

## 6. Non-financial statement pursuant to section 289b and section 315b HGB

### Brief description of business model

The SIMONA Group develops, manufactures and markets a range of semi-finished thermoplastics, pipes and fittings as well as profiles. The materials used include polyethylene (PE), polypropylene (PP), polyvinyl chloride (PVC), polyethylene terephthalate (PETG), polyvinylidene fluoride (PVDF), ethylene-chlorotrifluoroethylene (E-CTFE), perfluoroalkoxy (PFA), thermoplastic olefins (TPO), acrylonitrile butadiene styrene (ABS) and various specialist materials. The production methods applied within this area range from extrusion, pressing and injection moulding to CNC manufacturing. SIMONA also maintains various plastics workshops for the production of customised fittings.

The SIMONA Group's sales markets are reflected in its business lines. The Industry business line mainly supplies the chemical process and semiconductor industry, in addition to manufacturing products used in the field of water treatment, swimming pool construction and medical technology. The Infrastructure business line primarily manufactures piping systems for infrastructure applications centred around water and gas supply, waste water disposal, the protection of power and data lines, and traffic route technology. The Advertising & Building business line mainly supplies PVC foam products for building and advertising applications. The Mobility business line specialises in products used in the interior design of aircraft and trains as well as motor vehicles. In addition, the Aquaculture business line represents another growth market for SIMONA.

As a company, SIMONA is aware of its responsibilities towards people and the environment. Environmental, social and energy issues are key factors for SIMONA.

### Environmental issues

Sustainability and the management of plastics are the two environmental issues that SIMONA will be pursuing intensely over the coming years. The federal government has adopted the Climate Protection Programme 2030. As one of the leading industrial nations, Germany bears a special responsibility for global climate change. The reduction of greenhouse gases is to be achieved in a sustainable and socially balanced manner, taking into account far-reaching measures. The EU Commission is drawing up a plastics strategy and the German Bundestag has passed a packaging law – both are aimed at pushing the sustainable use of plastics. SIMONA is committed to meeting future requirements by means of a certified environmental management system in accordance with DIN EN ISO 14001. This international standard for environmental management systems is designed to give certified companies a framework for protecting the environment and responding to changing circumstances in compliance with socio-economic requirements. The systematic approach promoted by the standard furnishes information that fosters success in the long term and opens up opportunities that contribute to sustainable development.

SIMONA has adopted an environmental management system at its sites in Kirn and Ringsheim in Germany and Litvinov in the Czech Republic and ensures compliance with its requirements through surveillance and recertification audits. SIMONA is a member of the „Zero Pellet Loss“ initiative organised by Industrieverband Halbzeuge und Konsumprodukte aus Kunststoff e.V. (pro-K). „Zero Pellet Loss“ is part of a global initiative launched by the plastics industry. Plastic associations around the world are participating in this initiative under the names „Zero Pellet Loss“ and „Operation Clean Sweep“ to prevent the loss of plastic pellets along the entire supply chain. Through its membership, SIMONA also participates in projects aimed at preventing marine litter.

A prerequisite for participation was that SIMONA should create the necessary technical and organisational conditions at its facilities to prevent pellet spillage. The package of measures also includes staff training and regular monitoring of effectiveness.

Material risks associated with SIMONA's business activities that may have a serious negative impact on the environment relate to the contamination of the soil, air or bodies of water as a result of accidents, fires or the discharge of production waste. SIMONA manages its fire risk through preventive fire protection measures: regular maintenance for its extinguishers, inspections conducted with the insurer and fire service, a dedicated set of fire protection regulations and annual staff briefings. Accident-related risk is managed with regular checks and maintenance of plant and equipment, structural measures such as retention basins, collecting pans and sealed floors and by storing hazardous substances in compliance with the law. SIMONA follows fixed emergency plans in the event of an accident, carries out weekly, semi-annual and annual maintenance and tests the leak-tightness of its oil separators every five years. Test and inspection intervals are complied with and emissions are measured regularly.

SIMONA disposes of waste that cannot be returned to the production cycle in accordance with the provisions of the German Circular Economy Act (Kreislaufwirtschaftsgesetz). Waste is mainly recycled in-house or passed on to external recycling firms. All waste disposal companies used have been certified and are authorised in accordance with the relevant statutory provisions. Staff receive regular training on preventing, recycling and disposing of waste. Reducing waste as a percentage of production volume is one of the company's key objectives.

