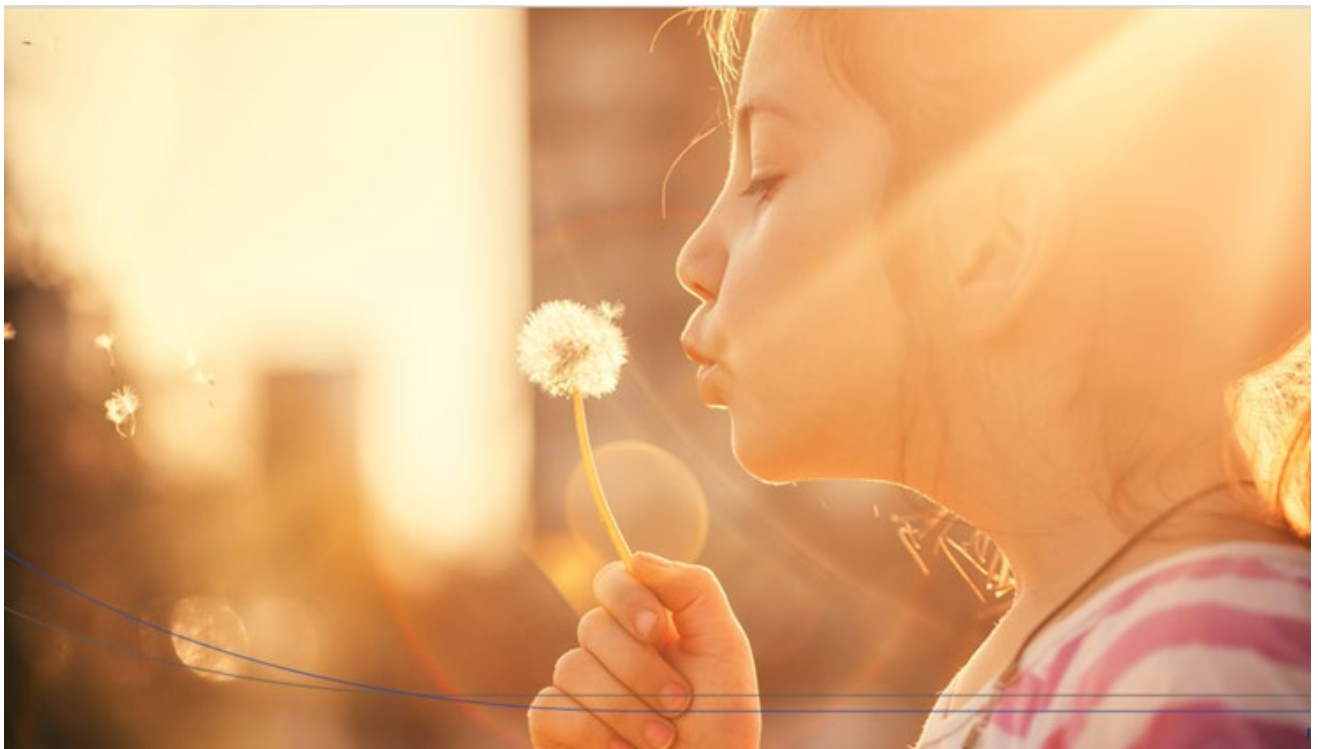




Kaesler Nutrition

Sustainability Report 2023
Kaesler Nutrition GmbH



Foreword

For many industries, sustainability is no longer just a trend word, but a central component of their corporate philosophy. For us too - as a company in the food supply chain - sustainability is of essential importance. We see ourselves as a value-adding participant in the most important cycle of our economy: we help to supply people all over the world with safe, affordable and sustainable food.

We also see ourselves as a knowledge-creating and research-based company that balances and optimises the needs-based, resource-conserving nutrition and health maintenance of the animals entrusted to us.

With this report, we are publishing our first ESG report. It describes the status, quantifiable targets and measurable actions of our environmental, social and economic sustainability concept.

We invite you to join us on our sustainability journey and look forward to giving you an insight into our sustainability initiatives and achievements.



Ruoxun Yang
Managing Director



Bruno Kaesler
Managing Director

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1. Principles of this sustainability report

Sustainable management has long been an integral part of our business activities. Since Kaesler Nutrition was founded (<https://www.kaesler-nutrition.com>), strategy and corporate governance (documented in the management handbook) have formed the guidelines for our goals and our actions. We have well-established processes for implementing projects and measures.

Sustainability is based on three pillars at Kaesler Nutrition:

Sustainability Mission

Sustainability Strategy

Sustainability Objectives, Targets and Action plan

In addition to the numerous laws on the Green Deal, we refer to the UN Sustainability Goals¹ and the reports of the **Intergovernmental Panel on Climate Change IPCC**².

We organise the implementation of the ESG guidelines in cooperation with our partners using the OSAPIENS³ software.

2.Status report 2023

2.1 General information

Our sustainability mission

With our many years of expertise in animal nutrition and the feed and food supply chain, as well as our strong research and development, our products and services ensure healthy, needs-based and resource-efficient nutrition for livestock and pets. With our safe and high-quality feed additives, we refine feed to improve animal welfare and animal health, fulfil individual nutritional requirements and increase the resource efficiency and sustainability of animal feed production.

Based on our sustainability strategy and the results of the materiality analysis, we have identified 7 important Sustainable Development Goals (SDGs) that are of the highest relevance to us and our partners and to which we can contribute the most. We are committed to the following 7 Sustainable Development Goals (SDGs) set by the United Nations and align our actions, products and services with them in particular:



Figure 1: Kaesler's commitment to the UN's Sustainable Development Goals

Our sustainability strategy is based on four key sustainability commitments:

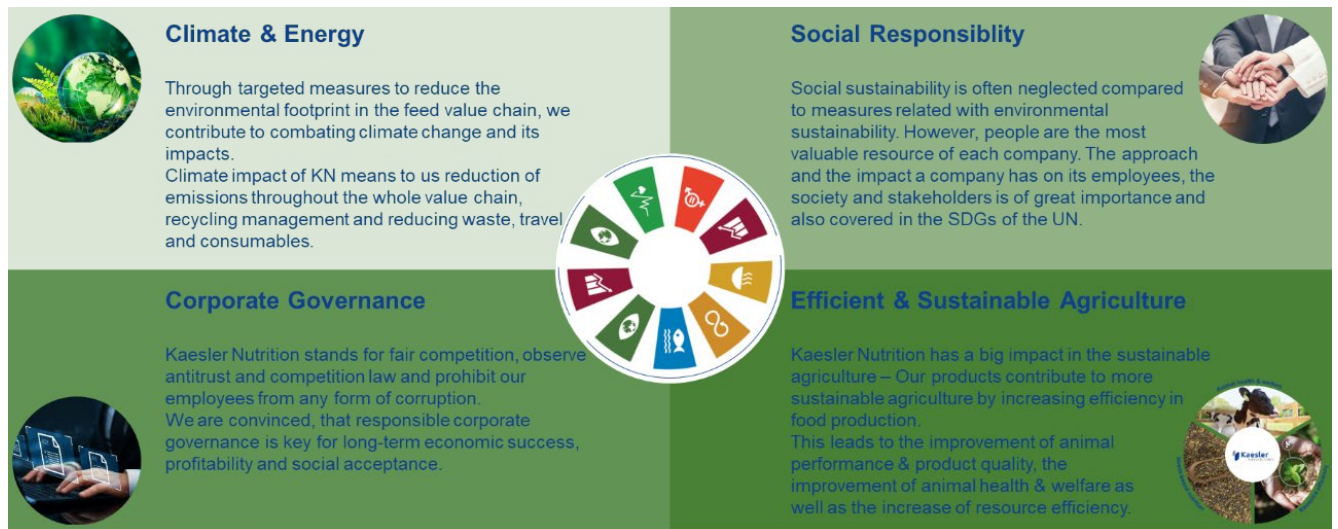


Figure 2: Kaesler Nutrition's 4 sustainable commitments

For each sustainability commitment, we show what contribution Kaesler Nutrition makes and how the use of our products and solutions can improve sustainability in livestock farming. We are convinced that Kaesler Nutrition can make a significant contribution to closing the cycles in agriculture.

