

# ESG

## Summary Report

SEPTEMBER **2022**





TOKAI COBEX

UNDER CONSTRUCTION

We are about to update our report in accordance to CSRD standard.



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For more than a century, we have been a flagship of carbon and graphite products, supplying a variety of high-end products such as cathodes, furnace linings, carbon electrodes, and specialty graphite. Today more than ever we consider it our duty to proactively address the global environmental challenges of climate change and resource scarcity while delivering the industrial applications that future markets demand.

From our head office in Wiesbaden, Germany, four production sites in France and Poland, and a sales and service team in China, we provide innovative solutions to customers worldwide. A highly skilled team with years of experience in product development and application assists our customers with their technical knowledge and expertise.



**Notre-Dame-de-Briançon**



**Vénissieux**

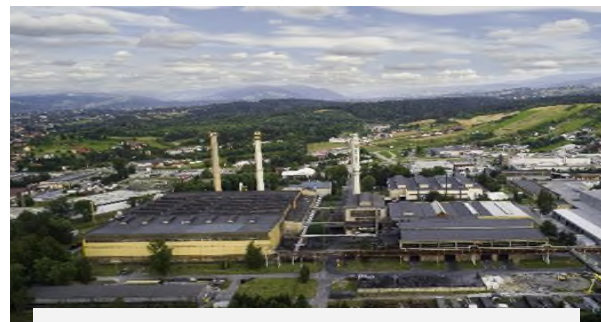
Our core competencies include wideranging expertise in raw materials, application know-how, and an excellent understanding of manufacturing processes in our customers' industries, including primary aluminum, pig iron, silicon metal, and ferro-alloys.

Our Research and Development staff work in collaboration with our parent company Tokai Carbon Group, headquartered in Tokyo, to develop the next generation products, particularly specialty graphite and graphite powders. Both products facilitate the growth of major markets transitioning to sustainability: zero-emission battery-electric vehicles and photovoltaics securing green energy supply.

Our global network enables us to respond flexibly to both regional and industry-specific requirements and is fit to tackle the challenges of the future. While providing our customers with the highest quality products for their industrial applications, we do not compromise our respect for the ecological environment, valuing all people who contribute to our operations.



**Racibórz**



**Nowy Sącz**



“*Corporate responsibility and environmental awareness become more and more important for Tokai COBEX. This year we revised our ESG strategy to better respond to the needs of society and maintain our leadership position as a provider of advanced products and services, an employer of choice, a reliable member of the Tokai Carbon Group and a sustainable partner for the businesses and local communities we cooperate with.*”

**Andrzej Hotłoś**  
CEO

The year 2021 was a very special and dynamic year for Tokai COBEX (TCX), hence we can report – despite all uncertainties – that we managed to maintain a solid performance and continue to be a major contributor to the business success of our parent company Tokai Carbon Japan (TCJ). With the great effort of our people, who are the cornerstone of our success, we managed to provide all required solutions to our customers and stay focused on our future.

I have been working for the company for over 30 years and now have the pleasure to oversee the third generation who trusts us and for whom our company is an employer of choice. I am especially proud to see the company's effort to be an ethical and environmentally responsible business. We believe that future success can only be achieved by contributing to a sustainable society and taking necessary actions.

In early 2022 we established an ESG Committee to coordinate our efforts to become a leader in running a sustainable business, taking responsibility for our people and the environment. This year, based on a thorough assessment of our situation and stakeholder engagements, we developed a comprehensive ESG strategy to steer our response to today's environmental, social, and governance challenges. This strategy is placed at the heart of our corporate strategy and grounded in our culture and values, so that sustainability continues to influence how we do our business.

In a nutshell: We want to walk the talk by becoming a **green(er) company; putting our people first** while truly **living our values**. We **drive sustainable growth** through excellent innovations and provide solutions for our customers so that they can achieve their ecological targets.