SIMONA manages risks associated with the environmental footprint of the raw materials it uses by carefully selecting resource suppliers based on the certifications they have obtained (origin, observing blacklists), substituting hazardous substances right from the research and development stage and complying with applicable legislation governing the use of hazardous substances. SIMONA provides its customers with regular updates on the correct ways to use, recycle and dispose of its products and the waste that is generated when these products are processed further. Product characteristics, key data and safe storage and processing instructions are listed in material and safety data sheets for each product, which are available online.

Additionally, durable SIMONA products help to deliver effective solutions in response to market challenges, e.g. with regard to environmental engineering and utilities. SIMONA is an active member of VinylPlus, an organisation that focuses on improving sustainability within the PVC supply chain. In addition, the company is a co-initiator and holder of the PVC quality mark issued by Industrieverband Halbzeuge und Konsumprodukte aus Kunststoff e. V. (pro-K). Those entitled to use the mark have committed themselves to specific quality standards, in addition to delivering the best possible manufacturing expertise and a premium-quality service.

## Reporting according to EU taxonomy

The concept surrounding the European Green Deal was drawn up by the European Commission to enable the transition to a competitive, resource-efficient and climate-neutral European economy. It forms an integral part of the European Union's climate policy and includes various measures in the areas of energy supply, transport, trade, industry, agriculture and forestry as well as financial market regulation. The European Green Deal includes the so-called EU taxonomy, the aim of which is to promote the allocation of private capital to sustainable investments. In this context, a unified classification system for environmentally sustainable economic activities in all sectors is to create transparency and uniformity.

Mandatory reporting was introduced for capital market-oriented companies. On this basis, interested parties should be in a position to compare the sustainability of business models. Article 9 of the Taxonomy Regulation lists six environmental objectives defined by the European Union: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems.

As regards these objectives, the first task is to identify taxonomy-eligible economic activities and disclose their proportion of turnover (i.e. revenue) as well as their proportion of capital expenditure and operating expenditure. For the 2021 financial year, reporting will be limited to the first two objectives of climate change mitigation and climate change adaptation.

A taxonomy-eligible economic activity refers to an economic activity that is described in the delegated acts, as it is of relevance to the specified environmental objectives. The respective key performance indicators are determined on the basis of the International Financial Reporting Standards (IFRS) applicable to the consolidated financial statements and take into account all fully consolidated Group companies. Total turnover, i.e. revenue, corresponds to the value shown in the income statement for the financial year in question. Total capital expenditure is defined as the sum of gross additions to tangible and intangible fixed assets in the reporting year. Acquired goodwill is not taken into account.

Total operating expenditure includes all direct, non-capitalised other expenses. Currency translation expenses, valuation allowances/write-downs and provisions are not taken into account.

As regards the legal acts published to date in respect of the Taxonomy Regulation, only activities particularly relevant to the objectives of climate change mitigation and climate change adaptation have been included. Thus, they only cover the business activities of a limited part of the industries. On this basis, no turnover-relevant (i.e. revenue-relevant) economic activities were allocated to the SIMONA Group and no taxonomy-eligible turnover, i.e. revenue, was determined. This does not mean that products manufactured by the SIMONA Group do not support the achievement of the climate targets set out in the Regulation. This applies in particular to the fields of energy and water supply as well as mobility. However, the narrow definition of taxonomy-eligible revenue means that revenue generated by manufacturers of intermediate, i.e. input, products, which includes SIMONA with its semi-finished products, pipes and fittings, can only be taken into account to a very limited extent. By extending the scope of mandatory reporting to include the other environmental objectives, additional economic activities will be incorporated into the Taxonomy Regulation in the future. At present, it is not possible to make projections as to the extent to which taxonomy-eligible turnover, i.e. revenue, will be determinable in respect of the SIMONA Group in future financial years.

The analysis of our economic activities in the area of capital expenditure has shown that we invest a proportion of around 91 per cent in taxonomy-non-eligible economic activities and a proportion of around 9 per cent in taxonomy-eligible economic activities. This figure indicates the proportion of the above-mentioned capital expenditure (additions to fixed assets) that relates to the acquisition of products and services from a taxonomy-eligible economic activity and is specified in Annex I (significant contribution to climate change mitigation) of the Delegated Regulation. This mainly concerns the construction of new buildings and the renovation of existing ones at several sites.

In addition, taxonomy-non-eligible operating expenditure accounts for 93 per cent of total operating expenditure, while taxonomy-eligible operating expenditure accounts for 7 per cent of total operating expenditure. This figure indicates the proportion of the above-mentioned operating expenditure that relates to the purchase of products and services from a taxonomy-eligible economic activity and is specified in Annex I (significant contribution to climate change mitigation) of the Delegated Regulation. This includes, in particular, renovation and maintenance costs relating to buildings as well as the processing of waste. A large proportion of total operating expenditure to be reported in the 2021 financial year was attributable to material costs, which are currently not taxonomy-eligible.