Our products

All our products improve the sustainability of animal nutrition.

Nutrition is a decisive factor for sustainability in livestock farming. By using feed additives, we can not only improve animal health, but also increase the efficiency and sustainability of animal feed production. With over 90 years of experience in animal nutrition and in the feed and food value chain, we are ideally equipped to recognise and tackle the challenges in the area of sustainability.

Our absolute commitment to quality and our strong research and development work enable us to develop innovative solutions. We continuously identify opportunities for improvement and utilise our high-tech products and a comprehensive range of services. To meet the specific needs of the industry.

As animal feed producers, we only use natural raw materials. We have summarised the sustainability of our products in sustainability cards that we have created ourselves.

Phytase

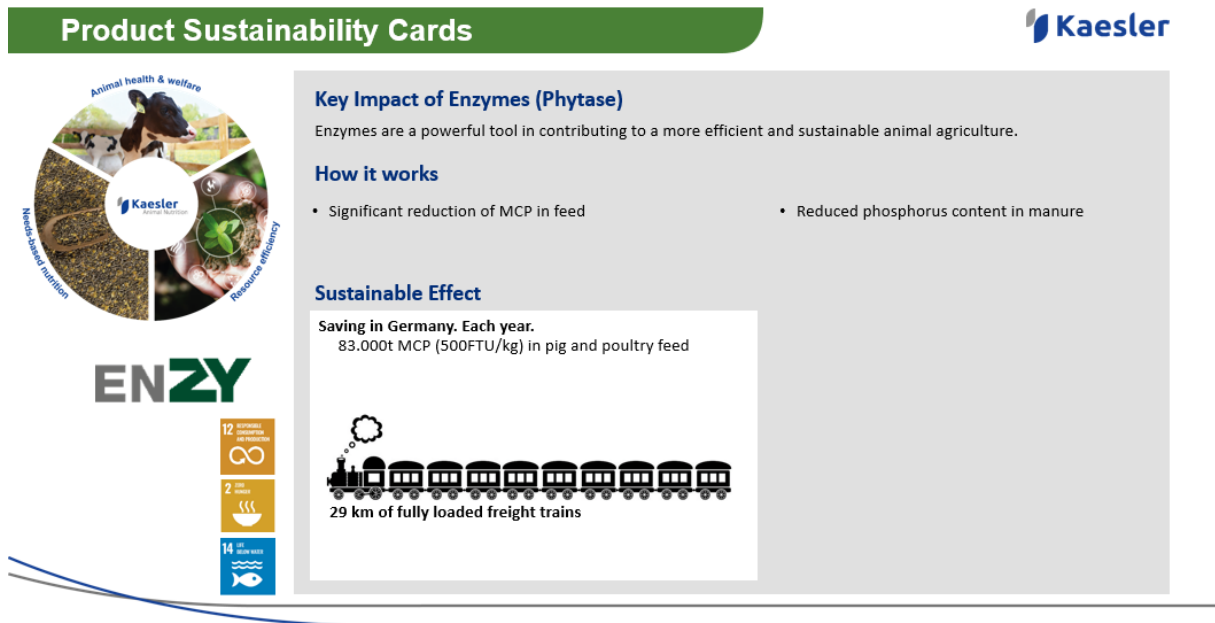


Figure 4 : Product sustainability map for phytase

Phytases are enzymes. They are biological catalysers that can open up unavailable nutrients for the animal. The use of ENZY products improves nutrient digestibility, increases animal performance and at the same time offers more flexibility in feed optimisation, saves limited resources and protects the environment.

On the one hand, this makes it possible to dispense with mineral phosphorus, which is extracted by mining, whilst making the phosphorus naturally occurring in the plant available to the animal. In Germany, around 83,000 tonnes of phosphorus could be saved annually in pig and poultry feed, which is equivalent to a 29 km long goods train.

In addition, the lower phosphorus uptake in the feed reduces the phosphorus content in manure, which reduces environmental problems such as eutrophication.

Enzymes also enable the use of co-products in animal feed - the use of regional grain varieties such as rye and barley offer cost-effective food sources for animals and has advantages such as greater resistance to drought and pests.

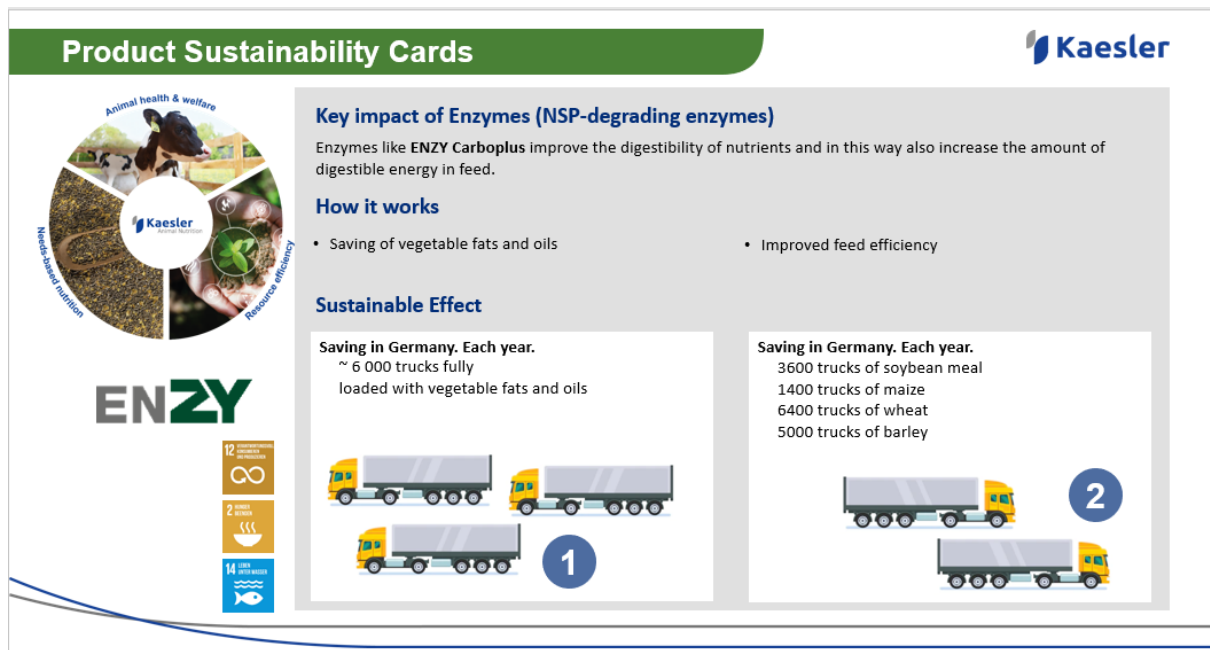


Figure 5: Product sustainability map for Carboplus

Enzymes such as ENZY Carboplus improve the digestibility of nutrients and increase the amount of digestible energy in the feed. As a result, the energy content of the feed can be reduced while the supply of digestible energy remains at a recommended level. This leads to savings in vegetable fats and oils, which are the main source of energy in animal feed. In Germany, the use of ENZY Carboplus could save 140,000 to 150,000 tonnes of vegetable fats and oils in poultry and pig feed every year.

Enzymes such as Carboplus are the technological key to unlocking all co-products in the food chain. The enzymes that animals need to digest co-products and cannot produce themselves are made available to the animal as biotechnologically produced additives.

