

Franz Haniel & Cie. GmbH
Non-financial statement
2018

Franz Haniel & Cie. GmbH

Business Model

Franz Haniel & Cie. GmbH (Haniel) is a German family equity company whose objective is to sustainably increase the value of its investment portfolio over the long term. Since the family shareholders have provided equity for an unlimited term, Haniel can pursue a long-term investment strategy. This strategy is aimed towards generating returns which permanently exceed the cost of capital. Haniel strives to achieve this economic goal in harmony with environmental and social goals. The Company pursues this goal by following the guiding principle of the "honourable businessman".

When structuring the portfolio, Haniel concentrates on business models that are supported by global megatrends and therefore have a high potential for increases in value over the long term. Promising markets and business models are analysed continually in order to detect growth opportunities. Haniel's six divisions – BekaertDeslee, CWS-boco, ELG, Optimar, ROVEMA and TAKKT – and two financial investments CECONOMY and METRO act independently of each other in their respective markets. Except for BekaertDeslee and Optimar, all divisions are headquartered in Germany.

In addition to portfolio management, the Holding Company is also responsible for the strategic guidelines for the operating divisions – in this respect Haniel considers itself as a strategic catalyst. Strategic initiatives are agreed on in discussions with the divisions, and then implemented by the divisions under their own responsibility. The divisional management teams report regularly on progress to Haniel's Management Board. This also applies to corporate responsibility (CR). Haniel's CR management approach¹ was drawn up based on a systematic analysis of the demands and expectations of a variety of stakeholder groups. The Holding Company sets out the key elements of the CR policy taking into account Haniel's particular situation as a diversified group of companies with decentralised management. Individual initiatives are discussed in dialogue with the divisions. Haniel's Management Board and the management teams of the divisions agree on objectives and measures and discuss progress in regular top management meetings.

CR in Portfolio Management

The Holding Company places its focus where it has the greatest leverage: in managing the investment portfolio. As a value developer with a long-term investment strategy, Haniel pursues a holistic CR approach across the entire value chain, from the investment phase to portfolio management through to divestment. When looking into potential acquisition targets, social and ecological criteria are also examined using Haniel's investment filter to assess the candidate's CR profile. Only those companies which are in line with Haniel's values are considered (cf. "Haniel's Core Values" below). During due diligence, it is also verified to what extent the business model of the company concerned can make a positive contribution to sustainability in the future.

Haniel lays down guidelines and principles for CR management. Rules of procedure which set out the framework for collaboration on the basis of statutory provisions stipulate that the Holding Company be involved in

¹ This does not apply for CECONOMY and METRO, investments accounted for at equity, which set and communicate their CR commitment independently.

the development of the divisions' CR strategies. This ensures that each company – taking into account its respective size and maturity – prioritises the CR issues which are relevant to it on the basis of stakeholder expectations, develops a CR programme with objectives and measures tailored to its respective business model, and implements these by establishing a CR management system. At the managerial and departmental levels, there are corporate responsibility officers and a regular CR dialogue between the Holding Company and the divisions. In addition, the Holding Company organises the Group CR Round Table, where CR experts exchange information and experience. Responsibility for coordinating CR activities in the Holding Company and across the Haniel Group, both procedurally and in terms of content, lies with Strategic Investment Controlling.

The Holding Company also makes a detailed analysis of the CR implications of divisions' investments and acquisitions which are subject to approval. Decisions are taken on the basis of the Capital Expenditure and Valuation Guidelines, which require all significant investments to be assessed in terms of impact on the CR strategy. The decision-making process for selecting financial assets for investment of available financial resources also takes CR considerations into account. For instance, there is a general ban on certain sectors.

CR Reporting

The results of CR management are presented in a transparent, regular CR report. The Holding Company and the divisions prepare this report on the basis of the internationally recognised guidelines of the Global Reporting Initiative (GRI). The present report on the non-financial statement is based on the same framework. To prepare the report, in 2017 the Holding Company initiated a process to determine the key issues, building on the materiality analyses already conducted and explicitly taking into account the requirements of the CSR Directive Implementing Act (CSR-Richtlinie-Umsetzungsgesetz). CR experts identified relevant information for the various companies and sectors under the five categories of "environmental issues", "employee issues", "social issues", "respect for human rights" and "combating corruption and bribery". This was then coordinated between senior management at the divisions and the Haniel Management Board.

This report on the non-financial statement contains the most important information for understanding Haniel's business operations and their impact on the aspects listed above in 2018. In line with the Group structure, the report contains a section for the Holding Company and for each of the six divisions, which report on the issues relevant to the respective business under the aforementioned headings.