We use our long experience and technical expertise to drive sustainable innovations and to develop the products future markets require. At the same time, we continuously decrease the environmental footprint of how we produce, focusing on reducing energy intensity and the GHG emissions of our operations and inputs. We want to become CO<sub>2</sub> neutral by 2050. Our midterm target and a cornerstone of TCX and Tokai Carbon's strategy is to achieve a 25 % CO<sub>2</sub> emission reduction by 2030.

Our roadmap and path forward foresees, as an illustration, the installation of solar panels on the roofs of our buildings and investments into new and best available technologies for recuperating energy.

Our employees are our most important and valuable resource. We take our responsibility to

foster their wellbeing and commitment in the workplace seriously, which is also a key success factor for Tokai COBEX. Various programs have been installed to support and accompany our employees while working for Tokai COBEX, and we regularly take employee feedback into account in managerial decision making.

This first ESG Summary Report presents all this in greater detail, as well as further steps to implement our ESG strategy, and to live up to our ambitions. We continue to deepen our understanding of the risks and opportunities related to ESG, and to further integrate ESG in management processes and day-to-day operations of all functions. Building upon this first ESG Summary Report, we strive to communicate our progress in a transparent manner by continuously evolving our ESG reporting within the next years.

**Thank you for your support throughout the year. We are on track to make 2022 a successful year as well, and to achieve the ambitious targets of our ESG strategy and roadmap to 2030.**



**Andrzej Hotłoś / CEO**





## Our values and commitment to sustainability

Our vision is to contribute to a sustainable society by delivering advanced materials and solutions. While our products are for industrial applications, we strive to make a positive contribution to all lives we directly or indirectly affect with our business activities.

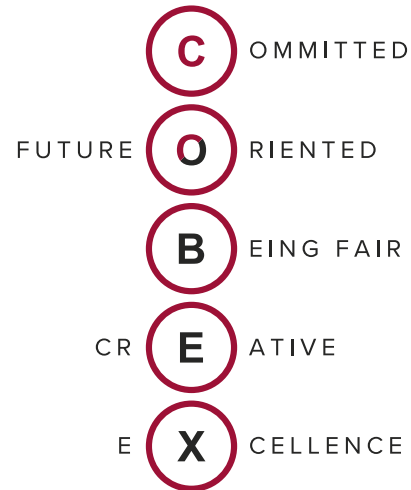


As a globally operating company, Tokai COBEX has a global responsibility. We are committed to respecting the principles of the United Nations Global Compact, which have been derived from the Declaration of Human Rights of the United Nations. We thus place particular importance on the protection of human rights.



Tokai COBEX's products are an essential part of primary aluminum production. We support the Aluminum Stewardship Initiative's mission to improve the overall sustainability performance and reputation of the aluminum industry. We are proud to contribute to a community aiming to reduce the impact of industrial production processes on the environment.

Our corporate philosophy is Ties of Reliability. Inspired by our Japanese parent company Tokai Carbon, we believe in the importance of trust between Tokai COBEX and our stakeholders. Our five fundamental corporate values guide our actions and embed our commitment to all aspects of sustainability deeply in our corporate culture:



A strong commitment to customers, employees, business partners, communities and shareholders guides all our work. It is the basis of our sense of social responsibility and implies the imperative to always **Put People First**.

While supplying carbon and graphite products, we see it as our duty to contribute to a green future and take appropriate measures so that our operations are continuously **Going Greener**.

We are fair in our methods, care for the safety of our people, and communicate in a transparent manner – within our firm, and externally. We respect the rules of the societies and markets we operate in, **Living our Values** of compliance and integrity.

The sustained success of our business goes hand in hand with our contribution to environmental and social sustainability – there is not one without the other. We not only aim for excellence in quality and efficiency of our offers but also strive to be **Driving Sustainable Growth** through creativity and innovation.

# The four elements of our ESG Strategy

Derived from our corporate values and aligned with our overall vision, our ESG Strategy is a cornerstone of our corporate strategy and guides the entire organization. It encompasses all aspects of sustainability and states our ambitions related to the environment, social and human capital, governance, and our business model.



