

Tradition meets transformation

Our path to a sustainable company

May 2025





Table of Contents

Who we are and why we act this way

Foreword from our CEOs	3
Declaration of Ambition	4
Kandelium: „Start-up“ with 134 years of history	5
Our strategy for a sustainable business model	7

How we operate sustainably for the environment

A unique climate-neutral manufacturing process in the industry	8
Hydrogen as the key to reducing CO ₂ emissions	9
Measuring the impact of our actions – the Value Creation Model	10
Milestones on our path to a sustainable future	11

Social sustainability: the key to our success

Impact on our employees & social engagement	14
Integrity-driven corporate governance for a sustainable future	17

Our approach to the project

Our roadmap for CSRD and beyond	20
Stakeholder-Engagement	21

Innovations in process technology and circular systems are driving major progress toward CO₂-neutral production



Daniel Meyer
CEO

Over more than 130 years of company history, our plants and workforce have accompanied and helped shape numerous changes around the world. For the past four years, Kandelium has operated as an independent company, taking full responsibility for its own actions and their impacts. We take this responsibility seriously, which is why socio-ecological sustainability forms the foundation of our corporate strategy.

In the second edition of our sustainability report, we present the concrete progress we have made in our key areas of action — particularly in defossilizing our production process and in the reuse of residues.

A major milestone was the successful patent application in November 2024 for an innovative production process using hydrogen. Developed in collaboration with the Fraunhofer Institute for Ceramic Technologies and Systems (IKTS), this process replaces fossil petroleum coke with hydrogen and represents a real breakthrough for our industry. In doing so, we are not only laying the foundation for a significant reduction in CO₂ emissions, but also making great strides toward our vision of defossilized production by 2042.

We have also made progress in closing the loop on our residues, going far beyond standard practices. In Mexico, we are using residues for the first time in the form of new Solstab Bricks – an innovative construction material that we use ourselves and plan to offer to the construction industry in the future. This development is a prime example of a functioning circular economy in the basic materials industry. In Bad Hönningen, we remain committed to transforming our landfill into a through-flow depot. We are currently in discussions with potential partners to evaluate options for the future utilization of the processed residues.

Our products have only a negligible impact on the downstream value chain. That's why we deliberately focus on raw material extraction and the treatment of the resulting residues. Our goal is to reduce CO₂ emissions and close material cycles wherever possible.

Another milestone is the complete transition to renewable electricity at all three Kandelium sites this year. As a result, we will be able to reduce our Scope 2 emissions to zero for the first time and thus take a significant step on our path toward climate-neutral production.

The safety of our employees also remains a central concern. Thanks to numerous measures, we were once again able to exceed our internal safety targets and have remained accident-free so far this year. Next year, the global centralization of our HSE department will enable even more effective standardization of all processes and thus promote further improvements.

I am proud of what we as a company have already achieved and am therefore confident that we will also overcome future challenges. One thing is clear: sustainable transformation can only succeed on the basis of a systemic approach.

The prerequisite for economic success is a motivated workforce, embedded in a thriving society that lives in harmony with ecological principles.

I would like to thank all employees, partners, and stakeholders for their support along this path. Let us continue to work together to sustainably secure the ecological, social, and economic future of Kandelium.

Our Goal: Advancing Sustainability in Chemistry and Mining

Our Declaration of Ambition

To express our commitment to sustainable business practices, we set out our ambition in a Declaration of Ambition in 2023. This formal statement by the management outlines the role we want to play in society and our positioning on sustainability, including the involvement of stakeholders. We have aligned our goals for this commitment and the implementation of integrated reporting with the year 2029*.

The Declaration of Ambition was developed and adopted as a joint project between management and employees from various functional areas, who, as members of the interdisciplinary ESG Council, transfer the strategy-derived sustainability measures into their respective departments.

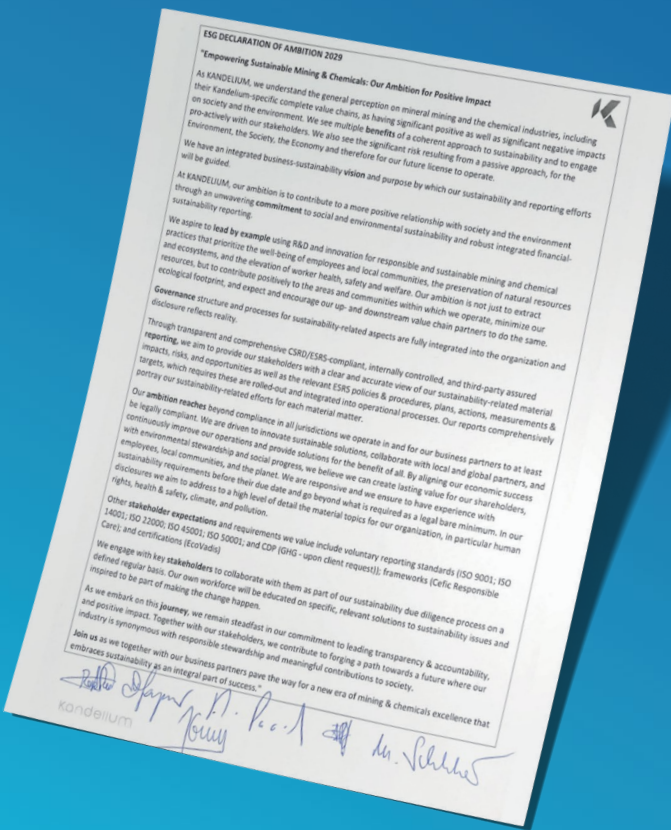
We use our Declaration of Ambition as an internal guide and communication tool. With the help of clearly defined principles derived from our strategy, we support our employees in considering sustainability aspects in their work and provide guidance for strategic decision-making.

The year 2029 refers to the point in time when all obligations under CSRD/ESRS, the EU Taxonomy, and digital reporting are expected to be fully in force. The postponement of reporting requirements by the European Parliament in April 2025 has not yet been taken into account.



Kandelium Board of Management from left to right
D. Meyer (CEO); Dr. M. Paasch (COO); J. Guiu (CCO)

Left: Dr. T. Riegler (CFO)



Our ambitions for a positive contribution. Passage from the Declaration of Ambition :

At Kandelium, we are committed to contributing to a more positive relationship with society and the environment by tirelessly advocating for social and environmental sustainability and maintaining robust, integrated financial and sustainability reporting.

We aim to lead by example by promoting research, development, and innovation for responsible and sustainable mining and chemical practices that support the well-being of employees and local communities, prioritize the preservation of natural resources and ecosystems, and enhance the health, safety, and overall well-being of our workforce.

Together with our stakeholders, we help pave the way toward a future in which our industry is seen as a leading example of responsible action and meaningful contributions to society.

Bad Hönningen, July 2025

•Who we are

A "start-up" with 135 years of history

Employees
worldwide
~ 500



Revenue:
234 Mio. EUR

Approx. 20% of investments are allocated to defossilization and energy efficiency projects.

Our goal: climate-neutral production by 2042 (Scope 1 & 2)

All figures refer to the 2024 fiscal year.

Strontium and barium are classified by the EU as critical raw materials due to their use in future industries (e.g. magnets for solar and wind energy as well as EVs). We are aware of our special responsibility and ensure long-term access to the required celestite through our own raw material mine in Escúzar, Spain. For barite, we work with established partners and have long-term supply contracts.

Kandelium is an internationally active, market-leading company that produces raw materials for the chemical industry around the globe. We operate sites in Mexico, Germany, and Spain and supply customers in over 65 countries. Around 500 employees currently work for Kandelium worldwide. Our headquarters in Bad Hönningen is the world's largest producer of strontium and barium carbonate outside of China. We also produce sodium percarbonate at this site — the most energy-efficient and environmentally friendly product of its kind on the market. At our site in Monterrey, Mexico, we produce nitrates, which are used as solutions for soil and water treatment



Environmental Solutions

- Soil treatment
- Wastewater utilization



Construction & Mining

- Ceramic glazes
- Clay ceramics
- Copper mining



Nutrition & Consumer Application

- Fertilizers
- Aquaculture
- Laundry and dishwashingdetergents
- Crystal glass



Industrial Applications

- Chemicals (Aerospace)
- Electrolytic zinc metal
- Leather tanning



Electronics & New Energy

- Displays
- Ferrites (magnets) for electric vehicles & wind power
- Ceramic multilayer capacitors



Past meets future

On the path to a sustainable company

You can see us from afar! Every resident of Bad Hönningen knows our landmark: the chimney of our flue gas desulfurization system. Since 1997, the striking smokestack has been visible from afar above our plant. But we've been part of the town's history for much longer. For over 130 years, we have been producing high-quality chemicals here.