Combating Corruption and Bribery

Compliance Management

The Haniel Holding Company's business activities are subject to statutory and internal rules and regulations. A comprehensive compliance management system has been established to effectively mitigate the risk of non-compliance with rules and regulations which might jeopardise the Company's reputation and economic success. There is a helpline for reporting potential compliance breaches, and training is provided on compliance-related issues. There is also a compliance officer who serves as the central contact person for employees of the Holding Company and who helps to clarify potential issues.

Haniel also sets minimum standards for the divisions in the form of Compliance Guidelines. These guidelines are based on Haniel's Code of Conduct and primarily relate to the (further) development of a management system, the appointment of a Compliance Officer, the establishment of a helpline and appropriate communications channels at each respective division. The divisions themselves are responsible for the specific form of the guidelines. The Holding Company's Compliance Officer coordinates compliance activities throughout the Group.

Respect for Human Rights at Holding Company Level

Haniel Core Values

Increasing value, living values – in keeping with this principle, the Haniel Holding Company combines economic success with responsibility for employees, society and the environment. Haniel's Code of Conduct lays out principles for carrying out business activities at every level; these principles are based on those set out in the UN Global Compact. As a signatory to the United Nations initiative, Haniel has committed to uphold and spread the principles and ensure transparent reporting. The divisions are also members of the UN Global Compact or adhere to the principles underpinning it. They issue their own codes of conduct based on Haniel's Code of Conduct, tailored to their respective business model.

Environmental Issues at Holding Company Level

Resource Efficiency

The Holding Company uses natural resources expediently and economically to ensure that its operations have as little impact on the environment as possible. Accordingly, awareness among the employees of the importance of this principle is raised accordingly. Haniel is also committed to disseminating and applying environmentally friendly technologies. For instance, a heating and cooling system has been installed at the Company headquarters which since 2016 has consumed at least 15 per cent less energy annually compared to 2014. In 2013 the Holding Company introduced a green car policy which takes CO² limits into account when new vehicles are purchased.

Employee Issues at Holding Company Level

Future-facing staff

Haniel employees are supported in developing their technical and personal skills and in reaching their full potential. The Company's own management centre, the Haniel Academy, offers a broad range of training courses.

In 2018, Holding Company employees attended an average of 2.5 training days per FTE at the Haniel Academy or with external organisers.

The Holding Company also has the responsibility of selecting and developing senior management for the divisions. Haniel therefore fosters professionalisation, continued professional development and networking throughout the entire Group. The Haniel Academy makes a core contribution in this respect with its annual programme comprising training sessions, workshops and qualification courses which enable attendees to develop their personal qualifications. This offering is available to specialists and executives at the Haniel Group and addresses internal requirements and current management trends.

Work-life balance

In addition to an attractive remuneration package, Haniel offers employees of the Holding Company a number of additional benefits, including childcare allowances and an employer-funded pension. To provide for a better work-life balance, Haniel staff can work flexible hours. In terms of healthcare services, a range of check-ups and sport offerings are organised, some of which are free of charge. The Haniel Academy also offers training on health and stress management. To receive support in dealing with especially difficult changes in their personal or professional life, all Holding Company employees can make use of a family advice service.

Social Issues at the Holding Company Level

Social Impact Lab

In cooperation with non-profit organisation Social Impact gGmbH, the Prof. Otto Beisheim Foundation and the KfW Foundation, in 2015 Haniel set up an start-up lab for social entrepreneurs. Haniel employees can volunteer as mentors to advise and assist the start-ups. At 31 December 2018, 56 start-ups had already completed the eight-month programme. 31 companies have resulted from this incubator, 28 of which are still on the market. There was a realignment at the end of the year: The previous team re-founded the start-up incubator at Franz-Haniel-Platz under the name "Impact Factory". The goal is a further professionalisation of the incubator for companies that want to use their ideas to counter pressing social challenges.

Promoting Education

The Company and the Haniel Foundation in Duisburg work hand in hand in promoting education: in 2010 the cooperation project "Bildung als Chance" ("Education as Opportunity") was established together with Ashoka Deutschland and the three social entrepreneurs apeiros e.V., Chancenwerk e.V. and Teach First Deutschland. All three initiatives pursue the same objective with their individual approaches: to break down barriers to education and to provide schoolchildren with a path to a successful future. The project now covers 26 schools in Duisburg, reaching around 1,500 schoolchildren per year. In addition to its focus on educational opportunities, the Haniel Foundation also concentrates on supporting young people by providing a variety of bursary programmes to future leaders, to help change society through sustainable ideas and creative approaches and to foster ethical entrepreneurship. More than 1,600 future leaders have been supported with bursaries thus far.