The use of enzymes such as ENZY Carboplus in poultry nutrition contributes to the elimination of anti-nutritional effects caused by non-starch polysaccharides (NSP) in cereal grains. These NSP, which mainly consist of structural carbohydrates of the plant cell wall, can be divided into soluble and insoluble parts. The soluble part binds water and can lead to increased viscosity of the digestive mash, which slows down digestion and impairs nutrient absorption. The insoluble part encloses nutrients and prevents their access to digestive enzymes, which reduces nutrient digestibility. ENZY Carboplus breaks down these cell wall carbohydrates into shorter fragments, cancelling out their anti-nutritional effects.

Another benefit is the improvement of footpad health in poultry. The increased viscosity of the digestive tract can lead to sticky faeces, which increases litter moisture. Wet litter is a major cause of footpad dermatitis (FPD), a painful condition that affects animal welfare. By using ENZY Carboplus, the ability of soluble carbohydrates to bind water is reduced, keeping litter moisture at a healthy level and reducing the risk of FPD.

ENZY Carboplus also improves intestinal health. The enzymes hydrolyse long-chain carbohydrates of the plant cell wall into shorter fragments, which serve as 'food' for beneficial intestinal microbes and thus have a prebiotic effect. This stabilises the intestinal flora and makes it less susceptible to digestive disorders such as diarrhoea.

LOVIT drinking water applications

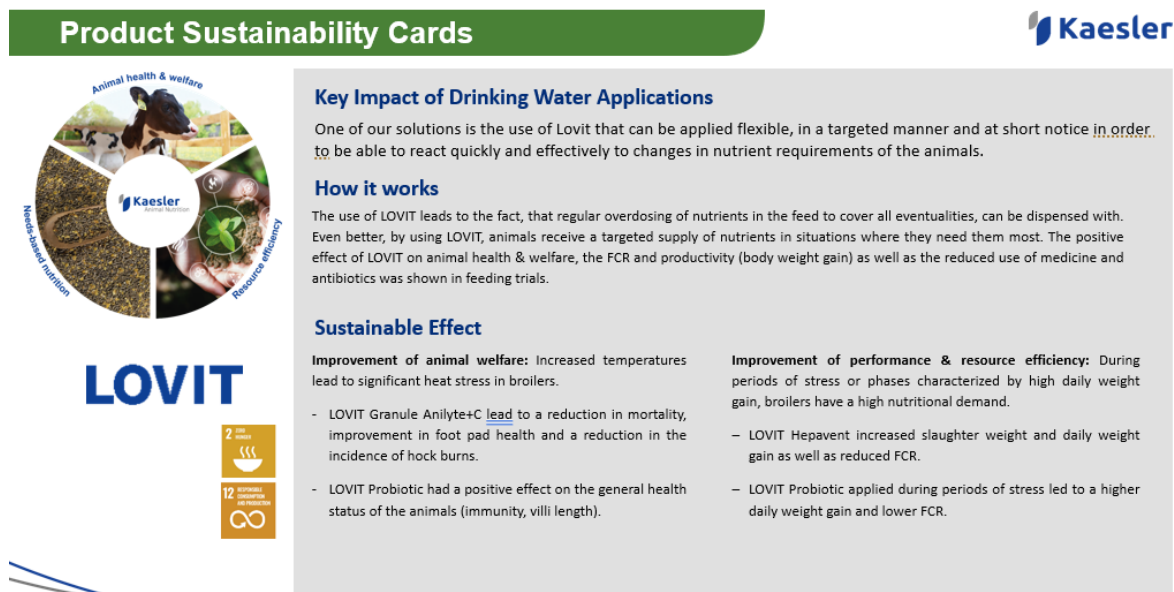


Figure 6: Product sustainability map for LOVIT

Decades of development work have resulted in the LOVIT series, a unique range of products for keeping animals healthy. These are combinations of essential nutrients and biological active ingredients that stabilise the animals in the event of an emerging illness or in stressful situations and thus help the animal to recover on its own.

The use of LOVIT ensures that animals are specifically supplied with nutrients (vitamins, trace elements, amino acids, probiotics or herbs) during critical phases (such as growth or performance phases, stable changes, transport, vaccinations, stress situations and infections). Animal studies have shown that LOVIT improves animal health, increases feed conversion and productivity and reduces the need for medication and antibiotics. Many farmers in the EU can even achieve antibiotic-free production cycles by using these products.

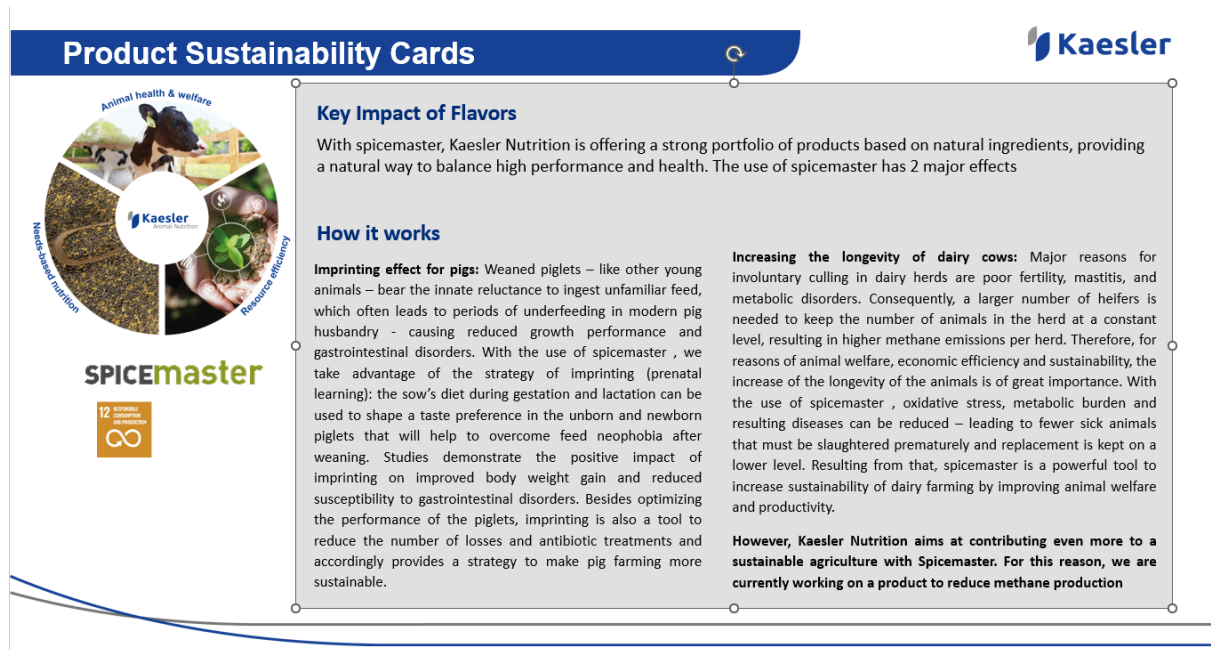


Figure 7: Product sustainability map for Spicemaster

With Spicemaster, we offer a strong product portfolio based on natural ingredients that naturally creates a balance between high performance and health.

The use of Spicemaster can reduce oxidative stress, metabolic stress and the resulting diseases

The effect of Spicemaster has been proven in numerous trials on piglets and dairy cows.

2.2 Materiality analysis

The materiality analysis was carried out in 2022/23. The results are summarised in the attached presentation ‘Materiality Analysis’. The quantification of the analysis can be found in the appendix ‘Materiality Matrix’. In the following, ESRS criteria are first dealt with qualitatively.

