



Environmental Policy

TER Chemicals Distribution Group

Version 1.0 – Juni 2024



Introduction

TER Chemicals Distribution Group ("TER Chemicals") specializes in the trading and distribution of specialty chemicals and we have been involved in chemical trade for more than one hundred years with excellent and sound market expertise in this industry. Our goal is clearly defined: we are the specialty chemical distributor of choice for our suppliers, customers, and employees. As experts in technical and application-related product solutions, we offer holistic services for procurement and logistics, without operating own storage, transportation, or production facilities. Our mission is to create value as a dedicated technical and chemical advisor in Europe by leveraging our skilled professionals, quality products and exceptional service.

At a time when climate change is one of the most pressing challenges facing humanity and our planet, TER Chemicals Distribution Group recognizes the critical need for proactive and responsible environmental stewardship. As a company deeply entrenched in the global chemical industry, we acknowledge our role and responsibility in mitigating our environmental impact and fostering sustainability throughout our group and together with our business partners. With this understanding, we have formulated an internal Environmental Policy, aimed at guiding our operations towards a more sustainable and environmentally conscious future.

Aligned with the United Nation's Sustainable Development Goals (SDGs) and the Paris Climate Agreement, our Environmental Policy underscores our commitment to addressing key environmental issues. We have identified the following specific SDGs that are of particular relevance to our group with respect to the environment: Industry, Innovation, and Infrastructure (SDG 9), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13) as well as Life Below Water (SDG 14). Additionally, we are dedicated to supporting the objectives of the Paris Climate Agreement, including the ambitious goal of limiting global warming to 1.5 degrees Celsius.

At the core of our Environmental Policy is a recognition of its importance as a tool for transparency and accountability. By openly communicating our principles and intentions, we aim to provide stakeholders with a clear understanding of TER Chemicals' environmental efforts. Moreover, the Environmental Policy serves as a framework for action, guiding the establishment of environmental objectives and facilitating continuous improvement in our environmental performance. It represents our strong commitment to responsible environmental practices and sustainable business operations and emphasizes our commitment to not only meet, but to exceed regulatory requirements and contribute positively to the well-being of people and the planet. Through collective effort and dedication, we strive to maintain the highest environmental standards and leave a positive legacy for the generations to come.

Statement

At TER Chemicals, we are committed to proactively addressing environmental challenges and integrating sustainable practices into all aspects of our operations. As part of this commitment, we hereby declare our intentions and direction for environmental action, guided by the following principles:

- We pledge to conduct all our operations in an environmentally responsible manner, adhering to applicable statutory, regulatory, and global standards.
- We continuously assess our environmental impacts and strive to measure and improve our environmental performance by adopting best practices for the prevention and control of pollution.
- In line with our commitment to transparency, we calculate and disclose our Corporate Carbon Footprint, in accordance with the GHG Protocol, and communicate the factors influencing our performance.
- We recognize the importance of efficient energy consumption and prioritize the use of renewable energy sources as a measure to reduce our carbon footprint.
- We are committed to identifying and supporting initiatives for more sustainable products and processes in our portfolio as part of our engagement in innovation.
- We are dedicated to creating environmental awareness among our employees through proactive communication and training initiatives.
- We adhere to reporting our environmental performance to all stakeholders, fostering transparency and accountability.
- We engage with stakeholders to raise awareness of environmental issues and promote collaborative efforts towards environmental stewardship.
- In all our business decisions, we will prioritize sustainable development, striving to make choices that contribute positively to the environment and society.

Through these commitments, we seek to make a meaningful and lasting contribution to the well-being of our planet and future generations. This Environmental Policy outlines our position on issues material to our group as well as commonly known environmental issues.



14.06.2024
Andreas Früh
CEO



14.06.2024
Uta Seiler
CFO

Materiality of Environmental Issues

At TER Chemicals, we recognize the importance of identifying and addressing the most significant environmental topics that affect our operations and stakeholders. Initially, we have leveraged the framework of the Corporate Sustainability Reporting Directive to conduct a thorough double materiality analysis of environmental issues on an annual basis. In addition, we have closely examined the most pressing environmental issues at the forefront of global initiatives to which we are committed.

In the pages that follow, we will delve into our stance on the environmental issues that matter most to our stakeholders. Through transparent and comprehensive disclosure, we aim to provide insights into our approach, initiatives, and progress in addressing these critical environmental challenges.

Climate Change

Climate change presents a formidable challenge, and at TER Chemicals we recognize the pivotal role of understanding and mitigating emissions to effectively address this global issue. Our approach to climate change is characterized by a commitment to collaborative action and proactive measures aimed at reducing emissions across our operations and value chain.