## Stakeholder Engagement

We strive to build Ties of Reliability with all our stakeholders – customers, suppliers, shareholders, employees, and local communities, responding to their needs and taking their objectives into account in our decisions. Accordingly, our approach to ESG is driven by stakeholder engagement – to understand the reasonable expectations and interests of the individuals or entities that are affected by our business activities. Materiality assessments, customer dialogues, and employee surveys shape our strategic focus, our initiatives, and the content of our ESG reporting.





Early in 2022, Tokai COBEX conducted a Materiality Assessment in line with the Global Reporting Initiative (GRI) in order to systematically identify the topics to be included in its sustainability report and strategy.

The criterion of inclusion is that of double materiality, which states that a topic is material for a company and thus to be included in sustainability reporting if it has either high business relevance (financial materiality) or high stakeholder relevance (environmental and social materiality).

The process to determine the topics that meet this criterion of double materiality consisted of the following four, overarching steps:

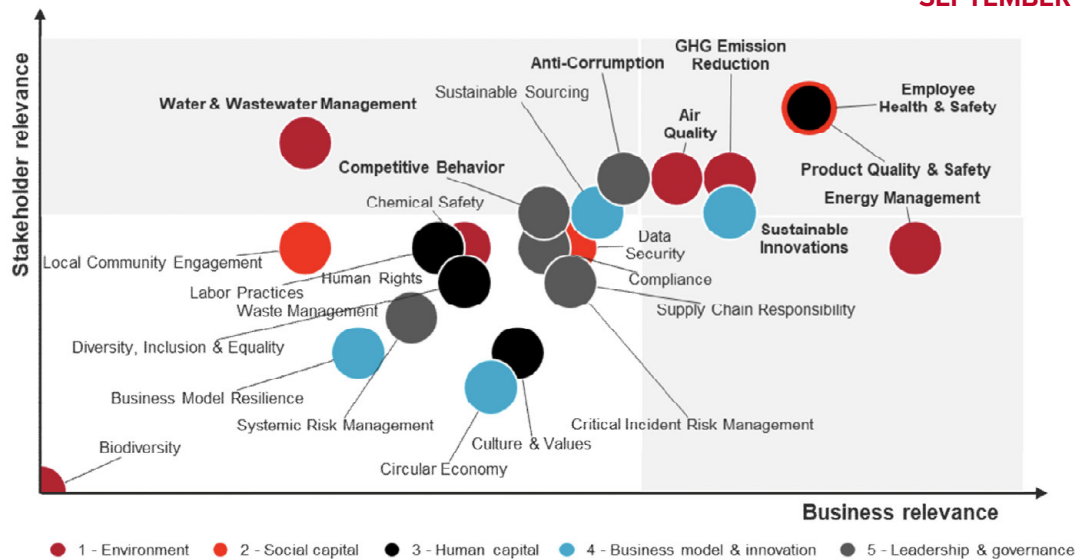
- 1 Identification of potential material topics**
- 2 Assessment of the potential material topics from internal business and external stakeholders' perspectives**
- 3 Development of a materiality matrix to identify material topics**
- 4 Review by the ESG committee and external experts, approval by the Management Committee and CEO**

The first step included a review of topics of general environmental and societal interest as well as a collection of the main sustainability challenges of the industry according to reporting guidelines.

For the assessment of the potential material topics, relevant internal and external stakeholders were engaged through comprehensive surveys. To guarantee objectivity of the results, the survey was conducted and analyzed by an external service provider. The relevant internal and external stakeholders were identified through elaborate consultation by the top management and external experts. The internal stakeholders included in the assessment represented all functions of Tokai COBEX at different levels and locations. The group of external stakeholders encompassed customers, suppliers, investors, public institutions, and industry associations.