Firstly, we looked at all of Kaesler Nutrition's stakeholders and identified them in order to carry out the materiality analysis. The result is shown in the following graphic:

Materiality Analysis

Overview of Stakeholders

Economic stakeholders	Social Stakeholders
1 Customers	1 Politics
2 Suppliers	2 Local Authorities
3 Financial Institutions	3 Media
4 Insurances	4 Trade Unions
5 Distribution/cooperation Partners	5 Certification Bodies

Ecosystem Advocacy Groups	Internal Stakeholder Groups
1 Government Agencies	1 Employees
2 NGOs	2 Executives
3 Environmental Groups	3 Directors
	4 Managing Director
	5 Works Council

Figure 8: Materiality analysis overview of stakeholders

Our stakeholders come from a wide variety of backgrounds and have very different interests in the company. The main points were analysed and defined in the first workshop:

Materiality Analysis			
Major Topics to be analyzed			
Responsibility for nature and the environment <ol style="list-style-type: none"> 1 Waste management 2 Water & wastewater management 3 Resource efficiency 4 CO2 balance/impact on environment 5 Transport of raw materials & products 6 Biodiversity 7 Energy management 8 Use of renewable energies 	Employee responsibility <ol style="list-style-type: none"> 1 Equal opportunities 2 Diversity 3 Occupational safety & health care 4 Appreciative corporate culture 5 Compensation and benefits 6 Promotion of young talent 7 Employee recruitment & employer attractiveness 8 Training and further education 9 Fair & modern working conditions 	Social responsibility <ol style="list-style-type: none"> 1 Social engagement Responsible business & compliance <ol style="list-style-type: none"> 1 Sensitization of employees 2 Compliance with legal requirements 3 Governance guidelines 4 Tax policy 5 Business ethics 6 Lobbying 7 Investment Policy 8 ESG Rating 9 Economic stability 	Responsibility in the supply chain <ol style="list-style-type: none"> 1 Supplier Management 2 Long-term & fair partnerships 3 Social standards in the supply chain 4 ESG-compliant suppliers Product responsibility <ol style="list-style-type: none"> 1 Product safety & quality 2 Sustainable packaging 3 Product labeling 4 Product carbon footprint 5 Impact of products on sustainable and efficient agriculture

Figure 9: Materiality analysis: key aspects

The subsequent categorisation of the generic terms is the result of the workshop and/or the external surveys. It emerged that the five major topic blocks have a high business relevance and a high stakeholder relevance. Social responsibility is a somewhat weaker topic, ranking in the lowest midfield.

Overall Result

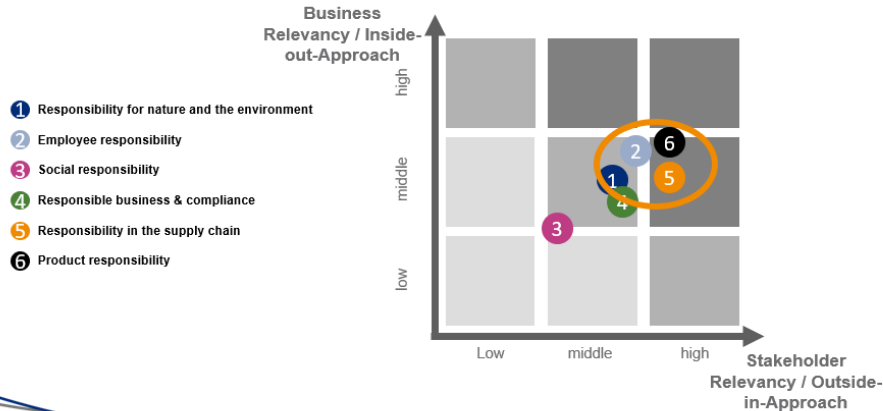


Figure 10: Materiality analysis: Results

Further details can be found in the Materiality Analysis appendix.

3. Sustainability aspects covered by ESRS topics

3.1 Environmental sustainability

E1: Climate change

Since the 19th century, the use of fossil fuels has steadily increased the CO₂ content of the atmosphere. An impact on the global climate is assumed by climate scientists to be very likely. Reducing the amount of fossil CO₂ entering the atmosphere is therefore the central starting point for limiting climate change.

Agriculture consumes little CO₂ in relation to the amount of food produced, e.g. in the production of fertilisers, farm buildings and machinery.

Plants absorb CO₂ from the air, animals and humans release it again. It is also released by bacteria and decomposition processes. This cycle is closed and does not increase the CO₂ concentration in the air.

Climate gases such as methane and nitrous oxide are temporarily produced but are broken down again into CO₂ and nitrogen. As long as they are in the atmosphere, they increase the temperature.

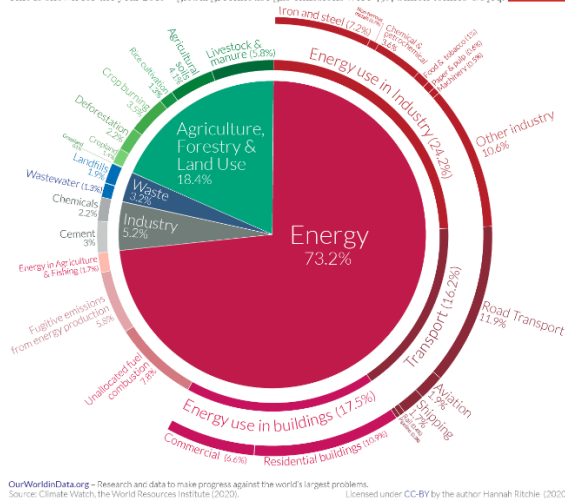
Another source is the so-called land use: when primeval forests become agricultural land, less CO₂ is bound by the plants and the CO₂ content of the air increases. This effect can also be reversed if the areas become forests again.

Livestock farming has a major influence here: Over 50% of agricultural land is used for animal husbandry.

Agriculture feeds around eight billion people worldwide and is responsible for 18.4 % of greenhouse gases:

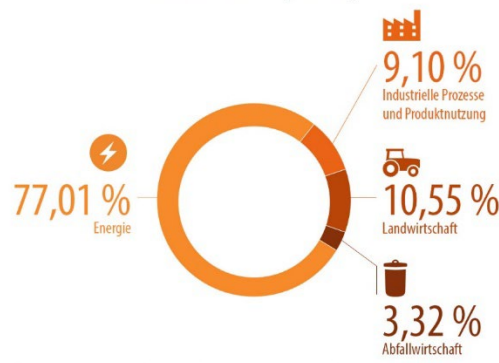
Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.



OurWorldinData.org – Research and data to make progress against the world's largest problems. Source: Climate Watch, the World Resources Institute (2020). Licensed under CC-BY by the author Hannah Ritchie (2020).

Treibhausgasemissionen in der EU nach Sektoren* (2019)



* Alle Sektoren exkl. Landnutzung, Landnutzungsänderung und Forstwirtschaft (LULUCF). Die Summe der Prozentzahlen ergibt keine 100 Prozent, da gerundete Zahlen verwendet werden.

Quelle: Europäische Umweltagentur (EEA)



Figure 11: Global greenhouse gas emissions per sector

Figure 12: Greenhouse gas emissions in the EU by sector from 2019

In Europe, 10.5% of greenhouse gases are attributable to agriculture, in Germany 7.4%. Of this, 3.4% is attributable to methane from ruminants and 3.9% to nitrogen oxide from liquid manure, artificial fertiliser and biogas residues⁴.

The more industrialised agriculture is, mainly in the area of animal production (so-called factory farming), the lower the environmental impact.

European agriculture is CO₂ neutral. Nitrous oxide (nitrogen oxide) and methane are greenhouse gases.

In Europe, agriculture, especially livestock farming, is seen as a major cause of climate change and should be reduced in the long term (as is currently the case in Germany and the Netherlands). Outside of Europe, agriculture is seen as a realistic technology to stop climate change.

Kaesler Nutrition

Kaesler Nutrition does not cause any methane or nitrous oxide emissions. Production is virtually loss-free. Climate gas production caused by our company are, according to our initial estimate, CO₂ emissions:

- Transport of raw materials to the production site and
- Transport of our products to the customer
- Electricity consumption during production
- Natural gas consumption for heating and steam in production
- Recycling of packaging materials
- Destruction of packaging material and waste
- Heating of the buildings
- Employee journeys to the workplace
- Electricity consumption due to IT equipment
- Paper consumption in business operations

E2: Environmental pollution

As part of our commitment to sustainable development and the protection of our environment, we have made significant progress in various areas this year. Our focus is on minimising pollution and conserving natural resources.