Emission Reduction as a Priority:

Recognizing that emissions play a central role in climate change, we prioritize the identification and reduction of emissions within our footprint. By using and analyzing data, we derive measures to mitigate emissions as much as possible.

Limited Direct Emissions:

As TER Chemicals does not own production facilities, our direct emissions from operations are relatively minimal compared to the emissions occurring throughout our value chain.

Collaborative Efforts:

We understand that addressing climate change requires collective action. Therefore, we are actively engaged in collaborative efforts with our business partners to reduce emissions. By fostering partnerships and sharing best practices, we aim to achieve meaningful emission reductions throughout the entire value chain.

Internal and External Initiatives:

Internally, we are implementing measures to reduce emissions within our own operations. These efforts include adopting energy-efficient practices, optimizing transportation logistics, and exploring renewable energy options where feasible. From 2023 onwards, we committed to transition to 100% Green electricity. Externally, we collaborate with stakeholders to develop solutions and drive systemic change in emission reduction efforts.

Corporate Carbon Footprint

At TER Chemicals, we have been diligently calculating our corporate carbon footprint in alignment with the GHG Protocol since 2021. This comprehensive assessment encompasses all entities within our group (US entities since 2023). The emissions data from 2021 serves as the cornerstone for establishing our climate goals and commitments, providing a clear foundation upon which we strive to enact meaningful change.

Offsetting

TER Chemicals takes responsibility for the unavoidable emissions from its operations and is committed to offsetting Scope 1 and 2 emissions. In line with this commitment, we are compensating emissions since 2021, by supporting renewable energy projects in countries where we operate or source our materials. This measure not only helps mitigate climate change, but also fosters the growth of renewable energy sources, paving the way for a cleaner future.

Product Carbon Footprint

The Product Carbon Footprint (PCF) has become a key metric for understanding and mitigating the environmental impact of products throughout their lifecycle.

PCF quantifies the total greenhouse gas emissions associated with a product, from the extraction of raw materials, through manufacturing, distribution, use and disposal. The PCF considers emissions from various sources, including energy use, transport, and manufacturing processes. It provides a comprehensive view of a product's environmental footprint.

As data is required from the extraction of raw materials to manufacturing, including for example energy and water consumption, TER Chemicals cannot calculate the PCFs itself. Instead, it is the responsibility of the supplier to provide the data and calculations. However, we proactively ask our suppliers to calculate PCFs for us and our customers.

There are several accepted methods for calculating the PCF, one of which is the leading standard for the chemical industry - the guidelines developed by "Together for Sustainability". We support this initiative and keep abreast of new developments.

For our own portfolio, we not only aim to collect PCFs calculated according to the Together for Sustainability initiative, but also appreciate PCFs calculated with other recognized standards such as ISO 14067 or the GHG Protocol Standard.

We aim to encourage our suppliers to calculate PCFs to ensure they are prepared to meet the high environmental standards required by us and our customers as well as to comply with new regulations. We therefore work on a strategy to inform our suppliers, provide them with all the necessary information and support them in calculating PCFs for their products.

Biodiversity, Land Use & Forests

At TER Chemicals, our commitment to sustainability extends beyond emissions to protecting biodiversity, managing land use responsibly, and promoting sustainable forest practices. Our diverse portfolio includes a significant number of bio-based products, and we are actively engaged in initiatives to limit deforestation and support sustainable development.

Several products in our portfolio, such as palm oil, cacao, and rubber, are linked to deforestation concerns. The European Union's Regulation on Deforestation-Free Products (EUDR) marks a pivotal moment in the global effort to combat deforestation. This regulation aims to ensure that the consumption and trade of wood-based raw materials and products do not contribute to deforestation or the degradation of forest ecosystems.

TER Chemicals fully supports the EUDR and is committed to adhering to its guidelines. We recognize the importance of this regulation in preserving forest ecosystems and promoting sustainable land use practices.

Some of our manufacturers commit to the Forest Stewardship Council (FSC) certification for their forest operations. This certification signifies compliance with EU deforestation laws and attests to sustainable forest management practices. The FSC certification ensures that forests are managed in a way that protects biological diversity, provides benefits to the lives of local residents and workers, and maintains the ecological balance. We aim to encourage our suppliers to commit to such initiatives to ensure further positive impacts in our supply chain.

Water Protection & Management

At TER Chemicals, we recognize that water protection and management is a critical issue for sustainability efforts. While our own operations have minimal direct impact on water resources, we recognize the significant role we can play in influencing water management practices throughout our value chain.

TER Chemicals is primarily an office-based business and does not own or manage manufacturing facilities. As a result, our direct water consumption is minimal. However, we collect and monitor water consumption data on an annual basis to keep our consumption on track.

