentage of 5% in 2016, the same share is the target for 2017.

We concentrate on a progressive HR management with focus on continuous employee development. Diversity and integration are essential principles for our vision and our values. Responsible behaviour and openness are thereby the foundation for living diversity. We want to provide all our staff with equal opportunities, promote and exploit their individual differences. We support and promote training, education and additional occupational-related measures.

- We invested 47 thousand Euros in additional training measures in 2016,
- we anticipate a growth of about 5% over the previous year in 2017.

Promote talent, support development

We want to also remain competitive in the future and will open up new fields of growth. We are hereby especially dependent on the know-how of our staff. Our objective is to always employ the right people at the right positions in the company. The current alterations in our business also provide our personnel management with new challenges. During 2016, we have once again implemented numerous measures with which we wanted to promote the diversity in our company. Among other things, we implemented additional training measures for the following specialist subject areas.

- Ordinance relating to plants and systems for handling substances hazardous to water (AwSV)
- Tax Law
- Data Protection/IT Security
- Compliance

Training and education for our staff is a cornerstone of our daily business actions. We also promote a self-responsible learning culture.

New staff members are obliged to participate in training programmes.



Health and Safety

9. HEALTH AND SAFETY AT WORK

Our staff are regularly informed and trained with regard to conserving resources and protecting the environment, as well as for occupational safety and health protection.

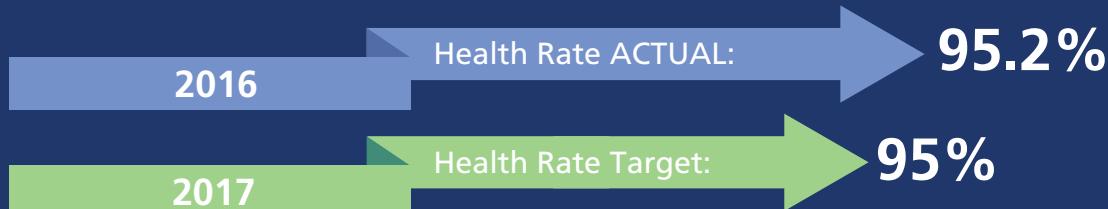
In addition we support initiatives from our staff for submitting improvements in these areas within the framework of CIP's. We adhere to the legal regulations and provisions for occupational safety and health protection.

We involve all our staff during the creation of operational processes and thereby promote a corporate culture. Hazard and risk potentials can be reduced and possible accidents at work prevented by utilising a continuous risk assessment process.

We pursue a "zero error" strategy when specifying our HSEQ objectives and will always strive to continue to improve our safety standards. We continually analyse our processes and implement measures for additional, improved development.

We had no documented occupational accidents in 2016. We also want to retain the "zero" for accidents at work with the consequential inability to work in 2017. The "**health rate**" key indicator is an important factor for our attractiveness as an employer.

We can record the working ability of the staff with this key indicator.



10. ENVIRONMENTAL PROTECTION



Environmentally friendly progress and measures in day to day business

Energy and resource efficiency, preventing waste as well as increased recycling percentages and low water consumption are very important for us.

An essential point for us with energy efficiency is climate protection.

We not only implement in-house measures, but also with external partners. We have defined structures and processes in our audited and certified environmental management system according to DIN ISO 14001 and energy management system according to DIN ISO 50001 which ensure transparent reporting and clear responsibilities at all levels for our production facilities.

The REACH European Chemicals Ordinance provides a high level of protection for human beings and the environment. As a manufacturer of chemicals, we must register them according to REACH and bear responsibility for their safe utilisation.

A) Energy

Our 5 year target in the area of energy utilisation equates to a 3% annual reduction. The indicator will be inspected monthly and, where appropriate, measures will be initiated in the event of any deviations. Reducing the amounts of energy will be executed both with regard to sustainability as well as the cost reduction. We will provide new products and commit ourselves to constant values.

B) Waste

Our product range becomes more extensive and complex from day to day. Our qualitative objective is to continue to increase the efficient use of resources. This indicator is very important for us to be able to optimise processes.