Water contamination

We are aware of the problems associated with water pollution. Through targeted measures and proven technologies, we have significantly improved our contribution to ensuring high water quality. Our wastewater treatment plants work efficiently to reduce pollutants and ensure the purity of the water.

Air pollution

Air quality is a decisive factor for the health of people and nature. We are actively committed to minimising air pollution and thus contribute to high air quality. By using low-emission technologies and promoting sustainable mobility solutions, we have significantly reduced our emissions.

Soil contamination

The preservation of unpolluted soil is of central importance to us. The soil on the company premises does not come into contact with our products. Specialised waste disposal companies are responsible for the disposal of production waste and packaging material. As our products are all edible, there is no danger if they end up in the soil.

Substances of concern

We use some ingredients that are labelled as hazardous goods, for example vitamin A. Vitamin A is only dangerous in high concentrations; it is an important vitamin in foodstuffs. All hazardous substances are properly stored and monitored by our hazardous goods officer.

Our production

We manufacture our products using milling technology (mixing), fermentation and formulation technologies (e.g. spray drying, adsorbates). All our machines are powered by electric motors. Over 95% of the electricity at the Cuxhaven site comes from wind energy and is therefore sustainable. At other sites, we will switch to renewable energy sources when they become available.

We also generate steam and heat with gas. Due to the uncertainty of the gas supply, the gas burners have been doubled by an oil burner with oil tanks.

In future, we want to use the heat from the steam generation for our heating with a heat exchanger. This will save 63,900 kWh, which is equivalent to the consumption of 21 two-person households in Germany.

Our administration

As part of the remodelling of our office building, the heating system will also be replaced with a modern, energy-saving heating system.

Since 2022, our administration has been working completely remotely. This eliminates the need to travel to work every day. We estimate that this will save us 75.6 tonnes of CO₂ per year⁵.

Thanks to extensive digitalisation, we work paper-free except for a few official documents. We estimate a saving of 2.0 tonnes of CO₂⁶ per year.

Research and development

We invest more than 10% of our speciality sales in research and development of new products and processes. We only conduct research into products that improve the sustainability of agriculture.

Since 2015, we have invested over € 15 million in product improvement, new applications, new products and new processes.

E3: Water and marine resources

- Water extraction
- Discharge of water

We used 2,964 tonnes of water to produce 12,892 tonnes of product, of which 0,183 tonnes were used in the office area. That is 0.206 kg of water per kilogramme of product.

This is already low: on average, a person in Germany consumes around three tonnes of water per kg, 266 kg per kg are used to produce a car and 184 litres of water are needed to produce one kg of tomatoes.

We are trying to further reduce water consumption by producing in large batches during the production process and thus reducing cleaning steps.

On the other hand, our product ENZY Phostar leads to significant savings in feed phosphates when used in animal feed, which reduces the contamination of groundwater with phosphate.

E4: Biological diversity

E4.1 Direct causes of biodiversity loss

As we hardly need any space for our production, the negative impact on biodiversity is very low, as is soil sealing. This also applies to our products.

The green areas in the production facility in Cuxhaven are no longer mowed and are intended to develop into a natural biotope.

Our 'Clean fish' research project aims to produce fish meat from fermentation. The aim is to counteract the overfishing of the oceans and the associated reduction in biodiversity and to produce fish meat more sustainably.

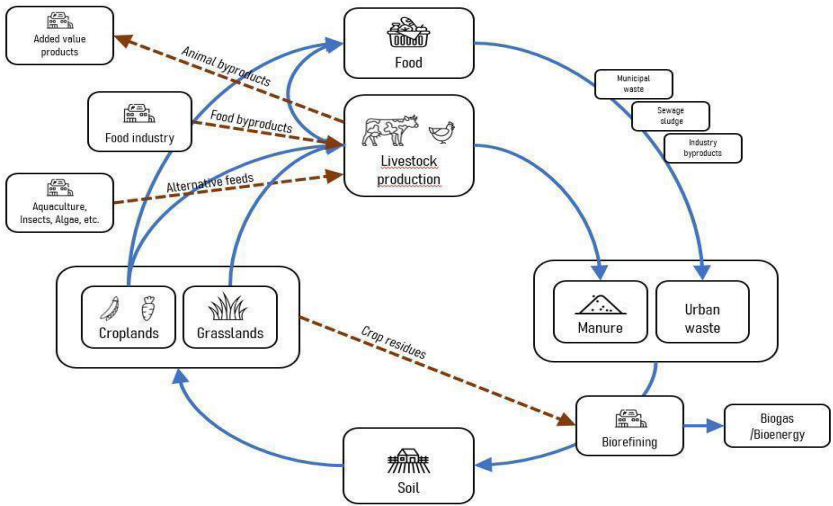
E5: Circular economy

As part of our sustainability strategy, we attach great importance to the efficient use of resources and the minimisation of waste. Our resource flows are based on the principles of the circular economy, whereby we make targeted use of recycled and renewable materials. We have also optimised our production processes in order to implement less resource-intensive procedures, which also leads to a reduction in costs and reduces our dependence on non-renewable resources.

Through these measures, we are helping to shape a sustainable future and continuously reduce our ecological footprint.

Together with its stakeholders (including the International Feed Industry Federation (IFIF), in which we are actively involved), the FAO has developed a categorisation and assessment of the sustainability of agriculture, including animal production, which is currently in the stakeholder consultation process. Farm animals are an essential part of circular agriculture. Only around 30% of the plants produced for human consumption are eaten. The rest are co-products and waste. This biomass, if not refined by animals, would lead to an enormous environmental impact. In addition, animal protein is essential for a healthy diet for the world's population.

Diagram Intro – Approach 2 (Based on Pardo 2016, Van Zanten et al 2019)



7

Figure 13: Overall cycle of agriculture

The vision of agriculture develops from this: animals are only fed with biomass that is not suitable for humans.

This FAO vision forms the basis of our strategy and sustainability goals and is also the basis of our vision: **we close the cycle.**

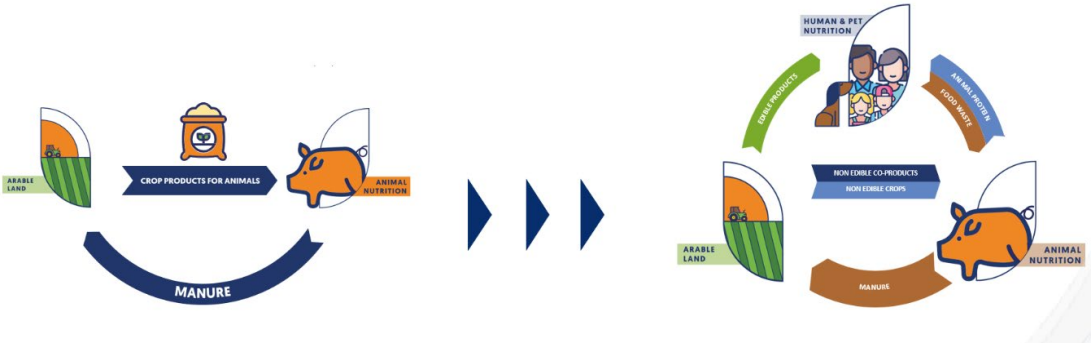


Figure 14: Insertion of feed additives into the overall cycle ©Kaesler Nutrition GmbH 2023

To make side streams and waste from human nutrition usable for animals, we need (new) additives. We believe that

- Enzymes that make the new raw materials more digestible,

- Formulations that protect sensitive additives such as probiotics, enzymes and vitamins in the feed manufacturing process and
- Products that protect co-products from spoilage, especially oxidation

will play a central role in the realisation of the FAO's nutritional vision.