It all began with Walther Feld, an entrepreneur and chemist from the region, who in 1890 founded the company "Walther Feld & Companie Chemical Factory in Hönningen on the Rhine". The company produced barium sulfide in a flame furnace, barium carbonate using carbonic acid from mofettes, as well as barium hydroxide, barium chloride, and sulfur. Bad Hönningen was an ideal location because natural carbonic acid is available here as a raw material—still used in our processes today.



Today, we are an independent company that, since 2021, has been fully focused on its core competencies. Why? Because we want to continue our success story into the future. Immediately after the founding of Kandelium, we began developing a strategic roadmap for defossilization and improving the energy efficiency of our processes in order to achieve our major goal: producing climate-neutrally by 2042. Today, we are already seeing the first implementation successes of the roadmap and are right on track.

But that's not enough for us. In addition, as part of a company-wide project, we have laid the foundation for the future and fully integrated sustainability into our corporate strategy to make Kandelium fit for the future.

Founded as Chemical Factory
Walther Feld for the production of
barium products
Kali-Chemie AG
becomes new owner

Solvay acquires Kali-
Chemie AG

Opening of the
strontium carbonate plant in
Monterrey, Mexico
Celestite mine in
Escúzar, Spain opens with a
capacity of 30.000 t/year

Escúzar reaches a capacity
of 2 million tons per year.

Kandelium is founded with
new owner Latour Capital.

4-fold increase in annual
investment volume since
acquisition

1890

1928

1954

1989

1989

2014

2021

2024

Future fitness requires a systemic perspective

Our strategy for a sustainable business model

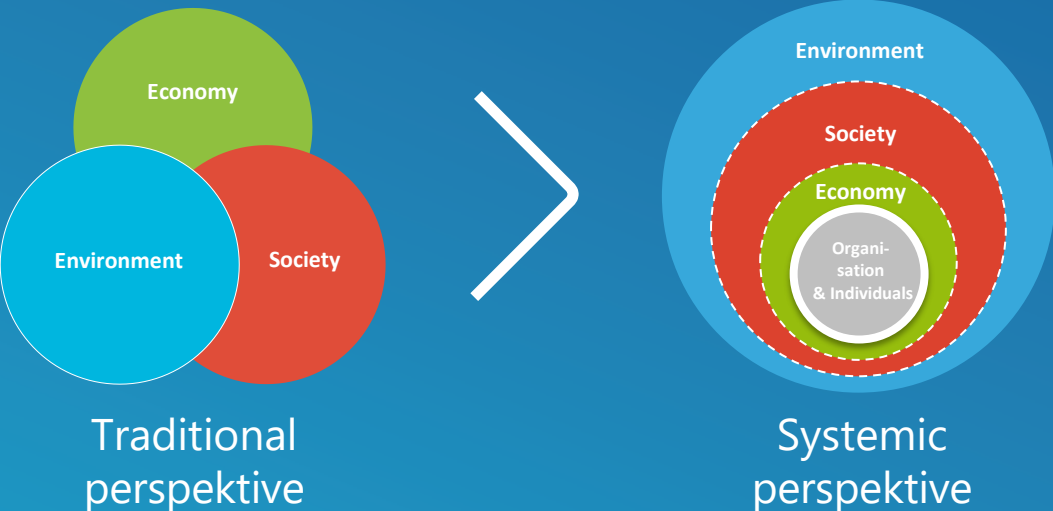
We at Kandelium are convinced that socio-ecological sustainability must be the foundation for Kandelium’s success and resilience. Our agenda is therefore based on scientifically grounded sustainability principles, which make the success of sustainability measurable. Because: We want to become fit for the future.

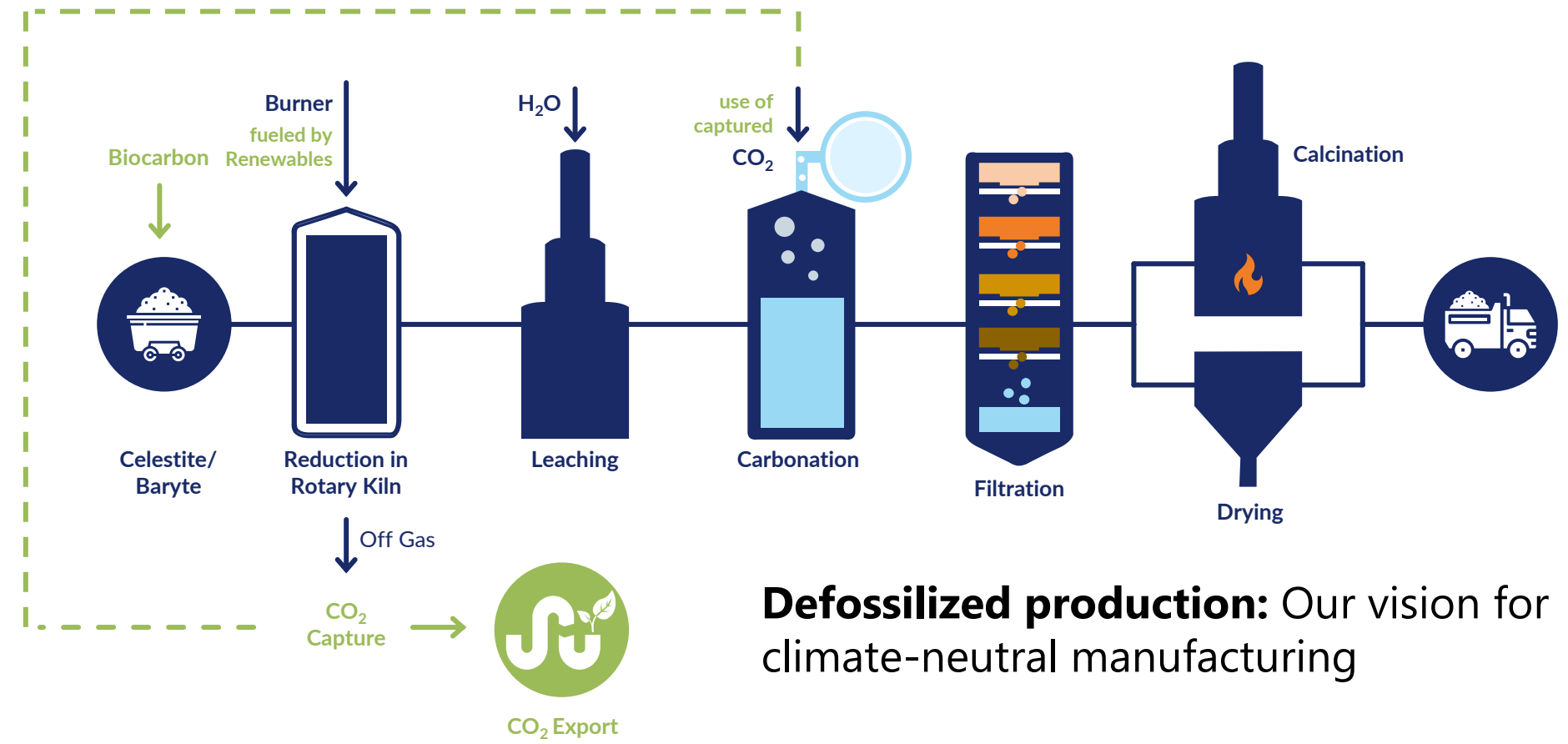


Our positioning in connection with the environment, society, and the economy is clear to us: Kandelium is in a relationship of mutual dependence with all three systems. Our goal is to become part of the solution, which is why we apply a systemic approach — to ensure that we address the root causes of insufficient sustainability, rather than merely focusing on the symptoms.

Our strategy is therefore aimed at aligning Kandelium with the principles of socio-ecological sustainability. It is based on three pillars and nine focus areas. At the same time, we aim to apply the greatest possible leverage, which is why, as an energy-intensive company, we are placing our focus on defossilization.

In a sustainable society, socio-ecological principles define the boundaries of what is permissible. They help to clearly define and make sustainable activities measurable. Within these boundaries, an intact environment meets the material needs of a society based on consideration and justice — a society that finds both material and immaterial fulfillment within a fair economy. On the path toward that goal, businesses act as key drivers of this transformation — as business as a force for good.





Defossilized production: Our vision for climate-neutral manufacturing

A unique climate-neutral manufacturing process for industry - Our three pillars for defossilization

At the heart of Kandelium's sustainability strategy is the defossilization of its own production. As an energy-intensive company at the beginning of the value chain, we see this as the greatest lever for making our contribution to stabilizing climatic conditions. Added to this is the special feature that CO₂ is used for carbonization as an essential component of the manufacturing process.

We are currently working on a reduction process for our raw materials that does not yet exist. (More information on this can be found on the next page).