The indicator is very important within the context of compliance management, since the quantities are limited from the operating license according to BImSchG (German Federal Emission Control Act). The indicator will be inspected on a quarterly basis and corrected when necessary.

Importance of sustainability:

Reducing greenhouse gas emissions as the largest proportion of waste must be incinerated. Less waste also means less CO₂ emissions during the incineration process.

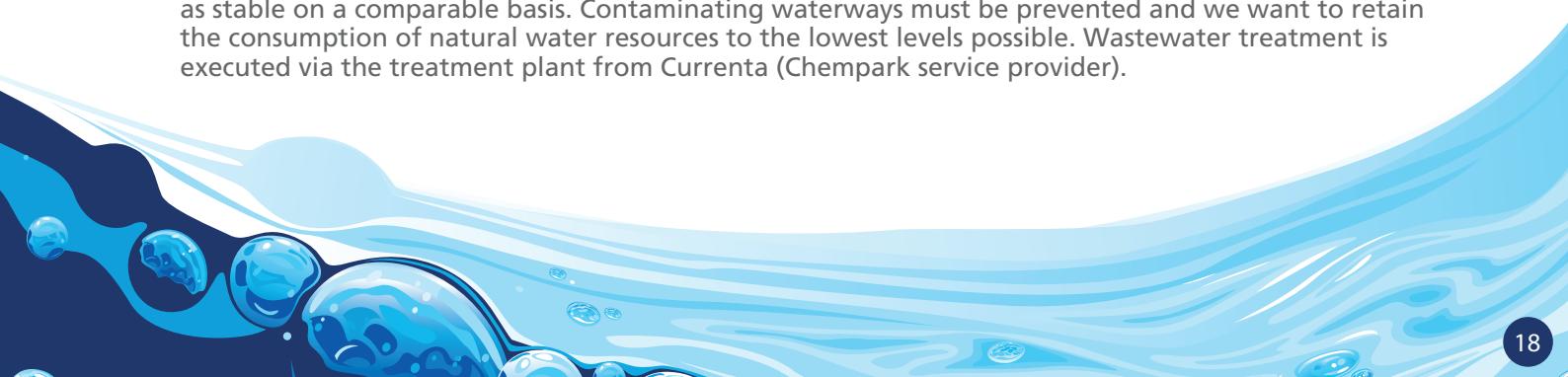
- We disposed of hazardous waste quantities of 11.4 kg per ton of product in 2016 (corresponds to a waste rate of 0.04%).
- We want to strive for a stable value on a comparable basis in 2017.

C) Water

Waterway protection plays an important role for us. The company will implement every measure to minimise the risks to the environment. LEVACO will utilise the water resources sustainably and efficiently. This hereby includes reducing water consumption and ensuring a high level of water quality. It is self explanatory that all legal framework conditions for the collection and recycling of water will be adhered to.

Wastewater 2016: 13.4 kg COD per ton of product (equates to a wastewater rate of 0.05%)

Our interchanging product mix creates a challenge. It is also our objective in 2017 to retain this value as stable on a comparable basis. Contaminating waterways must be prevented and we want to retain the consumption of natural water resources to the lowest levels possible. Wastewater treatment is executed via the treatment plant from Currenta (Chempark service provider).



11. CIVIC COMMITMENT

Civic commitment is our driving force for sustainable development

We maintain an intensive dialogue with our business partners and always look for an exchange of experience with local authorities, associations, politics and science.

A joint commitment on the part of all the resident companies in Chempark will be executed by the Chempark service provider Currenta GmbH & Co. OHG.

The dialogue with neighbours, customers, staff and investors will be welcomed in "**ChemPunkt Nachbarschaftsbüro**".

For more detailed information, refer to the link:
<http://www.chempark.de/de/chempunkt-nachbarschaftsbueros.html>

The "Chempark Flyer" will provide neighbourhood news on a regular basis.

12. LEGAL REGULATIONS

Examining the relevance of legal and statutory regulations will take place in our legal register (cadaster)

A legal cadaster is hereby understood to be a listing of all relevant regulations and provisions for the location (ordinances, directives, guidelines, decrees, decisions, laws, rules, regulations, statutes etc.). This legal database contains provisions from EU, federal, state and municipal levels.