We are already a strong partner to animal feed producers with enzymes and antioxidants. In our research, we are working on new enzymes and new natural antioxidants.

By entering into biotechnological production, we want to expand our technological expertise and further improve the sustainability of our production.

A sustainable circular economy in protein production can only work with healthy animals. Here too, agriculture has a clear goal: to keep animals healthy and prevent disease through animal-friendly husbandry, hygiene, proper nutrition and vaccines. We have been contributing to this goal for decades: Our drinking water applications are products that quickly supply the animal with natural active ingredients such as immune stimulators, vitamins, herbal extracts or minerals in difficult situations such as heat, stress or infections in order to strengthen the animal's natural defences and prevent illness.

Our LOVIT products are the result of decades of experience in animal nutrition, animal health, chemical analysis and formulation. They are constantly being improved in our research and development department and adapted to the needs of animals.

3.2 Social sustainability

S1: Own workforce

S1.1 Working conditions

Secure employment is important for both the employee and the employer.

At Kaesler Nutrition, we offer our employees fair working conditions, extensive development opportunities and a safe working environment. Our employees receive an appropriate and fair wage for their work and offers for sustainable pension plans.

The gender pay gap at Kaesler Nutrition was 7.29% in 2023, which is well below the national average (39% in 2023)

The proportion of women in management positions is 40%, in the management team 60%.

The safety, well-being and equal rights of our employees are particularly important to us. The majority of our employees have the opportunity to organise their own place of work and working hours with the greatest possible flexibility. One example of this is the option to use mobile working 100% of the time. Even in areas that offer less room for manoeuvre, we take care to offer employees solutions for an attractive working environment (including the 4-day week in a shift model).

We actively promote the work-life balance and physical and mental health of our employees. Absenteeism can only be avoided, productivity increased, and employees retained in the company if the workforce is healthy and satisfied in the long term.

The following benefits are just a few examples:

- Financial support for the EGYM/ Wellpass offer (with a contribution of just EUR 20 per month, our employees can use various sports, fitness and wellness offers throughout Germany)
- Possibility of leasing high-quality bicycles and e-bikes at discounted prices
- Regular health and safety training courses
- 'Healthy start to working life' trainee programme
- Offer of joint sporting activities with the 'Kaesler Sports Team' (company runs, volleyball and football tournaments)
- Weekly supply of regional fruit & vegetables
- Offer of flexible working time models, including the option of taking time off throughout the day; part-time working models also for managers
- Implementation of individual and unbureaucratic solutions for employees 'in need' (e.g. if childcare is cancelled, a sudden need for care arises or urgent private appointments have to be attended in the morning)
- Company medical care that goes beyond the legal requirements, including to ensure mental health
- Company events (Christmas/New Years Eve, production party, summer party).

Feeling safe is one of the most important prerequisites for efficient performance. The health and safety of our employees is our top priority. We have implemented extensive measures to ensure that our workplaces are safe and that all applicable health and safety standards are met. These include regular training and instruction, modern personal protective equipment and workwear, risk assessments, workplace inspections and the conversion of workplaces to a high safety and modern standard to reduce the workload on employees.

We take our social responsibility very seriously. By offering eight different apprenticeships, we fulfil our training mandate and train our own young talent. We take part in the annual Future Day and other initiatives for schoolchildren and young adults, such as the mint:pink campaign and the

offer of voluntary internships in all professions. We work together with local sheltered workshops to provide our employees with fresh fruit and vegetables. We also involve Lebenshilfe in our production processes.

We support our trainees by covering their travel costs to vocational school and, where possible, provide them with free job tickets from local transport companies. We are switching our vehicle fleet to environmentally friendly drive systems.

Employees are also free to organise at work in accordance with Article 9 (3) of the German Constitution. The opportunity to form trade unions is guaranteed at Kaesler Nutrition. There is also a works council with currently seven members.

S2: Workforce in the value chain

S2.1 Working conditions

Suppliers

KN carries out audits at suppliers. In China and India, working conditions will also be assessed in future in addition to quality audits. This is done through plant inspections.

No anomalies have been identified in any case.

Should human rights be violated, we would terminate the business relationship immediately.

In addition, we check compliance with the criteria required by the German Supply Chain Duty of Care Act (LkSG) by conducting surveys. For this purpose, we have purchased the special osapiens HUB for Due Diligence programme from Osapiens.

Temporary workers

We rely on the help of temporary workers to cover work peaks. The temporary workers are provided by a company in Cuxhaven. The cost of a temporary worker is higher than the cost of our own employees.

S3: Affected communities

Kaesler Nutrition employs people from over 20 countries. We treat all employees equally. We have visited the production facilities of our contract manufacturers.

S4: Consumers and end users

As part of our responsibility towards our customers and end users, we attach great importance to transparent information and the security of our products and services. We recognise that data protection plays a central role and therefore take comprehensive measures to protect the personal data of our consumers. Our data protection guidelines are clearly defined and ensure that all information is handled responsibly and in accordance with the applicable legal provisions.

In addition, the personal safety of our customers is of paramount importance to us. We ensure that all our products meet strict security standards and are regularly audited. In order to offer our end users a high level of safety, we provide them with comprehensive information about the properties of our products and possible hazard warnings (S4016). This information is made easily accessible and understandable so that our customers can make informed decisions.

Through these initiatives, we not only promote trust in our brand, but also actively contribute to the safety and satisfaction of our consumers. Our aim is to build a responsible relationship with our customers based on transparency, safety and respect.

Data protection, freedom of expression and cultural rights of employees are regulated by law in Europe and are strictly observed by us.

The same applies to employees outside Europe.

The safety of our products for consumers is closely regulated by food and feed legislation and monitored by our supervisory authorities (LAVES; Trade Supervisory Office, etc.). We are also certified according to the following certificates:

- ISO 22000
- FAMI QS
- GMP+

3.3 Governance - Corporate policy

GOV1: Administrative, management and regulatory bodies

The legal form of Kaesler Nutrition is a limited liability company. The management plans the strategy and budget as well as important transactions in consultation with the shareholders. Transactions requiring approval are regulated in the shareholders' agreement.

The company is managed by two managing directors. Important decisions are discussed and decided at the management team meeting.

The measures and projects defined in the strategy - including the implementation of the sustainability strategy - are determined annually at a strategy meeting of the management team. The measures are assigned to team tasks and their implementation is monitored in defined teams. The management team reviews the progress made in implementing the strategic measures on a monthly basis. Key topics relating to the strategy or corporate culture are discussed with all managers (leadership circle) on a quarterly basis and measures are defined.

Management Handbook

Die verwaltungstechnischen Abläufe inklusive der Maßnahmen zur Einhaltung der Compliance sind im Management Handbuch geregelt. Unternehmen (Historie, Vision, Mission, Werte, Produkte und Dienstleistungen, Kompetenzen, Führung, Partnerschaften)

- Management system (strategy and strategy implementation, planning and controlling, process management, quality management, communication, works council)
- Compliance (cooperation, anti-corruption guideline, antitrust guideline, business partner guideline)
- Internal guidelines
- Quality management manual
- Risk management and disaster recovery management
- Emergency manual in the event of a managing director's absence
- Delegation of authority (authorisation guidelines)

Process Management:

Based on a 1st level process map, all relevant processes are described, in production and for particularly sensitive processes down to the level of SOPs (process instructions). The

responsibilities for the business processes are assigned to process owners. As a rule, they are the line managers. Our job descriptions are harmonised with the process descriptions

KPI in the classic DuPont scheme has long been established in the company.