For the 2021 financial year, relevant CAPEX is €3,793 thousand and OPEX is €5,438 thousand.

As from the 2022 financial year, the relevant economic activities and reporting obligations will be extended. As described above, all six environmental objectives mentioned in the Taxonomy Regulation will then be of relevance. Furthermore, the identified economic activities must also be checked for taxonomy alignment, i.e. conformity. In this context, the so-called technical screening criteria are to be taken into account, which consist of three components. First, a significant contribution must be made to one of the environmental objectives specified.

Secondly, no significant harm must be caused to another environmental objective (do no significant harm – DNSH). Thirdly, entities have to ensure that minimum social standards are met (in accordance with the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, the ILO Core Conventions and the International Bill of Human Rights). The impact of these changes on our future reporting is currently being analysed. The FAQs published by the EU Commission on 2 February 2022 with regard to the interpretation of certain legal provisions of the delegated act on

disclosure requirements under Article 8 of the EU Taxonomy Regulation are not reflected in this non-financial group statement due to the fact that the FAQs have only recently been issued.

## Energy issues

A certified energy management system in accordance with the requirements of ISO 50001:2018 forms part of the company's central policies. This international standard for the energy management system is designed to help certified companies to develop systems and processes to become more energy-efficient. Adopting a systematic approach in order to introduce, implement, maintain and improve an energy management system is intended to enable companies to continuously improve their performance as regards energy management, energy efficiency and energy saving. The standard sets out requirements governing the supply, use and consumption of energy, including measurement, documentation and reporting as well as practical design and procurement rules for facilities, systems, processes and personnel that consume energy.

SIMONA has adopted an energy management system at its sites in Kirn and Ringsheim in Germany and Litvinov in the Czech Republic and ensures compliance with its requirements through surveillance and recertification audits. The last successful recertification took place in 2020 and is valid until 2 December 2023.

Material risks associated with SIMONA's business activities that could be very likely to have a serious negative impact on energy issues relate to the consumption of resources and the production of emissions. SIMONA manages these risks with measures designed to improve energy efficiency and reduce emissions. The company assesses its energy consumption and efficiency by means of energy performance indicators (ENPIs), which compare consumption data with the relevant production volumes. Key objectives in the field of energy management are increasing energy efficiency and cutting consumption.

In 2021, SIMONA joined the „Initiative Klimafreundlicher Mittelstand“ („Climate-Friendly SME Initiative“) of VEA (Bundesverband der Energie-Abnehmer e.V.). Together, the participants work on using energy more efficiently, focusing increasingly on climate-friendly forms of energy and supporting climate projects. Through joint exchange, advisory and information services, the initiative raises awareness of the issue of climate protection and has set itself the goal, among other things, of reducing CO2 emissions in companies.

## Personnel matters

The company's employees are a key pillar of its success. This is an integral part of the company culture embraced by us and is thus also enshrined at several levels in our Code of Conduct, which applies equally to employees, line managers and senior executives at all SIMONA companies.

For instance, the company has made health and safety at work a priority and has introduced a „Vision Zero“ (referring to the number of occupational accidents) action plan. This is a multi-year concept for the sustainable reduction of occupational accidents, consisting of an extensive range of individual measures. The execution of these measures was also defined as a target in the Balanced Scorecard for the European sites.

The collection of data relating to accidents at work in accordance with an internationally harmonised definition has been carried out on an international basis since 2020.

All occupational accidents are logged in reports by the health and safety officers appointed by the company before their causes are analysed and preventive action is determined based on this analysis. SIMONA AG has also set up a healthcare team geared towards keeping staff healthy through various campaigns (e.g. free supply of fruit, allowance for gym membership, Health Days). An interdisciplinary task force has been managing hygiene and infection control activities during the COVID-19 pandemic.

A keen supporter of diversity and equal opportunities for all its employees, SIMONA had, upon introduction of statutory regulations governing such target figures, set itself the target in 2015 of appointing female executives to 20 per cent of positions at the level below the SIMONA AG Management Board. As this target was met at the first scheduled date of review, a new target of 25 per cent was set in 2018.