In the reduction process using biogenic carbon, the CO₂ released is to be captured using carbon capture technology and then fed into the carbonization process. The remaining excess CO₂ can then be made available on the market for e-fuels. Until now, our own CO₂ sources have been used as raw materials; in the future, this CO₂ can remain in the ground.

The defossilization roadmap was derived from the design of the new process and is based on the three pillars of substitution, renewable energies, and energy efficiency. With measures in all three areas, we plan to achieve our goal of **Net Zero 2042**.

We took these facts as an opportunity to develop an absolutely innovative manufacturing process immediately after Kandelium was founded, which enables the climate-neutral production of our products. Depending on economic efficiency, either the approach of using renewable fuels and reactants or the substitution of fossil fuels with green hydrogen is chosen.



Energy efficiency

- Expansion of heat integration
- Reduction of heat losses in high-temperature processes
- Use of more efficient drives and components
- IT-supported process optimization



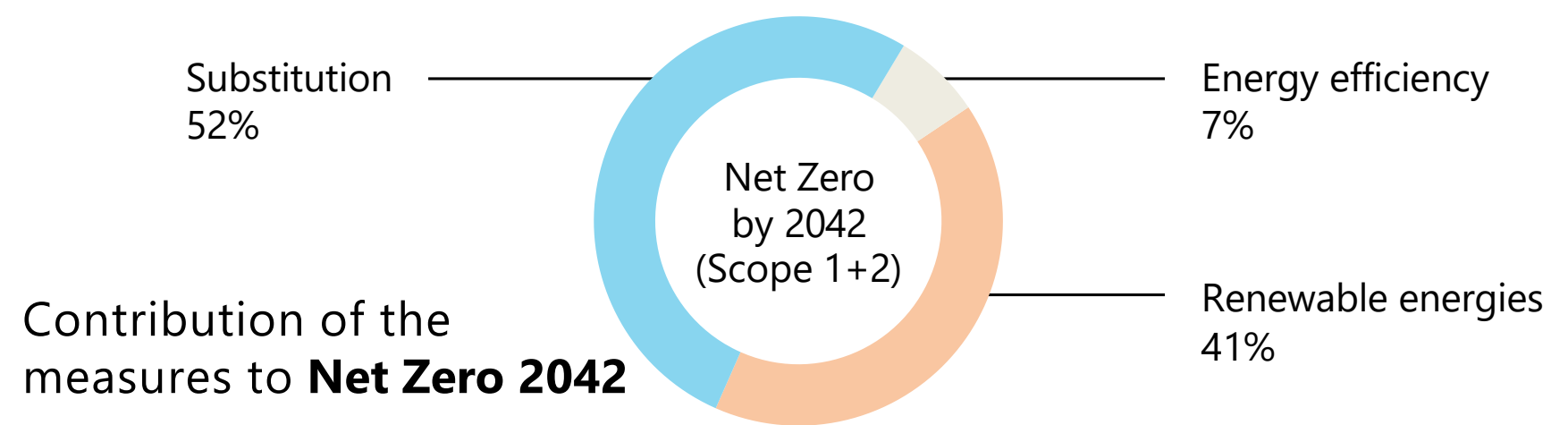
Substitution

- Substitution of fossil raw materials with biogenic or CO₂-neutral raw materials
- Research & development on a patented H₂-based climate-neutral production process
- CO₂ recovery by extraction from the exhaust gas stream



Renewable energies

- Conversion of the power supply to 100% renewable energies
- Replacing fossil fuels with renewable energies such as green electricity, CO₂-free hydrogen, or eFuels



Contribution of the measures to **Net Zero 2042**



Breakthrough for the reduction process

Hydrogen as the key to reducing CO2 emissions

Due to the particularly energy-intensive production process, the manufacture of strontium and barium carbonate releases increased amounts of CO2. The use of petroleum coke as a reducing agent alone accounts for around 50% of the company's greenhouse gas emissions, which is why its substitution is at the heart of defossilization efforts.

Recently, the first major successes in designing a climate-neutral production process were celebrated. Together with the Fraunhofer Institute for Ceramic Technologies and Systems (IKTS), Kandelium has been working since June 2023 on a process to substitute fossil petroleum coke with hydrogen or methane.



In addition to using hydrogen as a reducing agent, Kandelium is pursuing two further approaches to reduce CO2 emissions. On the one hand, the use of climate-neutral biochar as a substitute for petroleum coke is being investigated. Initial operational trials have already been carried out, demonstrating its suitability in principle. The process is now being further specified. The goal is to use biochar from 2026 until it can be replaced by the new hydrogen plant.

Once the process design was complete, the effectiveness of the process using hydrogen was demonstrated in the test laboratory. A patent application for the application was filed at the end of 2024.

The next step is to work with a technical partner to test the possibility of using suitable technology to reduce celestine and barite using hydrogen. This is the next milestone on the road to a climate-neutral reduction process. This phase is expected to be completed in 2026.

As a third measure, several feasibility studies were conducted in 2024 to examine the use of carbon capture technologies in the event that it is not possible to completely replace fossil petroleum coke. All studies have shown that the integration of special carbon capture technologies into the production process is fundamentally feasible. A decision is currently being made as to which technical implementation option should be pursued further.

Successful patent application for an innovative manufacturing process for carbonates using H2



Test bench at IKTS Fraunhofer-Institut



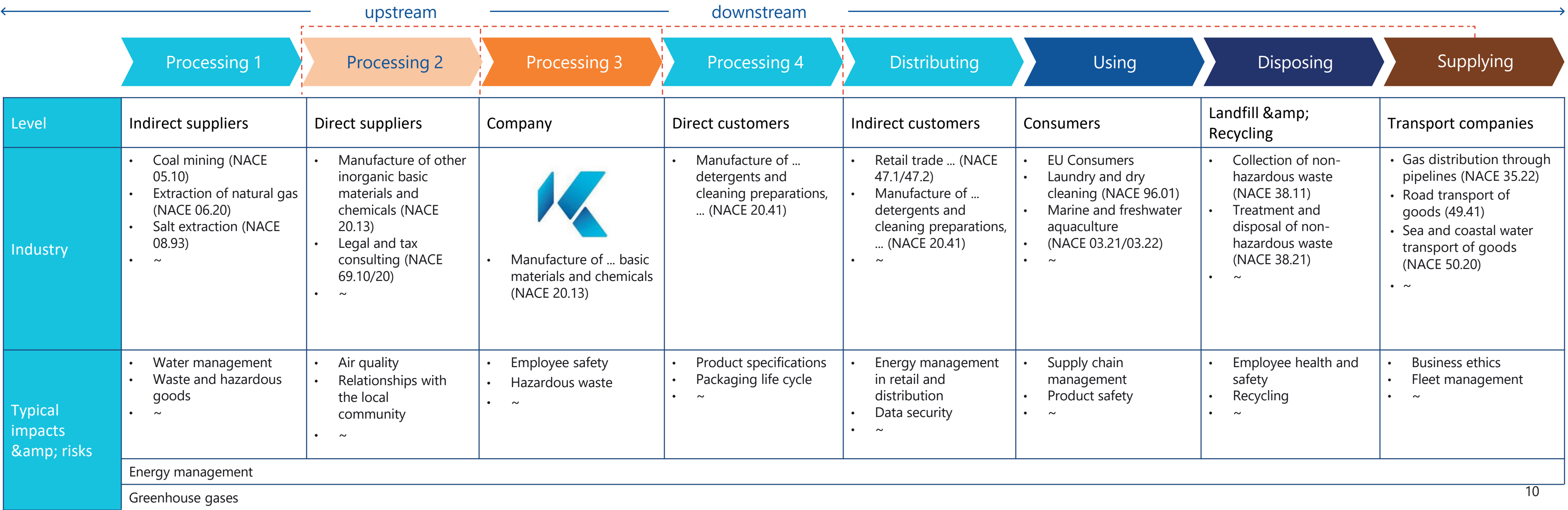
Comprehensively assessing impacts and risks

Analysis of the OXYPER value chain

Our products place us at the beginning of the value chain. A holistic approach has helped us to identify the impacts and risks of our core products in a carefully conducted process. In a first step, we decided to map the value chain of our product OXYPER® (sodium percarbonate). This includes a detailed breakdown of the activities at each stage and the specification of the industry using NACE codes. The results of the analysis have revealed that the impacts

on consumers are low. In the case of OXYPER®, our powder dissolves completely in the detergent and leaves no residue, making it significantly more environmentally friendly than liquid detergents. We are currently confirming this in a life cycle assessment.

Due to the nature of our value chain, we have decided to focus on the factors we can influence: In addition to recycling residues that will no longer be landfilled in the future, we are pushing ahead with the defossilization of our processes.