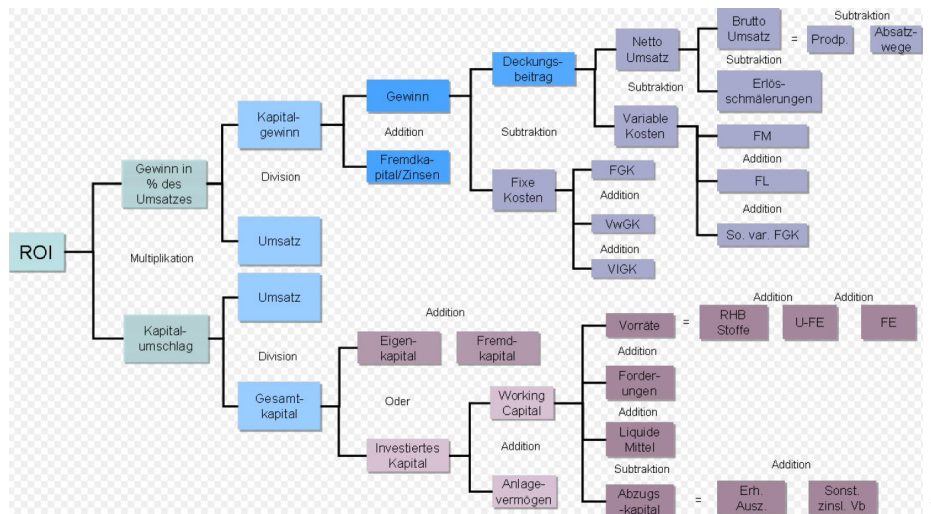


Figure 15: DuPont scheme

In addition, KPIs were developed from Business Process Management that quantify individual business processes, e.g. key figures for sales or processing times in quality management.

In the future, all key process KPIs will be determined using AI applications within the Qlik software and linked to the DuPont KPIs.

GOV2: Information and sustainability aspects dealt with by the administrative, management and supervisory bodies

Management regularly informs employees about sustainability issues at staff meetings, in the company chat and on the intranet.

GOV3: Inclusion of sustainability-related performance in incentive systems

Sustainability targets are treated like other targets in the company. We do not rely on payment for the achievement of corporate goals, but on target agreements and a defined feedback process.

GOV5: Risk management and internal controls for sustainability reporting

Reporting and control of sustainability targets and potential risks are ensured by the company's risk and quality management. The Kaesler Nutrition Risk Manual and the Quality Manual regulate processes and controls.

The sustainability targets, measures and planning are handled in a separate team room, which is the responsibility of the management. The Legal department provides legal support.

Risk management and disaster recovery plan

As part of the company's risk management, principles, agreements and procedures have been established and contracts concluded in order to be able to respond as quickly as possible in the event of a disaster or other emergency. These are described in detail in the disaster recovery plan: The objective of the disaster recovery plan is to ensure that the company can respond to a disaster or other emergency and minimize the impact on business operations.

The SCM disaster recovery plan regulates the following emergency scenarios:

- Failure of the power supply by the local energy supplier
- Failure of the power transfer station
- Failure of the transformer station
- Failure of the low-voltage main distribution board
- Failure of the gas and water supply
- Destruction of raw materials, semi-finished products and finished goods due to fire
- Damage to buildings in the warehouse due to fire
- Failure of mixing plants due to fire
- Failure of filling systems due to fire
- Failure of the central control system
- Failure of the freight elevator
- Failure of quality control due to fire

The following insurance policies have been taken out to reduce the financial risks of a disaster or other emergency:

- Fire and business interruption insurance
- Business and product liability insurance
- Environmental liability and environmental damage insurance
- German Pet Food Association (DVT) (association) insurance

IT security

Security criteria are:

1. applications | Is our company software up to date in terms of security?
 2. network | Are all system accesses adequately secured?
 3. web | Are our web platforms secure?
 4. DNS | Is our email delivery protected against identity theft?
 5. certificates | Is our exchanged data adequately secured?
 - 6 GDPR | Are there any violations of the General Data Protection Regulation?
 7. data breaches | Has our company already been affected by data theft?
- We conduct a quarterly IT security audit and benchmark by an external auditor.
We maintain our security score at over 90%.

Supply chains

As a result of the Covid pandemic, supply chains have changed permanently.

The war in Ukraine and the Houthi attacks in the Red Sea have also created a new situation within the supply chain.

The subsidiary in Shanghai can procure raw materials on the Chinese market and order them itself via our warehouse in Shanghai. A warehouse in Turkey will follow shortly.

Our purchasing strategy is to buy goods both overseas at good purchase prices and with a fixed, risk-based share from regional sources in order to reduce our dependence on global supply chains.

We have also concluded contracts with several Chinese suppliers to stockpile raw materials in a warehouse operated by us, which we can call on as required. This measure also reduces the risk of problems in global supply chains.

At the end of 2023, SAP PP / PP-PI (production planning) was successfully introduced at Kaesler Nutrition GmbH to optimize the production process.

Increasingly global competition, short-term market changes and ever shorter product innovation and life cycles are increasing the pressure on companies to optimize the value chain along production.

The optimization had the following objective:

- Creating a uniform understanding of the planning process
- Definition of a process for capacity planning in production, in which responsibilities, interfaces and transfer points are clearly defined
- Ensuring material requirements and production planning
- A planning, coordination and control function for production
 - Ensuring that the required orders are implemented on time
 - Improvement of incoming data (e.g. order, forecast)
- Transparent control of production, e.g:
 - Defined planning bases
 - Improved accessibility to information, such as the current planning status

Knowledge management

Knowledge management is undergoing major changes due to new IT technologies. Knowledge management is one of the three focal points of our IT strategy.

The classic elements of knowledge management

- Duty of documentation
- Filing obligation
- Defined, standardized filing system
- Regulated access to filing in the cloud
- intranet
- Wiki
- Consultant network
- Report outs on technical topics
- Training courses

are increasingly being supplemented or replaced by new technologies, particularly generative AI. We are working on several projects to harness this technology.

SBM1: Strategy, business model and supply chain

Strategy

The strategy defines the long-term goals and resources for the development of KN. Our strategy from 2016 is subject to an annual review and measures for strategy implementation are defined for the respective financial year. In 2022/23, we subjected the strategy to an extended review and adapted it to the new market and economic situation. The sustainability strategy was developed at the same time.

The sustainability strategy: Based on a status survey of Kaesler Nutrition's sustainability in 2022/23, sustainability targets for KN and our contribution to improving the sustainability of our value chain are formulated. The sustainability strategy is an independent document and an integral part of the strategy. It covers the following points:

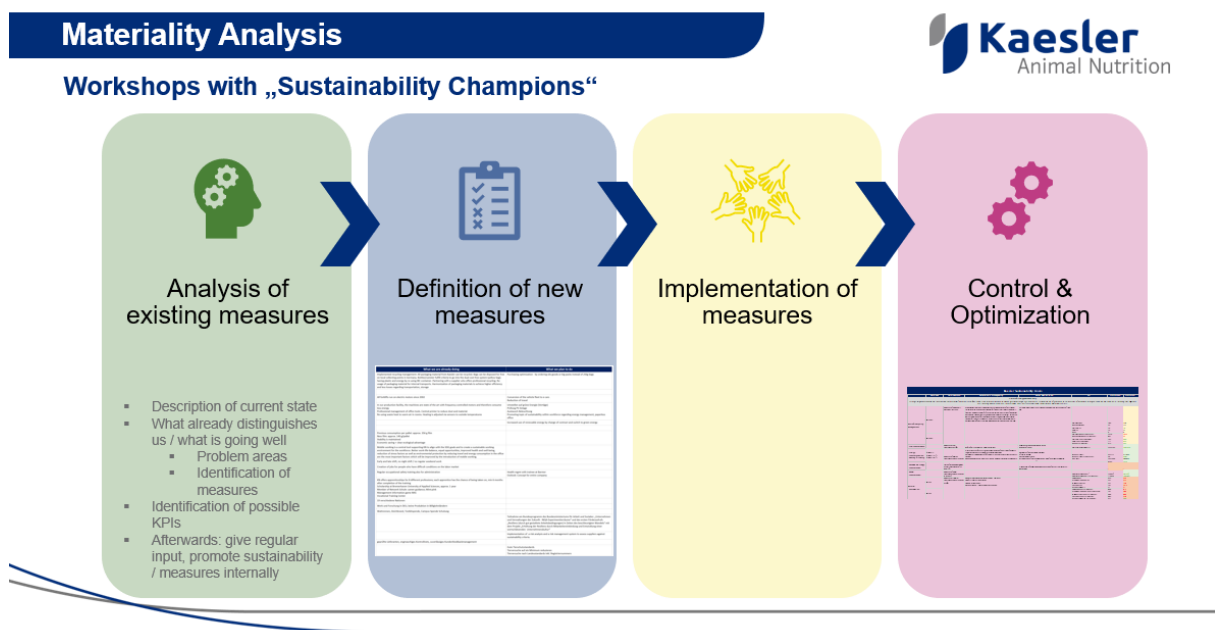
- Legal basis and external factors
- Materiality Analysis
- Sustainability Mission
- Derivation of the sustainability goals relevant to KN based on the UN Sustainable Development Goals
- Implementation of the goals