Our well-trained staff as well as external service providers contribute to ensure that these behaviour rules are applied. Our aim is to act and trade according to ethical fundamental principles and adhere to all applicable laws, internal rules and regulations and voluntary self-induced obligations.

We have specified these in our directive - principles for behaviour in business, "Code of Conduct". The Code of Conduct has been signed by all members of staff. We are additionally planning to integrate a comprehensive training offer for compliant behaviour in day-to-day work, to prevent corruption and regarding antitrust law for the relevant employees.

We adhere to the Chemical Weapons Convention - CWC - whereby we comply with the convention relating to the prohibition of the development, manufacture, production, stockpiling and utilisation of chemical weapons and with regard to the destruction of such weapons.

We comply with all legal regulations including, among others, labour and social law, commercial law, tax law as well as the EU Data Protection Ordinance.



13. RISK AND OPPORTUNITY MANAGEMENT

The basic principle for the LEVACO risk and opportunity management process is regulated business processes

A clear assignment of responsibilities exists throughout the organisation as well as appropriate reporting systems, which guarantee a timely provision for reporting decision-relevant information for the management board and the management team.

We hereby have access to a comprehensive range of systems and measures to ensure that risks are continuously monitored. Meetings are held on a regular basis for the operative business, as well as for the strategic business, which thereby assist for timely recognition of opportunities and risks. Our sales and production controllers can evaluate deviations from the optimisation approaches and immediately implement process improvements. Implementing the so-called 4-eyes principle enables us to achieve automatic control of important processes (contracts, payment threads etc.). In addition, we have implemented a defined "Approval Matrix" for clearly defining the responsibilities for approvals (orders, invoice recognition, etc.).

As soon as failure to pay or credit risks are identified with financial asset values, these will be taken into account by means of appropriate value adjustments.

A corresponding reminder system is installed in order to minimise loss risks. In practical terms, the challenge is not to identify the higher project risks, it is far more a question of whether one can gain an insight into all possible operational risks and opportunities. The constant objective is to be able to achieve a high level of approximation to the optimum.

We achieve additional assurance through our emergency organisation and our crisis and continuity management teams.

Our HSEQ department has the monitoring functions such as consulting in the fields of health, environment, safety and quality.





14. CONCLUSION AND OUTLOOK

The submitted sustainability report is intended to show you that we generally have our processes audited for their sustainability such as e.g. environmental protection, working conditions, health and safety at work, human rights, fair business practices, for example, preventing corruption, bribery and anti-competitive practices, dealing with suppliers etc. by external well-known customers and voluntary institutions.

The results from the previous audits clearly demonstrate that we take responsible handling for these principles seriously.

After the report is still before the report:

Utilising the permanent dialogue with stakeholders before and after the publication of the sustainability report enables us to determine, at an early stage, when the relevance of individual sustainability subjects needs to be amended from the point of view of the stakeholder.

The materiality analysis also enables us to achieve a systematic assessment and operationalisation for sustainability subjects in the corporate and stakeholder context for the future.

We can apply the materiality matrix as an adequate tool and can thereby recognise alterations or amendments punctually and counteract them if necessary. It forms the basis for the strategic orientation for sustainability subjects. Utilising a temporal comparison of the quantitative and qualitative KPI's enables us to document our performance and, simultaneously, creates the impression for how we want to improve even further in the future with the planned measures.

Furthermore, we will implement stakeholder interviews, initiate appropriate evaluations and integrate the results in the sustainability report. We will constantly update the sustainability strategy with our stakeholder's support and design it as being capable for the future. The sustainability report will be published within the framework of the annually created "Progress Report/ Communication on Progress" (COP; UN Global Compact).

Commencing from the uppermost hierarchy level as "top-down", we commit ourselves to comply with the existing regulations and live and breath the sustainability subjects in our LEVACO company.



15. GRI CONTENT INDEX

Die gesetzlichen Vertreter der Gesellschaft sind verantwortlich für die Aufstellung des Nachhaltigkeitsberichts in Übereinstimmung mit den in den G4-Leitlinien zur Nachhaltigkeitsberichterstattung der Global Reporting Initiative genannten Grundsätzen (im Folgenden: „GRI-Kriterien“) sowie für die Auswahl der zu beurteilenden Angaben.