For further information, please see www.haniel.de/en/responsibility.

BekaertDeslee

Business Model

BekaertDeslee is a globally leading specialist for the development and manufacturing of mattress textiles. From its headquarters in Belgium, the company oversees a global network of 27 facilities in 19 countries. Its product range primarily consists of woven and knitted textiles that are sold to mattress manufacturers in the Americas, Europe and the Asia-Pacific region. BekaertDeslee works together with its customers to develop and produce mattress textiles to the customers' standard of quality in terms of both design and product features.

Assuming sustainability means offering safe, high-quality products and ensuring that business activities are environmentally friendly and socially responsible, it is an essential part of BekaertDeslee's basic values and deeply rooted in the corporate culture through the following four guiding principles: 1. The conformity principle; 2. The prevention principle; 3. The Zero-defect principle; 4. The principle of measuring. In 2017, BekaertDeslee defined its main CR focus areas after conducting stakeholder interviews. At the conclusion of this process, the company's activities were aligned accordingly and a roadmap was drawn up: Under the leadership of the top management, an interdisciplinary team prioritises and initiates sustainability projects along the entire value chain.

Environmental Issues

Product Development

In order to improve the sleep quality of all those who sleep on its textiles and to respond to the latest trends, the headquarters in Waregem is home to the BekaertDeslee Innovation and Design Center, where new technologies are being developed for all plants worldwide. For example, the company contributes to the circular economy in the bedding industry by preventing mattresses from being disposed of in the landfill. Two prototypes of 'circular beds' have been developed – a 100% biodegradable and a 100% recyclable mattress – in cooperation with a chemicals supplier, a mattress manufacturer and a retailer. Another current project is Purotex[®], a textile treatment with natural probiotics which keeps the textile clean. It is an alternative for chemical biocides which cannot be removed and are a concern at mattress-end-of-life, while all natural probiotics go back to nature. In 2018 BekaertDeslee has sold 5,750,000m² of Purotex[®] treated mattress fabric (2017: 5,450,000m²).

Resource Efficiency

BekaertDeslee implements measures to avoid excessive use of resources. In the area of textile finishing, the company has developed an innovative technique which reduces the use of raw material components, water and energy consumption. In 2018, the new equipment was already operating at 6 locations. BekaertDeslee aims to maximize savings in all these plants. During the financial year, savings of resources significantly outstripped targets: Mexico achieved 253% (2017: 243%) of its target savings for the financial year, Turkey achieved 208% (2017: 121%) and Indonesia 130% (2017: 56%). At two locations, the target for resource savings was not fully achieved: Romania realised 86% (2017: 76%) and the United States 63% (2017: 86%) of target savings. In Australia, measures were not kicked off until during the year, meaning that initial savings are not expected until next year.

Employee Issues

Health & Safety Management

One of the company's priorities is to ensure its employees' safety at all production units. To that end, a world-wide reporting system has been established. It documents the incidents and lost working days as result of accidents. In addition, it records near misses. This is important for the purpose of training employees to avoid similar incidents. BekaertDeslee analyses the average figures from the last 24 months to see whether improvements have been made or weaknesses have emerged. The Group had a 3.09 accident rate by the end of 2018 (accidents x 200,000/work hours) and a days-absent rate of 0.19 (days absent x 1,000/work hours). New targets for 2019 are set at 3.03 for accidents and 0.18 for days absent.

Employee Engagement

In order to receive an aggregated view on the engagement of the employees, the BekaertDeslee Coach engagement barometer has been introduced. It encourages regularly to answer a handful of questions. The received feedback is visualised as a heat map of nine individual drivers, e.g. recognition, relationship with managers or colleagues and personal growth, also showing the evolution over time. In 2018, 17,799 survey questions were answered (2017: 13,897) by 389 employees (2017: 184) leading to an overall engagement score of 70 % (2017: 69 %) which is generally considered to be a positive score. Depending on the score, additional goals are derived on a company level or individual drivers.

Social Issues

Product Responsibility

All BekaertDeslee plants apply the OEKO-TEX® guiding principles. The label guarantees that the tested textiles do not contain any harmful substances that are a danger to human health. The European units are currently even certified.