The objectives are defined in a dashboard and described in measurable terms. They are implemented as part of the strategy.

SBM2: Interests and positions of the stakeholders

Kaesler Nutrition has a works council that represents the interests of the employees. The company conducts employee surveys, partly via the works council, in order to understand the views of employees. Employee meetings are held quarterly, where employees are informed and can ask questions.

We also hold workshops with employees on specific topics.



⁹ Figure 16: Management of impacts, risks and opportunities

ADR-T: Tracking the effectiveness of strategies and measures through targets

The strategy is reviewed at annual management retreats to identify any need for change and the strategic measures for the year are defined. Management team meetings are held at monthly intervals to discuss and monitor the implementation of the strategic measures. The management can commission:

- Tasks
- Projects
- Development and improvement of business processes

- Research projects

Tasks are processed within the organisation, projects are implemented as part of project management, processes in business process management and research projects in the KRI (Kaesler Research Institute).

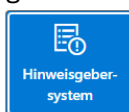
Corporate culture

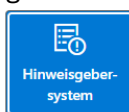
With the help of a consulting firm, we analysed our corporate culture and discussed it widely within the company. We defined our values together and it emerged that our goal is to promote a corporate culture that is centred on ethics and compliance.

They are documented on the intranet and are incorporated into our feedback and evaluation discussions.

Protection of whistleblowers

The legally prescribed measures have been implemented. To protect whistleblowers, we have implemented a whistleblower system through the company Vispato. This



Is available both on the intranet via the tile , as well as on our homepage under <https://www.kaesler-nutrition.com/en/compliance> to be found. It provides protection for whistleblowers both internally and externally. Whistleblowers are protected from retaliation.

Animal welfare

As part of the authorisation process, we are obliged to carry out animal testing to prove the safety of our products. These tests are carried out in accordance with legal requirements.

Political engagement

Political involvement is not desired in the company environment; political statements on behalf of the company are prohibited. We expect ourselves and our employees to respect and honour the political opinions of others within the limits of the law.

We participate in the political decision-making process on industry-specific issues through dialogue with political representatives and in associations.

Corruption and bribery

Prevention and detection including training

Compliance with the law is an essential part of the corporate policy and culture. Annual/semi-annual training on the topic of anti-corruption and bribery is organised for all employees at KN. In addition, the management has established an anti-corruption guideline, the current version of which is available on the intranet. It contains guidelines to prevent compliance cases in the area of corruption and bribery. We have not had any cases of corruption or bribery since Kaesler Nutrition was founded.

4.0 Conclusion and forecast 2024, 2025

In 2025, we will determine our CO₂ emissions more precisely. We will purchase an LCA programme (life cycle assessment) and successively determine the CO₂ footprints from it. We are already using the tool in research.

At the same time, we will determine the impact of our products on the LCA in the value chain. The difference between the two then results in the sustainability of the company. Literature data and initial estimates show that KN represents a climate gas sink.

In 2025, in accordance with the COMMISSION DELEGATED REGULATION (EU) supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards of 31 July 2023, financial materiality will also be determined in order to determine dual materiality. It then becomes a quantitative evaluation of dual materiality.

An extensive catalogue of possible ESG measures has been completed.

We will perform double materiality with the Osapiens programme in order to automate ESG reporting and perform it in accordance with the currently accepted standard.

Cuxhaven, the 1st of October 2024

Ruoxun Yang
Bruno Kaesler

5.0 Glossary

	<i>Description</i>	<i>Link</i>
ESG	Die Abkürzung „ESG“ steht für Environmental, Social und Governance. Diese drei Kriterien sollen sicherstellen, dass Unternehmen nachhaltig wirtschaften und für ihr Handeln zur Rechenschaft gezogen werden können, was im besten Interesse von Aktionären und potenziellen Investoren ist. Die Kriterien sind in mehreren Nachhaltigkeitsvorschriften enthalten, wie z. B. ESRS, GRI.	Seite 4 Seite 6
ESRS	Europäische Richtlinie, die beschreibt, wer welche Informationen in welchem Format melden muss.	Seite 18 Seite 19
Green Deal	Die EU-Mitgliedstaaten haben sich zum Ziel gesetzt, bis 2050 Klimaneutralität zu erreichen und damit ihre Verpflichtungen aus dem Pariser Abkommen zu erfüllen. Der europäische Green Deal ist die Strategie, mit der die EU ihr Ziel für 2050 erreichen will.	Seite 6
LkSG	Deutsches Gesetz, das deutschen Unternehmen ab dem 1. Januar 2023 bestimmte Sorgfaltspflichten auferlegt, um Menschenrechtsverletzungen und Umweltschäden in ihren Lieferketten zu verhindern.	Seite 26
Materiality Analysis	Für den Nachhaltigkeitsbericht ist eine Methode erforderlich, nach der Unternehmen ihre wesentlichen Nachhaltigkeitsthemen auswählen und nach Wichtigkeit gewichten (Wesentlichkeitsprinzip).	Seite 18 Seite 30
SDG	Die 17 Ziele für nachhaltige Entwicklung (SDGs) mit ihren 169 Zielvorgaben bilden den Kern der UN-Agenda 2030. Sie bringen die wirtschaftlichen, sozialen und ökologischen Dimensionen nachhaltiger Entwicklung ins Gleichgewicht und stellen erstmals den Kampf gegen Armut und nachhaltige Entwicklung auf dieselbe Agenda.	Seite 7 Seite 16

6.0 Bibliography

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[65029092#:~:text=Aber%20bleiben%20wir%20in%20Deutschland,Kilogramm%20\(kg\)%20CO2e%20ein.](https://www.dw.com/de/faktencheck-reduziert-das-homeoffice-wirklich-die-co2-emissionen/a-65029092#:~:text=Aber%20bleiben%20wir%20in%20Deutschland,Kilogramm%20(kg)%20CO2e%20ein.)

⁶ <https://www.docuscan.de/ist-ein-papierloses-buero-besser-fuer-die-umwelt/>

⁷ Pardo 2016, Van Zanten et al 2019

⁸ <https://de.wikipedia.org/wiki/Du-Pont-Schema>

⁹ Kaesler Nutrition Sustainability Strategy

Attachments

Sustainability Mission

Sustainability strategy

Materiality analysis

Materiality matrix

7.0 Imprint

Publisher:

Kaesler Nutrition GmbH
Zeppelinstraße 3
27472 Cuxhaven, Deutschland

Responsible publishers:

Ruoxun Yang
Dr. Bruno Kaesler

Contact:

E-Mail: info@kaesler.de
<https://www.kaesler-nutrition.com/>

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