SIMONA AG invests in bringing on suitable young talent and regularly participates in joint projects with schools and universities (school mentoring schemes, MINT programme). As well as training, applicants who fit the criteria can look forward to a dual-degree course, subsidised training to fit around their existing work commitments (part-time degree) or a placement at one of the foreign sites run by our subsidiaries. SIMONA AG maintains partnerships with the universities in Ludwigshafen, Darmstadt and Mainz in order to offer these part-time degrees.

SIMONA regularly seeks its employees' opinions in anonymous staff surveys and uses the results to devise tangible measures to improve staff satisfaction. To a large extent, the SIMONA companies located in Germany have already implemented performance appraisals. As regards the commercial functions at the Kirn site, they are, in part, already organised on the basis of a skills matrix. This set-up allows every employee to be shown the requirements of their position and the extent to which they themselves are meeting these requirements. Training needs are determined based on these annual PDRs. Feedback from training courses attended is evaluated systematically.

SIMONA conducts international training as part of a project management training concept aimed at developing candidates identified for key positions as part of succession planning.

Within the SIMONA companies, the flow of information to staff is guaranteed by the SIMONA intranet, a noticeboard system, departmental get-togethers and regular shift training.

SIMONA recognises the right of all its employees to be represented on, in and by trade unions and to form staff committees. There are long-established employee representatives at the German sites: at the Kirn site the workforce is also represented by the IGBCE.

Material risks to which we could be exposed by neglecting personnel matters relate to a loss of staff – and thus their expertise and potential trade secrets – to the competition. A „brain drain“ of this kind can also mean a fall in quality, which could have financial implications in the form of higher warranty claims and the loss of customers. Last but not least, high rates of sickness absence have a negative impact on site productivity. We are also facing the challenges of demographic change, which for us brings risks associated with capacity and an ageing population as well as the issue of how to recruit young members of staff.

SIMONA has not yet assessed to what extent it complies with the underlying International Labour Organisation agreements as regards its measures and policies on personnel matters.

## Human rights

SIMONA is committed to upholding internationally recognised human rights and, in its Code of Conduct, has imposed a binding obligation on itself and its staff to safeguard these rights. In so doing, we are supporting international diversity, advocating equal opportunities and demanding mutual respect from our employees. Factors that are a potential source of discrimination such as gender, background, religion or sexual orientation are not considered when the company makes decisions. We wholeheartedly reject any form of forced or child labour and expect our business partners to do the same. We are continuously developing our approach. Breaches of the basic principles laid down in our Code of Conduct can be reported to the Compliance Officer and will be punished severely. An external whistleblower system for anonymous, simple reporting of compliance violations has been set up.

## Combating bribery and corruption

Without exception or restriction, SIMONA undertakes not to give any illegal gratuities to its staff, advisors, commercial representatives, agents or similar third parties or to receive any such gratuities. SIMONA has issued policies for avoiding bribery and corruption in respect of various areas and everyday situations with which its employees could be confronted. Breaches will be punished severely.

Under some circumstances, breaches of the ban and related policies can be serious offences that can cause the company financial damage as well as significant damage to its reputation. They will also give many of our contractual partners grounds to terminate their cooperation. Finally, they can also lead to the company being excluded from bidding for public tenders in Germany and abroad.

Spotting risks early is a key criterion in preventing compliance breaches. The specific compliance risks to which SIMONA is exposed are determined, analysed and updated systematically in an annual process. Appropriate preventive measures are formulated and introduced as and when new risks emerge.

Checks as to whether the subsidiaries are complying with the regulations on preventing bribery and corruption are performed by means of regular site audits, including inspecting accounts and cash holdings.

SIMONA has appointed a Compliance Officer to ensure the effective implementation of its compliance system. SIMONA allows both staff and external third parties to report breaches of the ban on bribery and corruption to the Compliance Officer anonymously.

Rather than following or being based on any national or international standards, the company's system for combating bribery and corruption is structured in line with the individual requirements and risk situation within the organisation.

## Social matters

As a company, SIMONA bears responsibility for the development and appeal of the cities and communities where it is based and takes social matters into account. It is committed to supporting social, cultural and aid projects at its various sites across the world. The due diligence processes implemented as part of this philosophy lay down responsibilities and workflows for selecting the institutions, projects and initiatives to be supported and how much support each is to receive. At the Kirn site, support is also provided by the Dr. Wolfgang und Anita Bürkle Stiftung, SIMONA AG's major shareholder. The foundation focuses on promoting education and healthcare, endangered species and animals in general, art and culture, development aid funding and charitable causes relating to social welfare facilities.

Kirn, 6 April 2022

SIMONA Aktiengesellschaft

The Management Board

Matthias Schönberg    Dr. Jochen Hauck    Michael Schmitz