Human Rights

Employee Commitment

The BekaertDeslee Code Of Conduct (CoC) informs about the company's values and ethics. It has been translated into many languages spoken in the group, and signed by all employees. BekaertDeslee also observes the principles set out in the Universal Declaration of Human Rights. Forced labour, slavery and all practices that exploit children or expose them to harmful or hazardous conditions are strongly condemned. The minimum age for employment at BekaertDeslee conforms to the International Labor Organization Convention or the age specified by local legislation, if higher. Furthermore, the CoC strictly forbids engaging in corrupt practices. Every employee commits to not offer, pay, solicit or accept any bribe in order to gain any commercial, contractual or regulatory advantage for BekaertDeslee or in order to gain any personal advantage, financial or otherwise, for the employee themselves or anyone related to them.

Supplier Commitment

85% of BekaertDeslee's total procurement volume accounts for yarn procurement. Therefore, the company is focusing on its collaboration with yarn suppliers along the entire value chain. In order to integrate sustainability aspects into yarn procurement, the company has been introducing a supplier declaration based on the princi-

ples of the Universal Declaration of Human Rights since 2016. By the end of 2018, all group-wide yarn suppliers signed the BekaertDeslee supplier declaration (2017: 75 %).

Combating Corruption and Bribery

Compliance Management

Cf. details in Franz Haniel & Cie. under 'Compliance Management'

For further information, please see www.bekaertdeslee.com/about/cr.

CWS-boco

Business Model

CWS-boco offers professional hygiene and workwear solutions. The division is one of the international leaders in this field with activities in 16 European countries. CWS-boco focuses on the rental business. The offerings range primarily from collections of workwear to protective and safety clothing, modern hygiene solutions such as towel, soap and fragrance dispensers, as well as dust control mats. The textiles are properly prepared in the division's own laundries using environmentally friendly processes under long-term service contracts.

Reusability is part of the company's corporate philosophy. CWS-boco is committed to sustainable business practices, to making efficient use of resources and respect for people and the environment. A systematic stakeholder management serves to ascertain the most important issues around sustainability. The results are evaluated from a strategic viewpoint and approved by management. In mid-2017, Rentokil Initial formed a joint venture with the CWS-boco Group, rendering it necessary to review and update the division's CR strategy. The division defined focus areas in the course of an international stakeholder survey, set corresponding action areas and derived appropriate KPIs. It also established an overarching governance structure: all departments are represented on the CR Council, which was founded in 2018, and actively work to develop and implement the CR strategy. The Council worked with the management to develop recommendations on updating the CR objectives in line with the new corporate strategy.

The changes to the CR strategy resulted in the introduction of new indicators in 2018, with a growing significance for certain previously reported indicators. It is not possible or expedient to report prior-year comparative figures or defined targets for these new indicators. Therefore, the relevant values are not included in this report. KPIs for new CR action areas will be reported on beginning in 2019.

Environmental Issues

Water Efficiency

With the objective of using as little freshwater as possible per washing, the company's 43 laundries are operated with high-efficiency technologies for reusing water and recycling waste water. The SmartLine concept, for instance, focuses on using a large number of small machines instead of large machines, enabling a more targeted use of resources and better documentation and analysis of resource consumption data. Flotation tech-

nology also efficiently filters dirt particles from the wash water. In 2018, water consumption – aggregated for the categories of Towel Rolls, Workwear and Dust control mats – per kilogramme of laundry was 7.46 litres.

CO₂ Efficiency

CWS-boco continually invests in the technical modernisation of its facilities for washing and drying textiles. The aim is not only to use energy as sparingly as possible, but also to procure electricity and heat from renewable resources. In order to combine the quantitative and the qualitative factors, the existing indicator "energy consumption" was replaced by "CO₂ efficiency". In 2018, this figure – aggregated for the categories of towel rolls, workwear and dust control mats – was 0.21 kg CO₂ per kilogramme of laundry.

Use of chemicals

By reusing wash water still containing active detergent, CWS-boco lowers its detergent use and the environmental impact of its laundry operations. The company also optimises the combination of detergent, cycle duration and temperature on an ongoing basis. Not only the quantity of the chemicals used but also their type play a key role in managing the direct impacts on the environment. This is why CWS-boco is transitioning to a more exact breakdown of the use of detergents. This new metric will be recorded and reported on beginning in 2019.

CO₂ Emissions

To minimise the number of kilometres travelled by the company's own service fleet in collecting and delivering the textiles, CWS-boco uses route optimisation systems. The fleet is also regularly modernised and fitted with fuel-efficient engines to reduce CO₂ emissions. CWS-boco's environmental footprint is largely due to CO₂ emissions from the 43 laundries. The laundries are therefore continually reviewed for potential efficiency savings. In 2018 there were 49,788 tonnes of CO₂ emissions from laundry operations.