Our sustainability reporting has been oriented on the “G4” guidelines from the “Global Reporting Initiative” (GRI) since 2016.

In the GRI Content Index, we refer to which of the GRI indicators to be answered also covers one or more of the principles of the UN Global Compact (UN GC).



GRI G4 Indicator	Designation	Page reference or explanation	External audit	UN GC Principle
1. COMPANY PROFILE				
G4-09	Details regarding company size	4	✓	
G4-14	Practised risk provisions in relation to damage for the environment and/or to human health	1, 2, 15, 18	✓	7
G4-07	Ownership structure and legal form	4	✓	
G4-15	External initiatives which the company has signed up to/which it has acceded to	1, 5, 6	✓	
G4-10	Total workforce	4	✓	
G4-06	Business operations in the following countries	4	✓	
G4-05	Registered office	4	✓	
G4-16	Membership in associations (such as e.g. industry associations or interest representation groups)	5, 6	✓	
G4-03	Company name	3, 4	✓	
G4-56	Company values, principles and standards	1, 2, 3, 5	✓	
G4-04	Most important products and services	4	✓	
G4-13	Essential amendments in size, structure or ownership in the reporting period	4	✓	
G4-08	Markets which are served	4	✓	
2. CONTROLLING				
G4-25	Selection of the interest groups	10	✓	1-10
G4-27	Result of the dialogue with interest groups	11	✓	1-10
G4-01	Declaration by the CEO regarding the importance of sustainability for the company	1, 2, 3	✓	1-10
G4-12	Description of the supplier and customer relationships (added value chain) and the challenges regarding sustainability	14, 15	✓	4
G4-24	Interest groups which are involved in a dialogue	1, 10, 22	✓	1-10
G4-34	Company's management structure and responsibilities for the subject of sustainability	4, 22	✓	1-10
G4-19+20+21	List of essential subjects	12	✓	1-10
G4-26	Measures for involving interest groups	10	✓	1-10
G4-18	Procedures for determining/selecting the content of the report	7, 8, 9, 10	✓	
	Company's sustainability objectives	1, 2, 3, 22	✓	1-10
3. TECHNICAL REPORT INFORMATION				
G4-31	Contact partner for questions regarding the report and its contents	28	✓	
G4-28	Reporting period for information contained in the report	Deckblatt	✓	
G4-30	Reporting cycle	22	✓	
G4-33	Please clarify whether the content of the report was inspected and confirmed by external third parties	25, 26	✓	
G4-32	GRI Content Index	23, 24	✓	
4. ENVIRONMENT				
G4-EN01	Implemented production volume (error rate/rejections/waste)	15	✓	7, 8
G4-EN6+EN3	Energy consumption	18	✓	7, 8
G4-EN8+EN10	Water	18	✓	7, 8
G4-EN23	Waste	18	✓	7, 8
	Environmental Management System	18	✓	7, 8, 9
	Objectives in the environmental field	18	✓	7, 8
5. HUMAN RIGHTS & EMPLOYEE'S RIGHTS				
G4-11	Percentage of staff covered by collective bargaining agreements	16	✓	1, 3, 6
G4-LA12	Percentage of severely disabled staff	16	✓	2, 3, 6
G4-LA9	Training or further education	16	✓	3, 8
	Mechanisms for involving employee interests	14, 16	✓	3
	Mechanisms for compliance with applicable guidelines for protecting human rights	20	✓	1, 2
G4-LA6	Accident frequency rate including detailed information relating to the basis for calculation	17	✓	
	Guidelines for protecting human rights, including employee' rights	Code of Conduct	✓	1, 2
	Guidelines for the prohibition of forced labour and child labour	Code of Conduct	✓	1, 4, 5
	Guidelines for ensuring freedom of association and rights for collective bargaining	Code of Conduct	✓	3
	Guidelines for preventing discrimination and ensuring equal opportunities	Code of Conduct	✓	1, 2, 3, 6
6. INTEGRITY & PREVENTING CORRUPTION				
G4-SO4	Percentage of staff who have received training about preventing corruption	Code of Conduct	✓	10
	Progress in the area of corruption prevention	Code of Conduct	✓	10
	Guidelines for preventing corruption and conflicts of interest	Code of Conduct	✓	10
	Systems for preventing corruption	Code of Conduct	✓	10
	Objectives in the preventing corruption field	Code of Conduct	✓	10
7. SOCIAL COMMITMENT				
G4-EC7	Civic commitment of the company	19	✓	8
8. MISCELLANEOUS				
G4-EC1	Information relating to economic yield	13	✓	
Erklärung:				
✓	vollständig geprüft			