Despite our low direct water use, we are aware of the high water consumption associated with chemical production. This is a critical sustainability challenge within our supply chain. TER Chemicals is dedicated to addressing this challenge by sensitizing both our suppliers and customers to the importance of efficient water management, an issue emphasized in our Supplier Code of Conduct.

Air & Noise Pollution

TER Chemicals has a limited direct impact on air and noise pollution, as we operate primarily out of offices and do not own production facilities or warehouses. Therefore, our focus is on our value chain and logistics. Despite our limited direct impact, we are dedicated to working with suppliers and customers to encourage and support the

tracking of emissions and the adoption of sustainable practices. By fostering collaboration and transparency throughout our value chain, we aim to mitigate the environmental impacts associated with our operations.

Companies, including TER Chemicals, are increasingly expected to report on their environmental performance. We have already included our logistics emissions in Scope 3 of our Corporate Carbon Footprint and strive to improve data accuracy and transparency annually. Additionally, we are working towards greater transparency regarding the environmental impact of our products.

We recognize that our logistics chain involves the frequent use of transport vehicles, contributing to both air and noise pollution in residential and industrial areas. Transitioning to cleaner transportation methods is essential, requiring substantial technological advancement and investment. Together with our logistics service providers, we are committed to exploring and adopting strategies to reduce noise and emissions from transportation. Furthermore, we avoid air transportation of our products to minimize environmental impact and CO₂-emissions.

Responsible Sourcing

TER Chemicals is dedicated to responsible sourcing practices, ensuring that the products we sell are produced in compliance with social and environmental standards. We have developed a Supplier Code of Conduct, which sets the framework for our requirements and expectations from suppliers. It serves as a guideline to ensure that all products sourced by TER Chemicals are produced responsibly, respecting both human rights and environmental sustainability.

TER Chemicals is committed to various product-specific initiatives to promote sustainable sourcing. We are an active participant in the Roundtable on Sustainable Palm Oil (RSPO), which has developed stringent environmental and social criteria for sustainable palm oil production. By adhering to these criteria, we aim to minimize the environmental impact of palm oil production and ensure it is conducted in a responsible manner.

We encourage and welcome our suppliers' commitments to high certification standards such as ISO 14001 (Environmental Management) and ISO 45001 (Health & Safety Management). These certifications demonstrate a supplier's dedication to maintaining high environmental and safety standards.

Handling Hazardous Substances

TER Chemicals recognizes the critical importance of compliance in the field of hazardous substances. We are devoted to comprehensive communication throughout the supply chain using material safety data sheets (MSDSs) and strict adherence to the REACH Regulation, which governs the registration, evaluation, authorization, and restriction of chemicals in the EU.

TER Chemicals is a member of the Responsible Care initiative, a global voluntary commitment of the chemical industry. This initiative encourages companies, national associations, and their partners to continuously improve the environmental, health,

safety and security performance of their processes and products to prevent harm to people and the environment. TER Chemicals actively participates in this initiative, shares the measures developed within its framework and undergoes regular audits.

To promote sustainability and safety in our supply chain, we have developed a Supplier Code of Conduct. This document clearly outlines our expectations and requirements for our suppliers, emphasizing that the handling of hazardous substances must be performed by specially qualified personnel and in compliance with national regulations.

Waste

At TER Chemicals, we are committed to sustainability across all aspects of our operations, including waste management. We operate primarily through offices and do not directly engage in production activities. Consequently, the waste generated from our operations is minimal.

The waste we do produce is primarily composed of recyclable materials, such as paper and cardboard. Our commitment to recycling ensures that these materials are diverted from landfills and repurposed, contributing to a more sustainable waste management system. As a chemical distributor, TER Chemicals strives to minimize repackaging. This streamlined process significantly reduces the amount of packaging waste and the need for scrapping.

While our direct waste generation is low, we recognize the significant impact of chemical and other waste within our value chain. TER Chemicals acknowledges the critical need to engage and sensitize our business partners regarding avoidable waste.

If there is an occasional need to scrap or dispose of chemical products within our distribution, these products are properly disposed of by our warehouse and logistics partners.

Policy Implementation

This internal Environmental Policy has been developed to introduce our intentions and principles to stakeholders, providing a framework for action and the setting of environmental objectives and targets.

This policy applies to all TER Chemicals entities and serves as a comprehensive guide for our environmental practices. It is subject to annual review and, if necessary, revision by our sustainability team to ensure its continued relevance and effectiveness.

The policy is fully endorsed by senior management, reflecting our leadership's commitment to environmental responsibility. It is accessible to all stakeholders and is available on the TER Chemicals' website for transparency and accountability.