Employee Issues

Workplace Safety

CWS-boco is working to identify workplace risks and reduce them to the furthest extent possible. In 2016 these risk assessment activities covered 90% of all employees working in operations across seven national companies. With the joint venture, CWS-boco has centralised its health and safety regime under the Quality, Environment and Safety & Health (QESH) department, which conducts training sessions in cooperation with regional QESH teams. In 2018 the accident rate was 2.7.

Training and Professional Development

The company can only meet its standards for quality and success if its employees possess the corresponding knowledge, the right skills and expertise. CWS-boco therefore takes a structured approach to development and training activities. A monitoring system enables the company to capture different types of training, and therefore provide targeted development for employees based on their needs.

Social Issues

Product Quality and Certification

As CWS-boco develops products itself, the company can influence the environmental and social sustainability of its product portfolio from the source onwards, for instance by using fair trade certified cotton for workwear. With acceptance of more than 308 tonnes in 2018, the share of fair trade cotton amounted to 12.4%. One im-

portant quality criterion for CWS-boco products that there must be no adverse effect on human health. All cloth towel rolls are therefore certified under OEKO-TEX® Standard 100 for products with skin contact. The cloth towel dispensing systems have also received the hygiene certificate of Hygiene-Institut Berlin Search Care GmbH and the Blue Angel environmental label.

Customer Satisfaction

CWS-boco's rental business is geared towards long-term customer relationships. Products are continually improved in dialogue with customers, to anticipate their demands and requirements. For CWS-boco this cooperation is an important element in creating strong customer relationships. In 2018, CWS-boco began to calculate its "Net Promoter Score", i.e., customers are surveyed each month to assess the extent to which they would recommend the company to others. This metric replaces the previous figure "length of customer relationships" and will be reported for the first time in 2019.

Respect for Human Rights

Sustainable Procurement and Supplier Assessment

Strategic partners, i.e. suppliers above a certain annual procurement volume, have to commit to comply with a Code of Conduct, based among other things on the recommendations of the International Labour Organisation. This is systematically monitored through internal and external audits. If there is need for a partner to improve, CWS-boco supports them in fulfilling the requirements. To date, the share of procurement volume from suppliers who had signed up to the Code has been measured. In order to render this metric more useful, CWS-boco will calculate and report the audit ratio of critical suppliers beginning in 2019.

Combating Corruption and Bribery

Compliance Management

See comments under Franz Haniel & Cie. GmbH on "Compliance Management"

For further information, see www.cws-boco.com/en-US/sustainability-0.

ELG

Business Model

ELG is a global leader in the trading, processing and recycling of raw materials for the stainless steel industry as well as high performance materials such as superalloys, titanium and carbon fibres with 53 locations in North America, Europe, Asia and Australia. ELG delivers secondary raw materials that are checked for quality and adapted to the customer's needs. The recycling business is a material part of the service spectrum: production waste is recycled and returned to the customer in optimal quality within a closed-loop cycle.

As a recycling business, sustainability is by nature anchored in ELG's business model and corporate philosophy. Promoting responsibility among employees, ethical business practices and strong partnerships with stakeholders are also a focal point of operations. ELG therefore carried out a stakeholder dialogue, which demonstrated

which sustainability issues are of particular importance for the company and its stakeholders. The various topics were brought together under priority areas. Many of the measures carried out under these priority areas were initiated by local management, with CR officers in head office coordinating, monitoring progress and communicating developments.

Environmental Issues

CO₂ Emissions

The secondary raw materials ELG provides help to reduce greenhouse gases. The company's carbon footprint from its processing activities is relatively low. Customers can make the biggest difference – by increasing the proportion of scrap in their products and therefore their order volume from ELG. In this way, ELG customers saved 4,439 million tonnes of CO₂ in 2018 than had they used primary raw materials in the four largest product groups (2017: 4,408 million tonnes).

Supplier assessment

ELG works with a variety of suppliers to procure small and medium-sized batches of materials of differing composition and quality. ELG's suppliers collect these and, frequently, other materials in turn from their trading partners. The General Purchase Conditions stipulate that every supplier has to comply with the applicable national legislation in conducting their operations for and with ELG. The same applies for legislation on health and safety, worker protection, respect for human rights, and the prohibition of child labour, corruption and bribery of any kind. ELG also calls on its suppliers to communicate these principles and requirements to subcontractors and suppliers and to support them in complying with them.

Land Contamination

ELG takes measures to prevent land or groundwater being contaminated in the recycling of scrap, for instance during quality control, sheeting, mixing and packaging. The company seals its sites with concrete or asphalt to prevent hazardous substances getting into groundwater or land. The sites have state-of-the-art water treatment facilities. Corresponding data are collected and continuously monitored as part of regular examinations.