What we are already proud of

Milestones on the road to a sustainable future

Our vision for a sustainable future is embodied in our pioneering project to set up a continuous landfill site in Bad Hönningen. Here, we are setting a new standard for environmental protection and resource utilization in the chemical industry. Instead of disposing of mineral residues from our plant in landfill, we are taking innovative steps to convert them into valuable resources.

Our approach is based on the principle of circular economy. The celestine and barite ores from which we produce barium and strontium carbonate contain not only the minerals relevant to our production, but also gangue materials that have remained unused until now. But that is now a thing of the past. These residues are treated in a special plant and can be recycled in industrial processes.

We think not only about today, but also about tomorrow, by using the landfill not as a final repository, but as a transit station for residues, which we process into valuable resources in cooperation with partner companies. We already remove more material from our own landfill than is added in the form of production residues.

Another example of our commitment to sustainability can be seen in Mexico, where we apply the principle of circular economy at our plant in Monterrey. We use the residues produced during the leaching process as construction material for our own site. These are therefore not simply disposed of as waste, but reused in our plant in the form of "Solstab Bricks."



In addition, we are working with partners from the construction industry to develop a business model that will enable us to achieve a 100% recycling rate in the future.

These initiatives do not stand alone. Since our founding, we have continuously invested in environmentally friendly technologies and sustainable processes. From the construction of a wastewater treatment plant to the phase-out of boron-containing products in 2022, every step brings us closer to our goal of becoming a fully sustainable company. And since 2025, we have been using 100% green electricity at all our sites.

Today, we are working to supply the town of Bad Breisig with environmentally friendly local heating. These measures are just one part of our commitment to a sustainable future – a commitment that we pursue with pride and conviction. Together with our partners, we are on the way to a new era of excellence in mining and chemicals, in which sustainability is not just a buzzword, but a living reality.

Construction of the wastewater treatment plant	1989
Expansion of the landfill to Limes Tower No. 1	1996
Construction of the flue gas desulfurization plant	1996/97
Establishment of a global research center for persalts	2001
Chimney extensions at the carbon dioxide sources.	2012
100% recycling of wastewater at sites in Mexico and Spain	2013
Construction of a solar pond at the Escúzar site in Spain.	2014
Discontinuation of sales of boron-containing products	2022
Installation of a 230 kWp PV system in Escúzar, Spain	2023
Conversion to 100% LED lighting	2024
Use of 100% green electricity at all locations	2025
Supply of local heating to Bad Breisig	



Recycling of residues as "Solstab Bricks" in Monterrey, Mexico

What we are already proud of

From raw material mine to your own olive grove

At Kandelium, we believe in going beyond mere business operations and are committed to sustainable practices that positively impact our environment and community. A prime example is our project in Escúzar, Spain, where we use innovative methods to minimize the impact of raw material extraction.

We strive to restore the ecosystem and improve the quality of life in the community. After the extraction of celestine was completed in part of our mine in 2011, the resulting holes were filled with environmentally friendly material. In 2025, the University of Granada analyzed our restoration process and rated it as particularly gentle in a study. Together, we are also examining and testing further optimization potential for our future approach.

The careful preparation of the soil has laid the foundation for the replanting of olive trees. These trees are not only symbols of our commitment to sustainability, but also sources of high-quality products, such as our own olive oil.

Our olive groves in Escúzar are a living example of the fusion of tradition and innovation. Every year, we harvest delicious olives, which are processed into our exquisite olive oil in collaboration with a local oil mill. This product embodies not only our environmental responsibility, but also our commitment to quality and excellence.

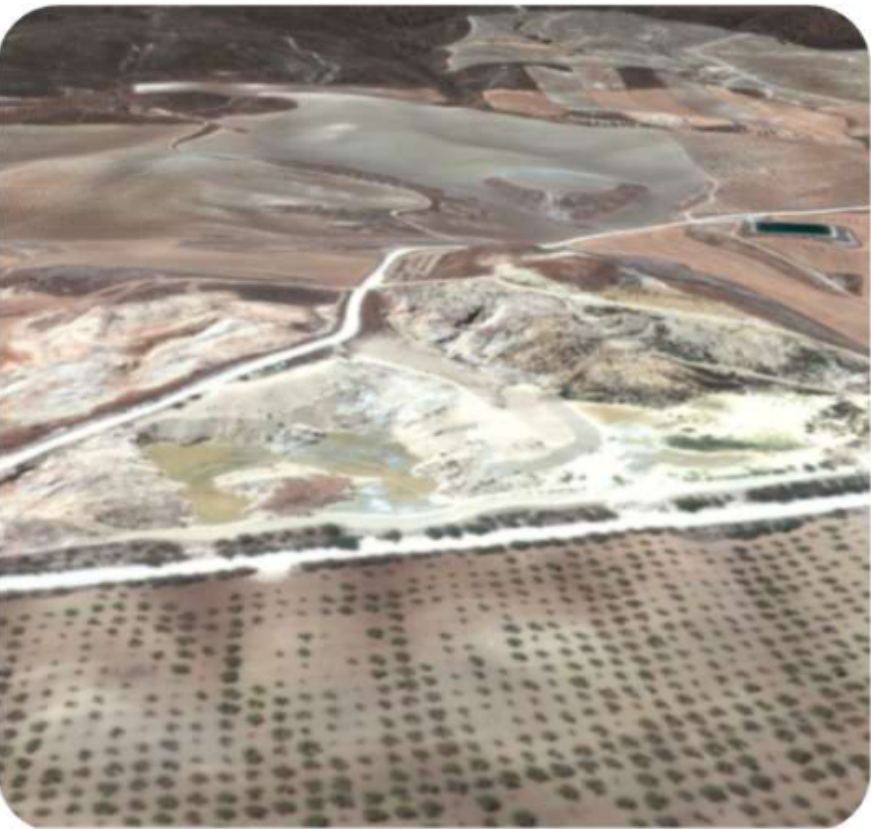


A study by the Spanish environmental foundation Tormes-EB has shown that the creation of artificial ponds around our mine is of “great ecological value.” The initiative creates new habitats and promotes the settlement and reproduction of amphibians and odonata (dragonflies).

The high water quality achieved through filtration creates new habitats in an otherwise dry region..