Independent Audit Certificate

LEVACO Chemicals GmbH



Objective of the engagement

LEVACO Chemicals GmbH (LEVACO) has commissioned TÜV NORD CERT with an independent audit to obtain a moderate assurance in relation to the sustainability report for the fiscal year 2016 (Report). The objective of the audit was the verification of compliance with the requirements of the reporting guideline, accountability criteria, as well as the reliability and objectivity of the reported information. The report has been created in accordance with the GRI G4 Guidelines: Option Core. The report comprises all business activities in the area of responsibility of LEVACO.

Scope and subject of the audit

The independent audit comprises the following aspects for the considered reporting period

- Compliance with the GRI G4 reporting principles
- Compliance with the requirements according to GRI G4: Core general standard information option
- Compliance with the requirements in accordance with GRI G4 specific standard information (for all aspects defined as essential)
- Compliance with the accountability criteria (inclusiveness, materiality, reactivity)

The verification was executed on the basis of a Type2 commitment with a moderate auditing level

Restrictions and limitations

The independent audit excluded:

- Statements relating to corporate positioning
- Information relating to data, facts and figures outside the reporting period
- Specific information about suppliers
- Financial information

An engagement with moderate auditing assurance is based on a risk-based selection of random samples in order to verify the information stated in the report. The reliability of the information is based on LEVACO internal data collection processes.

Due to the aforementioned restrictions and limitations, the occurrence of errors or incorrect information could not be excluded despite the auditing process.

Responsibilities

The responsibility for the contents of the report lies solely with LEVACO. TÜV NORD CERT did not participate in creating the report.

The responsibility of TÜV NORD CERT is limited to:

- Auditing the contents of the report in a Type2 commitment with moderate auditing assurance according to AA1000 Assurance Standard 2008
- Fulfilling an independent audit statement
- Reporting conclusions and recommendations for the improvement of the sustainability reporting to LEVACO

Procedure for the audit

The independent audit to obtain a moderate auditing assurance related to the contents of the report included among others:

- Auditing the LEVACO internal systems for the collection and aggregation of the contents of the report in terms of functionality, accuracy, usefulness, potential error sources and limitations
- Interviews with relevant people from different levels and specialist departments at the Leverkusen location
- Identification of relevant random samples to verify individual report contents
- Verification of statements and key indicators based on the identified random samples
- Auditing methodology and results of stakeholder and materiality analysis to determine the contents of the report

- Comparison of the contents of the report with the requirements of the GRI G4 Guidelines:
Option Kern

Judgement

On the basis of our independent audit to obtain a moderate assurance, no matters or issues have been identified which would cause us to believe that

- The contents in the report from LEVACO for the financial year 2016 were not created in all material respects in accordance with the GRI criteria.
- The contents in the report from LEVACO for the financial year 2016 were not correct in all material respects
- The accountability principles were not adhered to

Recommendations

On the basis of the work executed during the independent audit, some recommendations to improve the reporting process could be identified. These will be set out in a separate report.

Declaration of independence and qualifications of the auditing team

TÜV NORD CERT is an independent audit service provider for auditing services, their employees possess extensive experience in the implementation of verification with regard to information and processes related to all aspects of sustainability.

TÜV NORD CERT operates a certified quality management system according to ISO 9001:2008, which maintains and controls the quality of the processes involved in the appointment of auditors and the compilation of auditing teams.

The members of the auditing teams are not involved in any such activities and projects which might cause a conflict of interest for the provided auditing service.

Essen, 21.12.2017



Eric Krupp
(Leitender Auditor)



Andreas Backs
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