Employee Issues

Health and Safety

ELG initiated the Health & Safety PLUS project to establish a modern health and safety management system. Firstly, data on accidents, absences and employee turnover was collected and analysed. To reduce the number of workplace accidents and absences as far as possible a number of measures have been put in place, including awareness raising campaigns. Every production location takes part in a monthly dialogue to discuss current data, experiences and best practices for Health & Safety Management. ELG is working continuously to reduce the number of workplace accidents from 18 per million working hours in 2018 (2017: 18). With 7.14 days absent per FTE per year, the company went below its self-imposed threshold of 7.5 in 2018 (2017: 7.5).

Supplier assessment

Cf. details in "Environmental Issues".

Social Issues

Radioactivity

Radioactive material, which for instance can get into the recycling cycle through medical or technical devices which have not been properly disposed of, poses a challenge in trading with secondary raw materials. ELG was one of the first companies in the sector to introduce a three-stage alert system to automatically examine all incoming and outgoing deliveries of materials for radioactivity. In accordance with the relevant "ELG Radiation Guidelines", scrapyard employees must receive regular training on the topic so that only those products are delivered which have radiation levels lower than natural background radiation. The overriding goal is to ensure that ELG deliveries to customers never trigger radioactivity alarms. In 2018 ELG recycled a total of 1.495 million tonnes of material and was informed by customers of 7 cases leading to an alarm being raised (2017: 1.44 million tonnes and 10 alarms). One of the alarms related to alpha emitters which cannot be detected with 100 accuracy with the current state of the art. Six alarms were due to material with a low level of contamination which can easily be shielded and is therefore difficult to detect.

Respect for Human Rights

Standards and Obligations

ELG has set out its own understanding of ethical business practice in a Code of Conduct. "Independence", "Responsibility", "Integrity", "Empowerment", "Innovation" and "Mutuality" are the "6 ELG Principles" which form the foundation of the corporate culture and underpin the company's Code of Conduct. In addition, ELG promotes the mission of the UN Global Compact and in May 2018 undertook to actively support, comply with and promote the initiative's ten principles. Respect for human rights is anchored in the company's Standard Terms and Conditions. Business partners are therefore also obliged to respect ELG's standards (cf. details in "Supplier Assessment").

Supplier assessment

Cf. details in "Environmental Issues".

Combating Corruption and Bribery

Compliance Management

See comments under Franz Haniel & Cie. GmbH on "Compliance Management"

For further information, please see www.elg.de/en/sustainability.html.

Optimar

Optimar is a global leader for automated fish processing systems for use on ships, on land and in fish farms. These systems are installed as turnkey projects, either independently or in connection with third-party components. As a full-service provider, Optimar also offers complementary products and services. The company delivers to international customers in more than 30 countries. The division has been part of Haniel's portfolio since December 2017. In order to live up to the Haniel Holding Company's standard, Optimar has established a professional CR management system that is tailored to its own business model and is appropriate given the size of the company.

Fishhandling with care – the company’s corporate philosophy expresses two focus areas: firstly animal welfare, secondly safety of fish food. An example of a product which addresses both challenges is “Optilice”. The unique solution allows sea lice to be removed by gently bathing infected fish in temperature-controlled water without any medicals or chemicals. Thus, the method has neither a negative impact on the animals, nor on the environment or the health of the consumer. While automating fish processing activities, Optimar ensures appropriate handling and killing practice. A further advantage of robotization lies in lower hygiene risk, since the number of touch points between seafood and persons is reduced. Simultaneously, Optimar’s technological solutions provide full traceability of the individual processing steps, which is crucial for sustainable fishing.

Optimar believes there is a strong correlation between long-term profitability and responsible business practices. This attitude is reflected in the company’s Environmental, Social and Governance (ESG) Standards. The document is signed by every employee. Suppliers shall also adhere to those standards. Apart from compliance with regulations, Optimar put emphasis on loyalty, cooperation, openness and involvement. Development opportunities for each employee are created to expand expertise. For instance, Optimar is an Approved Apprentice Company for a number of professions. Since 2018, a CR officer is responsible for the coordination of the various activities.

For further information, please see www.optimar.no.

ROVEMA

ROVEMA is a premium provider of packaging machines and equipment. The company's product portfolio includes solutions for the entire spectrum of primary and secondary packaging: dosing, vertical form fill and seal (VFFS), cartoning and final packaging machines. The offering is supplemented by a variety of different services. The company operates at eleven locations and is present in more than 50 countries.