Restoration completed in 2024: Our olive grove in Escúzar, Spain



Aerial view after completion of development in 2011



Our own olive oil



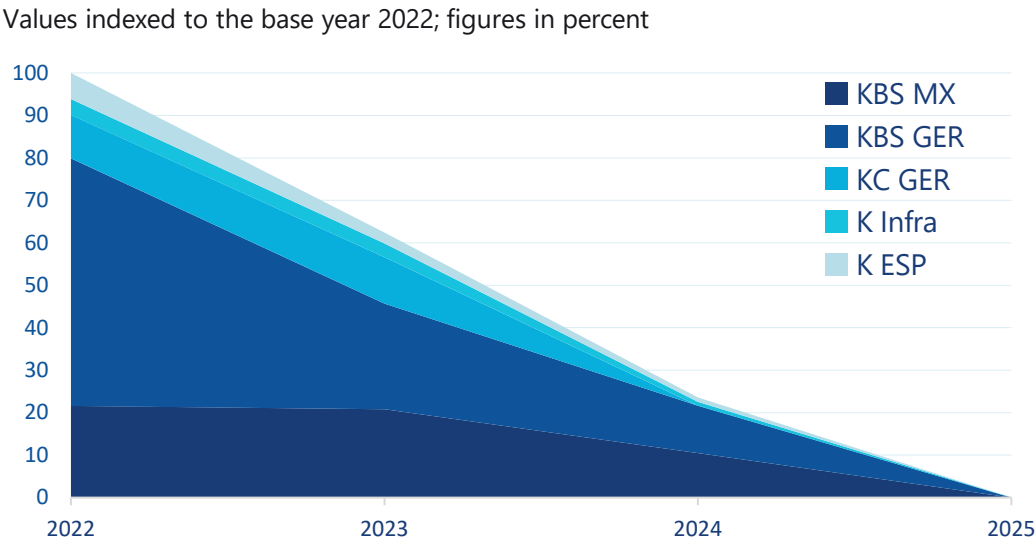
Our impact on the environment

Ecological sustainability in figures

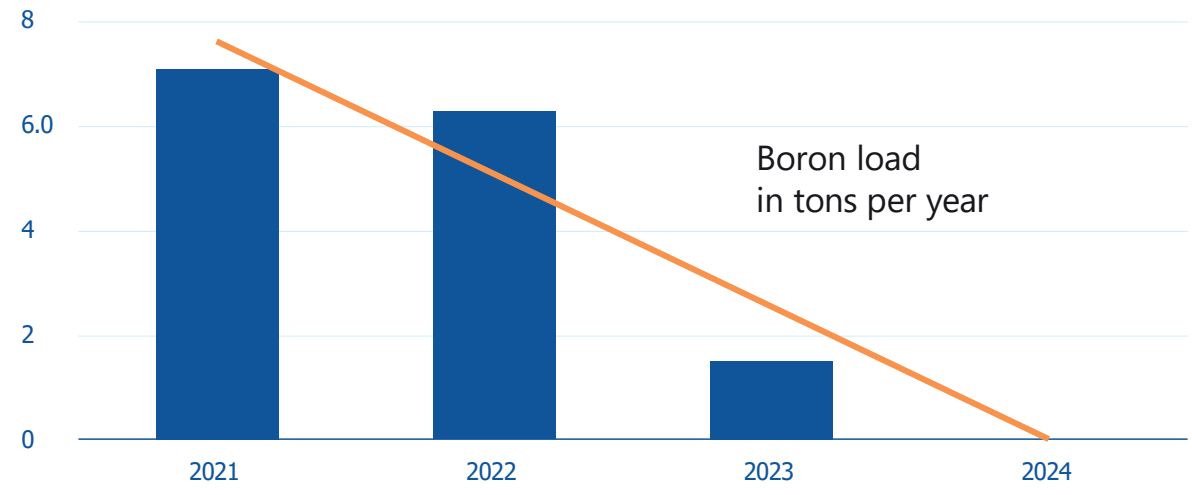
Greenhouse gas emissions since 2022 (Scope 1 + 2) and reduction target for 2042.

in 1,000 t CO ₂ e	2022	2023	20	20	2035	2042
Scope 1	227	194	189	157	92	0
Scope 2	36	23	15	0	0	0
Total	263	217	204	157	92	0

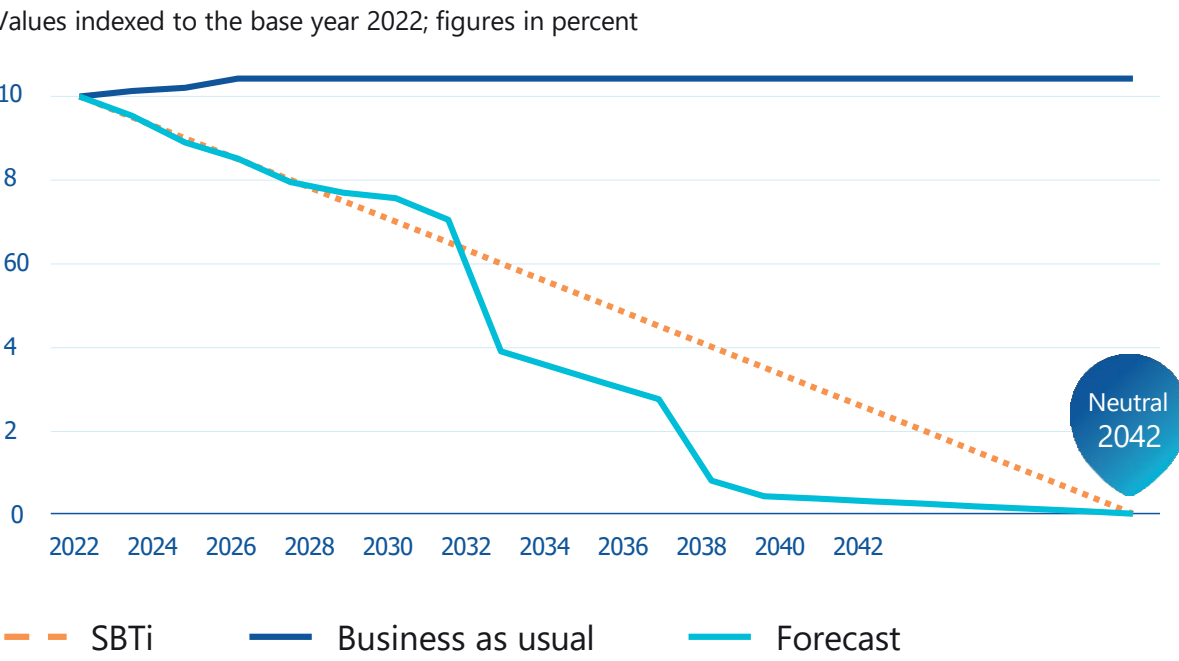
By switching to 100% green electricity, CO₂ emissions from electricity will be reduced to zero permanently by 2025.



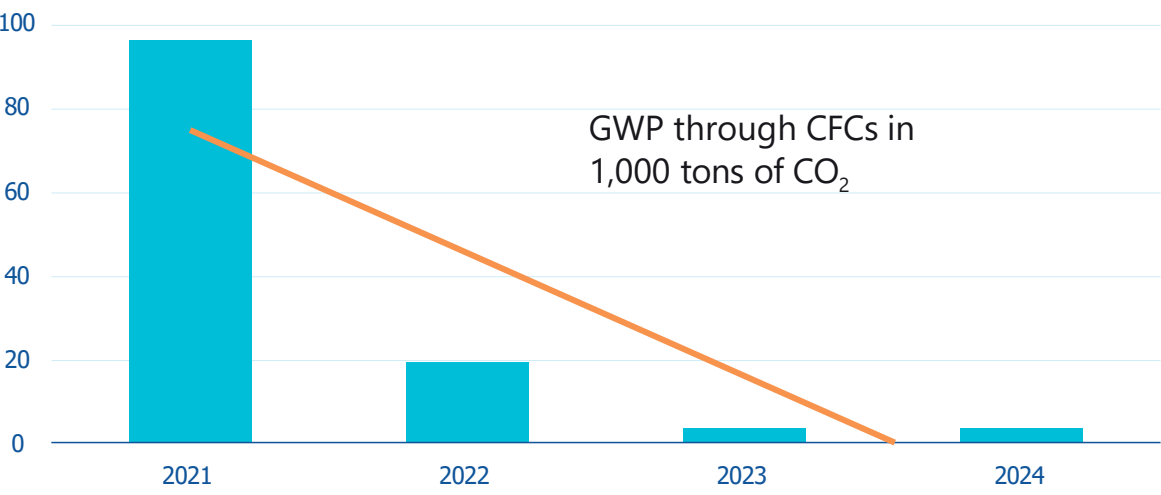
By substituting the semi-metal boron, which is toxic to reproduction, the boron content in wastewater will be reduced to zero by 2024.



The calculations for our roadmap are relative to the base year 2022.



The switch to refrigerants such as propane since 2021 has led to a drastic reduction in emissions caused by CFCs. The conversion of the remaining systems is planned.



By installing a photovoltaic system with a capacity of 230 kWp at its Escúzar site, Kandelium is now over 70% self-sufficient in energy, making it one of the pioneers in the region for responsible mining.





Safety is a top priority at Kandelium

Our measures for accident-free operations

At Kandelium, we take our responsibility for creating a livable environment for future generations very seriously. The concept of community, well-being, and social commitment plays a central role for us — and therefore also for Kandelium. Our success as a company is reflected in the fact that we act according to a systemic approach and operate in an intact environment and a society that focuses on the well-being of all. To ensure this, safety is our top priority. That is why occupational health and safety are implemented at Kandelium as part of our integrated management system and in accordance with ISO 45001.

Key figures safety-related



LTIIR

- 2024: 0.17 vs. target < 0.55
- Target 2025: < 0.36
- YTD: 0.0



Safety Talks

- 2024: 3,397 vs. target 2,500
- Target 2025: 3,000



RIIR

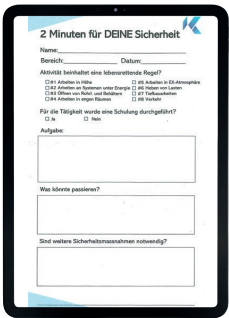
- 2024: 0.68 vs. target < 0.72
- 2025 target: < 0.72
- YTD: 0.45



Safety walks

- 2024: 324 vs. target 300
- 2025 target: 300

LTIIR = Lost Time Injury or Illness Rate | RIIR = Recordable Injury or Illness Rate
Both rates are calculated as the number of accidents x 200,000 hours/working hours (in accordance with ISO 45001).



Employees attending a presentation during Safety Days

Compliance with and achievement of the key safety indicators for the LTIIR and RIIR rates are very satisfactory for 2024 and are also considered company-wide targets for 2025. Supporting measures will therefore be introduced in 2025 to maintain this high level:

- 1.Introduction of global HSE guidelines: By centralizing HSE activities in a global office, we are promoting the standardization of safety concepts and exchange to learn from each other.
- 2.Strengthening awareness of safety regulations: Through monthly audits and training on work permits and safety regulations, we are raising awareness and promoting a culture of safety.
- 3.Promoting employee health: To promote the health of our workforce, we introduced a company bike program in 2024. Comprehensive preventive health programs and resources are also available.
- 4.Global Safety Award: Once a quarter, a global Safety Award is presented

which recognizes exemplary behavior in terms of safety and health protection and is endowed with a corresponding prize.

- 5.Introduction of the 5S program: Since 2024, regular safety inspections and brief discussions have been carried out at all sites as part of shop floor management.
- 6.Safety days: Safety days for employees and partner companies are held twice a year in Bad Hönningen and Mexico. The focus is on raising awareness of everyday hazards and health precautions, e.g. through spinal screening.

The introduction of prevention-oriented "leading indicators" in 2024 has led to a significant improvement in safety key indicators and thus to a substantial reduction in incidents.

With our safety program for 2025, we aim to further improve our performance in order to continue to ensure a safe working environment for everyone in the future.

Nothing we do justifies risking our health.

Daniel Meyer
CEO





Impact on our employees

Social sustainability in figures

In 2023, we launched a comprehensive cultural transformation at Kandelium. Our goal was to firmly anchor the values of openness, integrity, empowerment, and respect, which we developed together with our employees, in our corporate culture.

To support our employees in actively implementing these values, we introduced new management training courses in 2024. We also offer individual coaching to ensure that our managers provide their employees with optimal support and encouragement.

This helps to increase the continuing education rate. Another important initiative was the hiring of a new training manager to offer industrial clerk training at the Bad Hönningen site for the first time in 2024.

Our long-term goal is to continuously increase employee satisfaction. Through comprehensive communication measures initiated by top management and the development of a feedback concept, we are improving dialogue and promoting a positive working environment.

As part of the "New Pay" project, we are also developing company-wide criteria for fair pay in order to create equal working conditions.

With the criterion "Impact & Effect on Innovation and Future Viability," we want to ensure that sustainable action plays a central role in the evaluation of our employees and thus promotes social sustainability.



Kandelium employees at the MonteMare company run in 2024. Kandelium will of course cover the cost of the running shirts and the participation fee.

Selection of relevant key figures for workforce management



Number of trainees

- 2023:
- 2024: 23



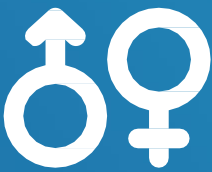
Continuing education rate

- 2023: 40 hours/employee
- Target for 2024: ≥ 40 hours/employee



Employee turnover

- 2023: 7.7
- 2024: 8.75



Diversity

25% women in top management



Ø Length of service

- 2024: 14.5 years



Ø Age of employees

- 2024: 44

Community and well-being

Our social commitment

At Kandelium, we are passionate about actively contributing to the improvement of our social environment. We maintain close relationships with our communities and are committed to the well-being of our neighbors through various initiatives and partnerships. Here are some highlights of our social commitment:



Youth development: We work closely with local fire departments to ensure the safety of our communities. We actively promote the training of youth fire brigades and support their important work.



Health promotion: As part of our "Health Month," we offer our employees and their families free health checks. This measure helps to raise awareness of health issues and identify potential health risks at an early stage.



Sports sponsorship: As jersey sponsor of the local SG Vettelschoss sports club, we support sports and community spirit in our region. Sports activities not only promote physical health, but also strengthen the sense of togetherness.



Open exchange: Visit by the mayor, Mr. Ermtraud, and the head of the building authority, Mr. Braasch, to our landfill site, which is a major landmark in the municipality of Bad Hönningen.



Community support: Our founder, Walther Feld, was deeply rooted in Bad Hönningen and co-founded the TC Grün-Weiß sports club. It therefore goes without saying that we are committed to the community and support local projects and charitable organizations in order to contribute to the development of the community.



Transparent communication: With our "Kandelium Kurier" newsletter, we give our neighbors insights into our activities and inform them about important developments at our plant. Because we value open and transparent communication and want to ensure the best possible safety for everyone involved.

These measures are part of our comprehensive commitment to a livable environment and demonstrate our definition and conviction of responsibility toward society. We are proud to make a positive contribution and to work together with our neighbors to shape a better future.



Ethics meets efficiency

Integrity-based corporate management for a sustainable future

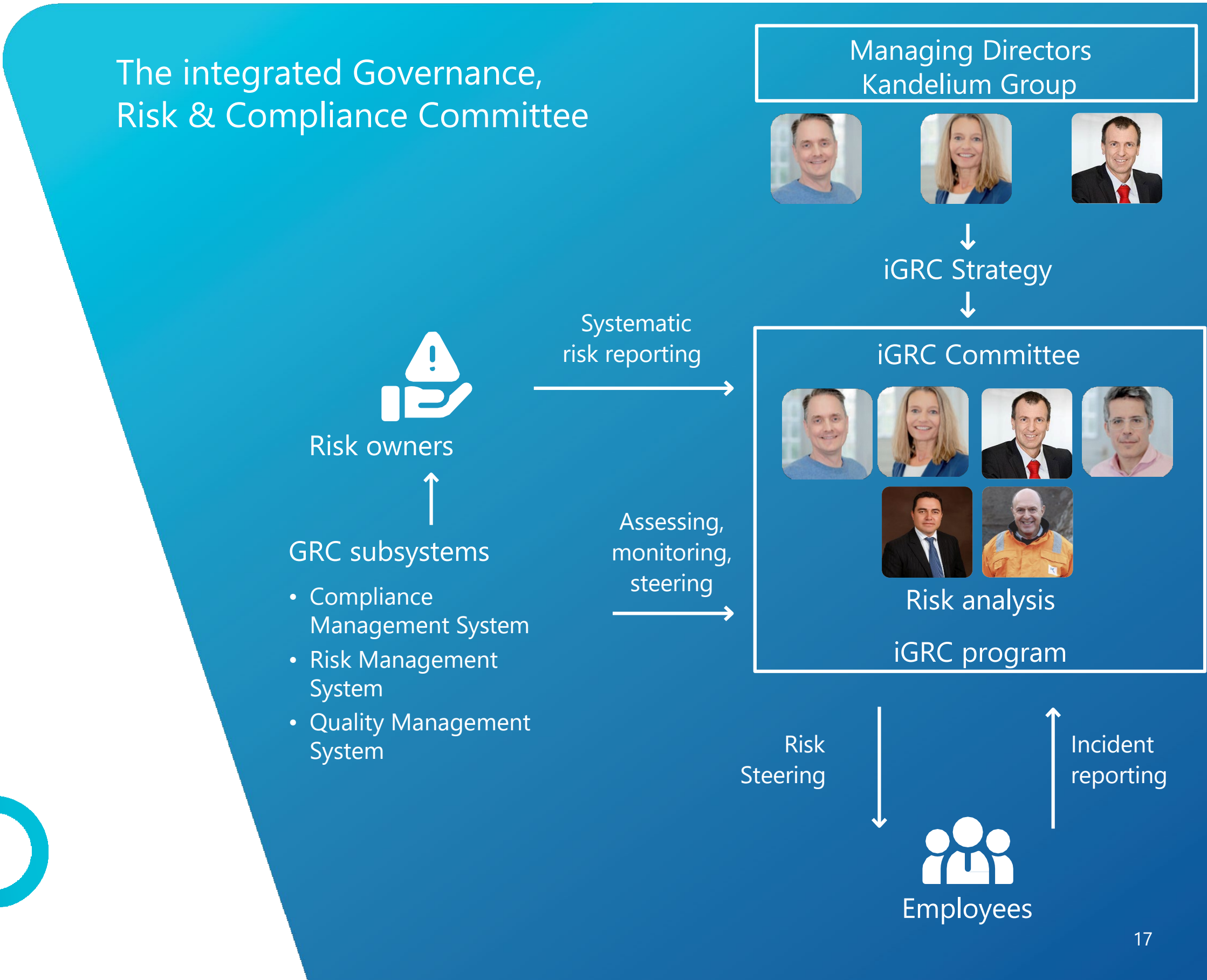
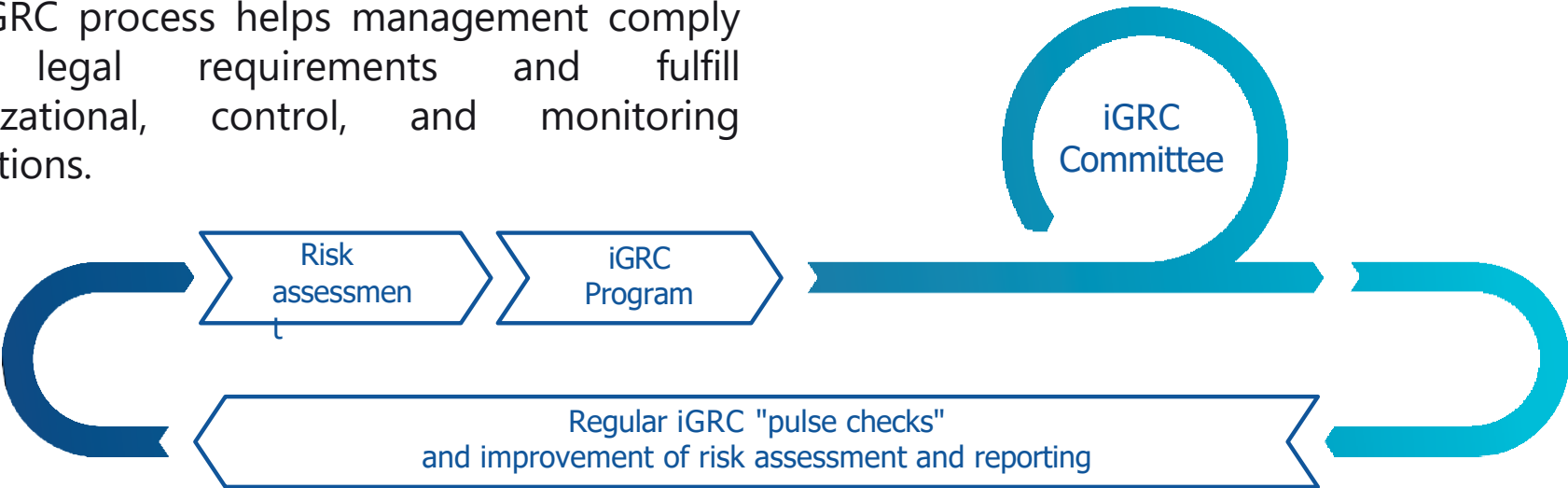
At Kandelium, we rely on improved awareness of legal issues and best practices among management and employees to ensure a sustainable future. To this end, we have established an integrated Governance, Risk, and Compliance Committee (iGRC-C). This committee sets company-wide compliance standards to effectively identify, mitigate, manage, and prevent compliance risks. The basis for the iGRC-C's actions is our six company-wide policies:

- Group Code of Conduct
- Supplier Code of Conduct
- Compliance Management Policy
- Risk Management Policy
- Whistleblower Policy
- Quality Management Policy

As part of the materiality assessment, sustainability impacts and sustainability-related financial risks are identified, evaluated, and determined. This information is then integrated into existing risk management structures and processes. In doing so, we consider not only traditional financial, production, and intellectual factors, but also the environmental, social, and human impacts of our actions.

The integrated GRC Committee: How we work

The iGRC process helps management comply with legal requirements and fulfill organizational, control, and monitoring obligations.





Our ecosystem in a systemic context

Innovation through the integrated management system

Kandelium's integrated management system combines various methods and tools for complying with requirements in the areas of occupational safety, quality, environment, energy, and food safety in a uniform structure.

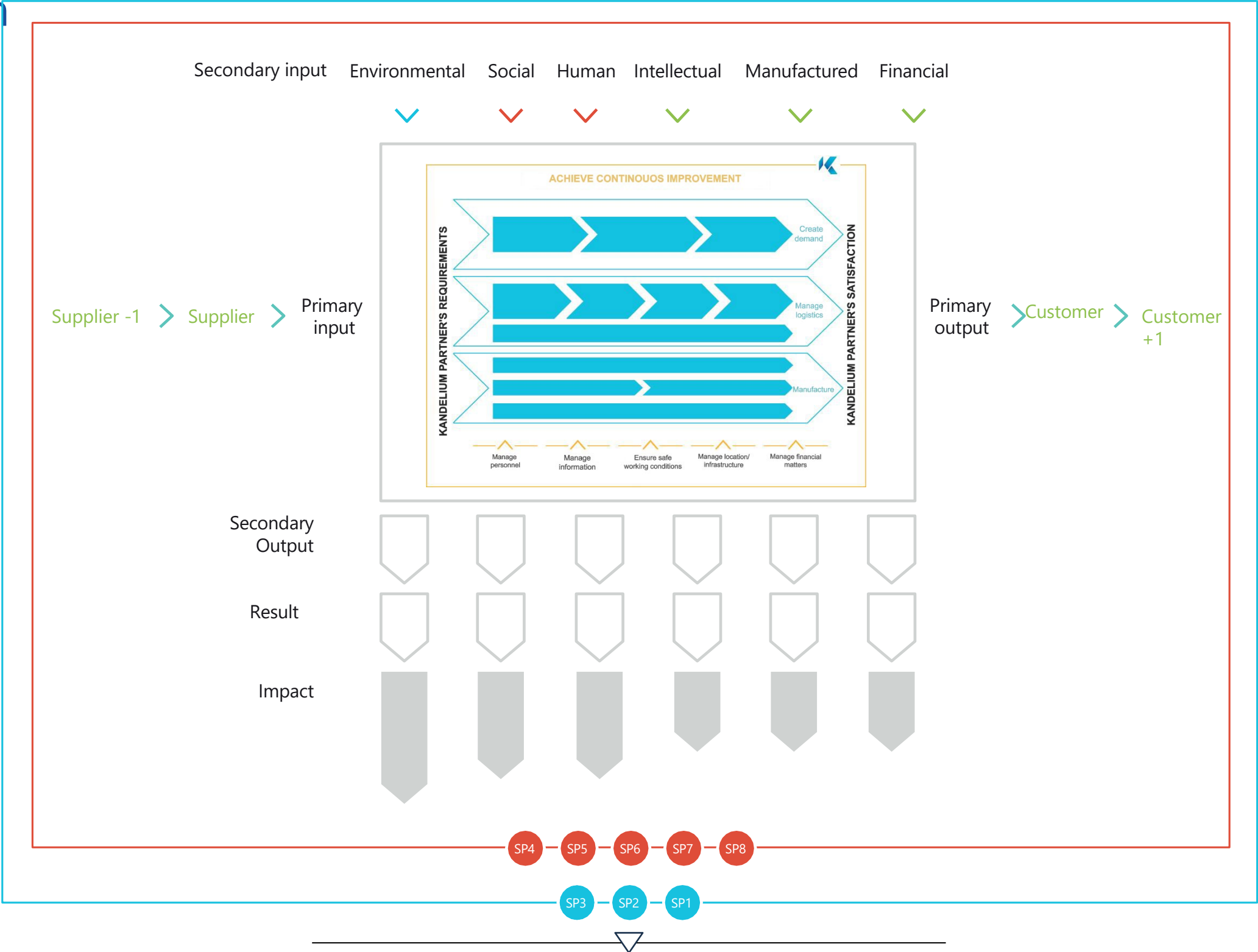
The IMS thus forms the framework for all management systems at Kandelium, ensuring compliance with legal regulations, ISO and product standards, and internal and external requirements. At the same time, it ensures efficient working methods, which are achieved through internal regulations and applicable processes with clear roles and responsibilities.

The IMS puts these issues at the forefront and helps us to drive forward Kandelium's performance through continuous improvement. Any risks are identified and mitigated as part of the GRC process.

We are aware that a sustainable business model goes far beyond our operational processes. For this reason, we have embedded our management system in the context of a holistic "value creation model."

This model helps us visualize our business model, the activities and services of our own operations, and the secondary inputs from our environment on which we depend, and to shed light on the business partnerships in our value chains.

With this approach, we integrate the double materiality that is important along the entire value chain into our risk assessment process.



The three ecological and four social principles based on the scientific scientific derivation of *The Natural Step*® guide our actions.

Kandelium Barium Strontium GmbH & Co. KG

Kandelium Care GmbH

OUR ISO CERTIFICATIONS



- Integrated management system:
- Since 1996: ISO 9001
 - Since 1996: ISO 14001
 - Since 2006: ISO 45001



- Energy management:
- Since 2012: ISO 50001



- Food safety:
- Since 2012: ISO 22000

The ESG Council for the implementation and management of sustainability activities

Kandelium aims to become a proactive role model for sustainability issues in its industry. To achieve this, Kandelium has established the ESG Council, which connects all companies and functional areas within the group.

The Council aims to further integrate sustainability into Kandelium's strategy and ensure that legal standards are met and the increasing demands of employees, investors, and society are met.



Impact of the iGRC Committee

Key figures for corporate management

Efficiency of risk management

- Risks with mitigating measures: 74% (2023: 68%)
- Of which measures being implemented: 95% (2023: 96%)
Measures: 95% (2023: 96%)
- Of which eliminated risks: 15% (2023: 20%)

Number of compliance reports received

- 2024: 17 (2023: 3)
- Target 2025: Reporting of all potential violations by employees and stakeholders

Number of compliance violations

- 2024: 0 (2023: 0)
- Target 2025: 0

Number of members of the iGRC Committee

- 8

Number of trained employees on governance, risk, and compliance

- 2024: 185
- Target 2025: 150

The iGRC Committee at Kandelium plays a central role in corporate governance and ensuring compliance and risk management. The establishment of this committee has led to the introduction of important governance indicators that measure the effectiveness and efficiency of our governance structures and processes.