Since its acquisition by Haniel in 2017, ROVEMA has lived up to the Holding Company's standard and established a professional CR management system that is appropriate for the size of the company. . Based on the corporate strategy, the division identified its core sustainability issues under the leadership of the management, which it summarised into four focal points: Save Energy, Save Food, Sustainable Packaging and Supply Chain. The activities under these focal points are aimed at promoting the sparing use of resources and protecting the quality of food. ROVEMA has at its disposal highly efficient processes and components for packaging equipment that enable it to reduce the amount of energy consumed by the machinery. In addition, the company renders it possible for its customers to use its machinery to reduce the materials used for packaging, as well as the volume of packaging, which in turn saves raw materials and lowers carbon emissions in goods transport. In this way, ROVEMA helps to optimise the environmental footprint of the transport chain. Product-friendly and shelf life-extending packaging processes and forms increase the safety of food for end consumers and prevent spoilage. On top of that, ROVEMA's machinery can process environmentally friendly packaging made from renewable raw materials which are biodegradable. Progress in the four sustainability action areas is tracked and communicated at the department level by a CR Officer.

Sustainable economic, ecological and social conduct is an indispensable element of ROVEMA's entrepreneurial culture. A code of conduct based on the corporate values of the company and the UN Global Compact's ten

principles serves as a guideline for all employees. Compliance rules have also been set out for suppliers in a code of conduct. Above and beyond compliance with principles, the company values workplace safety and supports its employees in obtaining qualifications, including through traineeships in various disciplines and the opportunity to enrol in a dual studies programme. In addition, ROVEMA accepts social responsibility by offering pension and health insurance.

Find out more at <http://www.rovema.com/en/engineering/sustainability>.

TAKKT

Business Model

TAKKT brings together a portfolio of B2B mail-order specialists for business equipment in Europe and North America. Each company follows an essentially comparable business model, but with a different focus with respect to customer groups, product lines, regions or distribution channels. The sales brands concentrate mainly on the sale of durable, price-stable equipment as well as special items for recurring use to corporate customers. The product range comprises operating and warehouse equipment, office furniture, transport packaging, display products as well as equipment for the restaurant sector and retail grocery trade.

At TAKKT profitable growth and sustainability go hand in hand. The company-wide SCORE "Sustainable Corporate Responsibility" programme lays the foundation for coordinating sustainable business management activities across all segments and for implementing those measures in day-to-day operations. TAKKT has developed a sustainability strategy for the years to come: the core issues were identified in a stakeholder dialogue, assigned weightings and corresponding measures were initiated to implement them and achieve goals. Having an established system of indicators is an important instrument to ensure that progress is measurable and transparent.

Environmental Issues

Supplier assessment

To transparently map the relevant aspects of sustainability in suppliers' business models and identify potential improvements, TAKKT cooperates with the internationally recognised EcoVadis platform. The four areas analysed by the EcoVadis evaluation are "Environment", "Social", "Ethics" and "Supply Chain". TAKKT's product managers can see the results in an online portal, make proposals for improvements to suppliers and draw up development plans. The procurement volume from suppliers certified by EcoVadis was 44.2% (2017: 46.8%). The objective is to increase this to 50-60% by 2020. TAKKT also uses the EcoVadis platform to assess suppliers for direct imports, with 39.3% being certified in 2018 (2017: 39.8 %)

Green Products

Outstanding product quality means that products have a long useful life for customers. TAKKT therefore assumes responsibility for the entire life cycle of the products distributed, from procurement through the period in use to disposal of materials and packaging. In collaboration with its partners, the company is systematically expanding its line of sustainable ("green") products in all distribution companies. Where possible, use of external certification is made. EUROKRAFT Active Green products, for example, have been certified as carbon neutral by the TÜV (Technical Inspection Association), meaning that all CO₂ emissions arising from production are fully offset. As a proportion of total revenue, sustainable ("green") products accounted for around 9.5% in 2018 (2017: 9.3%). The target is for this figure to be 12-15% in 2020.

Resource Efficiency

Printed advertising such as catalogues are a central medium for addressing customers in direct marketing. However, they also account for the majority of TAKKT's CO₂ emissions. TAKKT therefore works exclusively with efficient, modern printing companies. To produce printed advertising, paper almost exclusively from sustainably managed forests (FSC/PEFC) is used. By refining its business model into a multi-channel company, TAKKT is increasing the efficiency of customer-oriented marketing and saving resources by reducing the use of paper. In 2018, TAKKT used approximately 4.2 kg of paper per order (2017: 5.4 kg), thereby again exceeding its 2020 goal of 6.0-6.5 kg.

CO₂ Emissions

TAKKT is actively committed to making efficient use of natural resources and to environmental protection. The company has been successfully participating in the Carbon Disclosure Project (CDP) since 2008, and improved its CDP Climate Score to "B" in 2018. TAKKT is thus among the leading participating SDAX companies. KAISER+KRAFT Deutschland, the largest distributor in Europe, went completely climate-neutral in early 2018. By recording its carbon emissions, TAKKT gains important insights for targeted improvement measures – such as the use of environmentally friendly materials and production processes. In 2018, certified climate balance sheets were available for 13 material companies (2017: 13). TAKKT aims to increase this figure to 15-18 by 2020. The division also aims for its product distribution to be as environmentally friendly as possible and cooperates with a number of logistics partners to make its deliveries climate neutral. In 2018, 93.5% of package deliveries and 48.9% of general cargo deliveries in Europe and the United States were transported with carbon offsetting (2017: 91.4 and 44.7%). By 2020, the objective is for 100% of package deliveries and 90% of general cargo deliveries from central warehouses to be carbon neutral.

Energy Consumption

To further reduce energy consumption and harmful emissions, TAKKT focuses on the areas which enable the greatest potential savings and improvements. Such areas are identified by the use of environment and energy management systems. One important component in these certifications is to establish an ongoing process of improvement. In 2018, there were already 6 material companies certified under ISO 14001 (2017: 6) with preparations under way for further companies, so that their number should increase to 10-13 by 2020. The introduction of certified energy management systems under ISO 50001, already in place at 4 companies in 2018 (2017: 4), will be further accelerated encompassing 5-8 companies by 2020. Another objective is for TAKKT to reduce its energy consumption at German and US locations to 50-55 megajoules per order, for instance by switching to LED lighting. In 2018, energy consumption was 66.7 megajoules per order (2017: 70.6 MJ).

Employee Issues

Supplier assessment

Cf. details in "Environmental Issues".

HR Strategy

TAKKT sees the possibilities of increasing digitalisation as a clear opportunity, not least to make internal processes quicker and more efficient. The company is adapting the way it is organised and works accordingly. For example, experts from different areas come together in flexible working groups to pool their knowledge on individual activities. Investing in creating modern modes of working helps to evolve the corporate culture and to support the digital transformation. TAKKT employees' digital skills are also developed through targeted training. The objective is to find and retain talent with digital skills. At least half of this talent should still be employed with the company in 2020. In 2018, 89.9% of newly employed talent in the framework of the digital agenda remained with TAKKT (2017: 90.9%).

Diversity

TAKKT believes strongly that mixed teams add value and considers it a company-wide objective to ensure equal opportunities for women and men in their career development across countries and divisions – e.g. by making the recruiting process more objective with the aim of finding at least one female candidate for high-ranking management positions. For internal talent promotion programmes, targets for the numbers of female participants have been set. TAKKT also aims to improve work-life balance by expanding childcare facilities and arrangements for teleworking (home office). In 2018, the share of women in senior management positions rose to 12.3% (2017: 10.5%), meaning that the target of 10% by 2020 has thus again been achieved.

Social Issues

Social Commitment

TAKKT sees social commitment as an important component of corporate responsibility. The company sees itself as part of society and therefore feels it is important to support local projects. Alongside organisations and associations working on environmental and social issues, the company also supports volunteering on the part of its employees. Through paid leave, employees have the possibility to provide both material and conceptual support to projects on the ground. Around 70.2% of employees had this opportunity in 2018 (2017: 65.7%), with 18.0% actually taking part in volunteering projects (2017: 15.1%). The targets of offering paid leave for volunteering to 55-60% of employees by 2020 and of 8-12% of employees volunteering by 2020 have therefore again been achieved.

Respect for Human Rights

Supplier assessment

Cf. details in "Environmental Issues".

Guidelines and Obligations

TAKKT gives the highest priority to complying with statutory and contractual obligations and to ethical principles. To ensure compliance and to support employees in their day-to-day work, the company completed a revised TAKKT Code of Conduct in 2014. The Code is based on its corporate values and on the principles of the UN Global Compact and other international standards. Since the beginning of 2012, TAKKT has been an active sup-

porter of the Global Compact Initiative and has committed to respecting and spreading the ten universal principles on human rights, working conditions, environmental protection and combating corruption. With its extensive and results-based sustainability reporting, TAKKT is one of the few German companies to have achieved the Global Compact's "advanced level" and the company's objective is to remain at this high level.

Combating Corruption and Bribery

Compliance Management

See comments under Franz Haniel & Cie. GmbH on "Compliance Management"

Supplier assessment

Cf. details in "Environmental Issues".

For further information, please see www.takkt.de/en/sustainability.

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