All risks relating to environmental, social, legal, and other issues are recorded by our risk manager. Where appropriate, mitigating measures are identified and implemented in collaboration with the risk owners. All risks are assessed on a quarterly basis and ad hoc as required.

The reports received in 2024 were processed and recorded in accordance with the GRC process.

Ultimately, no violation of our compliance guidelines could be identified. It is our stated goal to apply zero tolerance for violations of any of our guidelines. For 2025, we therefore strive and encourage our employees and business partners to report all potential violations using the whistleblower reporting procedure. To ensure that the measures are known, all employees are regularly informed about the procedure.

The governance KPIs are regularly monitored and evaluated to ensure that our governance structures meet the highest standards and that our compliance and risk management objectives are achieved.



Recognizing the essentials

Our roadmap for CSRD compliance & beyond

At Kandelium, we are currently preparing to disclose our sustainability-related activities and our impact on the environment and society.

We take a careful approach to ensure that we cover all relevant areas of our company and all stakeholders. This includes identifying significant impacts, risks, and opportunities, as well as the further development of our sustainability guidelines. of our sustainability guidelines, initiatives, targets, and metrics.

In a first step, we mapped the value chains of our products and identified impacts. The results form the basis for the materiality analysis, which we initially carried out at all three sites in an interdisciplinary team in accordance with ESRS S1 "Own Workforce." Feedback from our own

workforce helped us to improve the process and, in line with the ESRS approach, apply it to the other standards. We are already well advanced in this regard and plan to complete the materiality analysis shortly.

At the same time, we have begun to identify the gaps that still need to be closed in order to comply with the ESRS as part of the gap analysis and to provide recommendations as input for the development of our roadmap.

In the final fifth step, the roadmap for transforming our reporting towards full ESRS compliance will be established. This will enable us to efficiently structure our sustainability efforts for the benefit of all stakeholders and continuously improve our impact on society and the environment.



The methodology for implementing the process will be provided by our partner, Sustainable Growth Associates. SGA is providing Kandelium with operational support, particularly in the detailed preparation of the materiality analysis, which will serve as the starting point for subsequent reporting and the identification of relevant data points.

In addition, as the German representative of *The Natural Step*®, SGA provides the scientific basis and principles of socio-ecological sustainability to ensure that Kandelium's business model is fit for the future in the long term.





Stakeholder engagement as the basis for implementing the CSRD

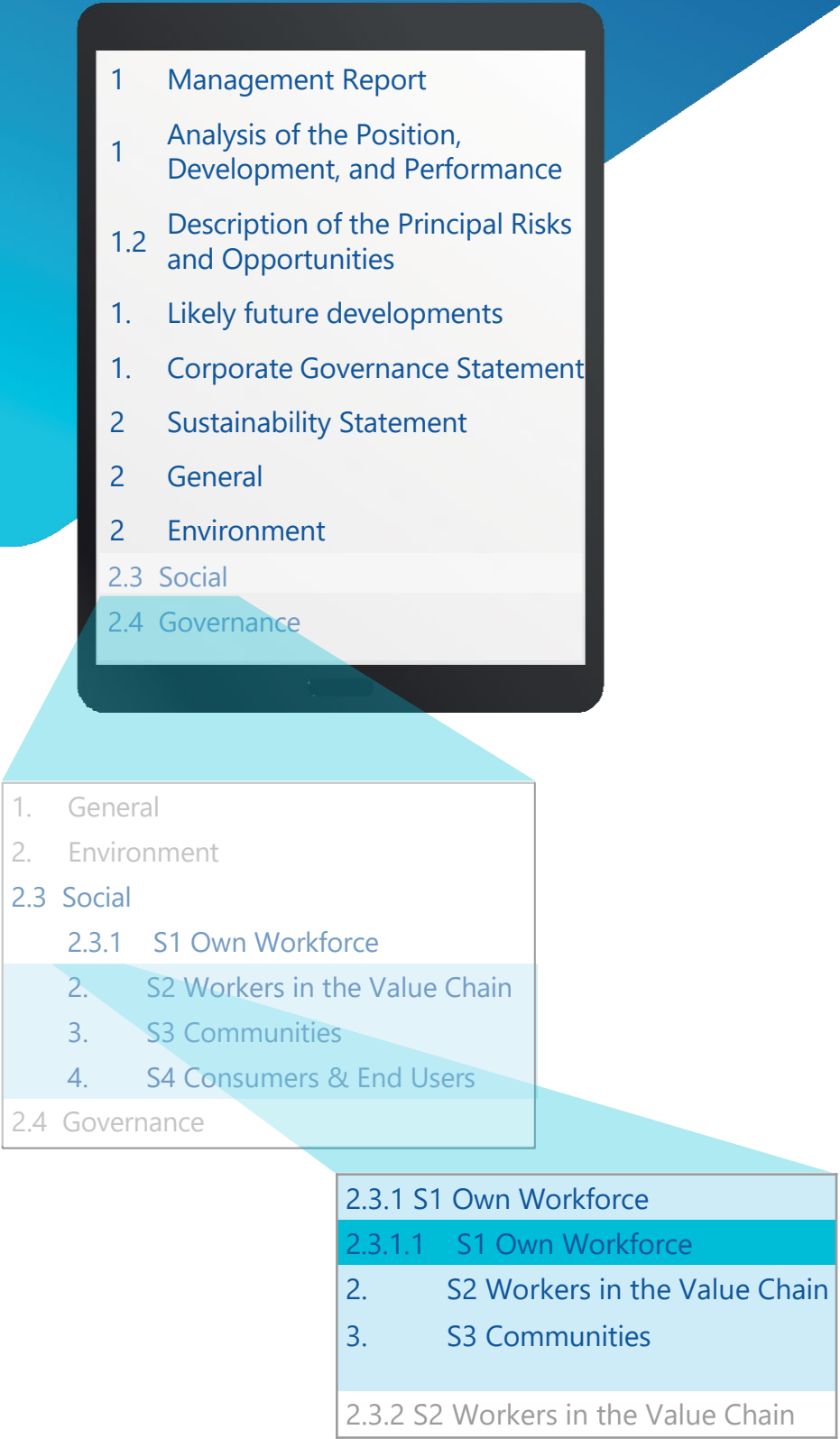
Materiality analysis using the example of ESRS S1 "Own Workforce"

Kandelium's employees are the most important stakeholder group for us. We attach great importance to being aware of the (potential) positive and negative impacts our company may have on them so that we can respond accordingly. In collaboration with our partner Sustainable Growth Associates, we have derived topics that affect our workforce from the ESRS and other international agreements on working conditions, human rights, and other employee rights.

We discussed and evaluated these topics in workshops with employees from all areas of the company in order to determine the materiality of the topics associated with ESRS S1. This materiality analysis forms the basis for a transparent and comprehensive assessment of the impact of our activities on our own employees. The next step will be to identify the data points required for reporting.

Social			
ESRS	Topic	Sub-topic	Sub-sub-topic
S1	Own workforce	Working conditions	Secure employment – Working hours – Fair wages – Collective bargaining – Social dialogue – Freedom of association – Employees' rights to information, consultation, and participation – Work-life balance – Health and safety
		Equal treatment and equal opportunities for all	Gender equality – equal pay for equal work – Training and skills development – Inclusion of people with disabilities – Measures against violence and harassment in the workplace – Diversity
		Other work-related rights	Child labour – Forced labour – Adequate housing – Privacy

In addition to ESRS S1 "Own Workforce," all other ESRS chapters that are essential for Kandelium are analyzed in accordance with the process and appropriately considered for reporting purposes.





At Kandelium, we are very aware of the challenges on the path to a sustainable future. The hurdles are particularly high and the road is often rocky for the chemical industry. However, as an independent company, we have the unique opportunity to control and shape our entire value chain.

We not only utilize this control, it is also the basis for our vision: Kandelium aims to become a pioneer of sustainability in the German chemical industry.

Our commitment goes far beyond mere promises. We are actively working to continuously improve our processes, products, and technologies and make them more sustainable. In doing so, we strive not only for success, but also for responsibility—responsibility for the environment, for our employees, and for society.

Would you like to find out more about our approach? We are happy to answer any questions, discuss ideas, and explore opportunities for collaboration. Contact us and let's shape a sustainable future together.

"Join us as we work with our business partners to pave the way for a new era of excellence in chemistry and mining, where sustainability is an integral part of our business success."

This report is the second of its kind published by Kandelium. Due to ongoing activities, it cannot be guaranteed that the procedures, measures, and key figures described here reflect the latest and therefore current status. This report will therefore be updated at regular intervals. If you have any questions, suggestions, or ideas for improvement, please do not hesitate to contact us.

Kandelium Declaration of Ambition, November 2023



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