The results of the assessment are summarized in the **Materiality Matrix**, which shows the relevance of the topics to Tokai COBEX's stakeholders and to the company's future business performance. The most material topics according to the concept of double materiality are those clearly falling into the shaded area, here marked in bold.





In addition to the topics identified through the stakeholder engagement, the Management Committee took the following topics that are of high strategic importance: Local Community Engagement, Culture and Values, Diversity, Inclusion & Equality, and Supply Chain Responsibility (including the topic of sustainable sourcing).

Overall, thirteen material topics were thus identified. These topics are prioritized in ESG reporting and set the strategic focus of Tokai COBEX’s sustainability activities.

Environment	Social and Human Capital	Governance	Business Model
<ul style="list-style-type: none"> <li>GHG Emission Reduction</li> <li>Air Quality</li> <li>Energy Management</li> <li>Water &amp; Wastewater Management</li> </ul>	<ul style="list-style-type: none"> <li>Employee Health &amp; Safety</li> <li>Product Quality &amp; Safety</li> <li>Culture &amp; Values</li> <li>Diversity, Inclusion &amp; Equality</li> <li>Local Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption</li> <li>Competitive Behavior</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Innovation</li> <li>Supply Chain Responsibility</li> </ul>

## ESG Management

At Tokai COBEX, we have established an ESG Committee that coordinates and drives initiatives with the aim of enhancing our performance on the material topics. We increasingly streamline our efforts to become a leader in running a sustainable business, having ESG fully integrated into all functions. We are currently establishing a system to gather ESG-related data in a centralized manner, thereby working together with our parent company Tokai Carbon to establish a group-wide ESG framework.

Tokai COBEX recognizes global environmental preservation as a top priority, strives to achieve harmony between business activities and the environment, and engages in activities aimed at achieving a sustainable recycling-oriented society.

Our ambition is to make our operations ever more clean and efficient, reducing the environmental impacts of our own production, storage, and transport, as well as the impact of the usage of our products to truly sustainable level.



### Going Greener

**We commit to a greener future by making our operations ever more clean and efficient, walking new ways within our industry.**



This is a top priority for Tokai COBEX, born out of the recognition that it will be the only way forward. We strive to set new industry standards for clean and efficient operations. This guides our decisions today.

Our environmental laboratories measure and monitor the effect of our operations on the environment at all sites on a daily basis, responding quickly in case intervention is required. Our overarching environmental target is to run our business operations CO<sub>2</sub> neutral by 2050. This is in line with the target set by our parent company Tokai Carbon, and the group's overall aim to contribute to the realization of a CO<sub>2</sub>-neutral society. Through the Materiality Assessment, we identified four material topics regarding our environmental impacts: GHG Emissions, Air Quality, Energy Management, and Water and Wastewater Management.

**Air Quality**

**GHG Emission Reduction**



**Energy Management**

**Water and Wastewater Management**



A first milestone on our path to net-zero CO<sub>2</sub> emissions by 2050 is to achieve an emissions reduction of 25% by 2030 (compared to the baseline year 2018, covering scope 1 and scope 2 emissions). Major emissions occur during baking from gas combustion as well as from product and packing media loss during baking, followed by graphitization's electricity usage.

### CO<sub>2</sub> neutral by 2050

In order to steer our activities in an environmentally compatible way, we implemented an

environmental management system based on the ISO 14001 international standard company-wide and obtained the corresponding ISO 14001 certificate for all plants. We continuously calculate CO<sub>2</sub> emissions across all sites and are in the process of establishing a standardized internal process of tracking CO<sub>2</sub> emissions for the whole Smelting and Lining business. This will allow us not only to report our CO<sub>2</sub> emissions more accurately but also to define a baseline for tracking the CO<sub>2</sub> emission reductions we achieve through the projects we are currently initiating. We aim to continuously measure and report our progress towards our net-zero target.



In the recent past, Tokai COBEX has undertaken substantial investments in various equipment and installations to reduce the environmental impact of the production processes and logistics. Over the past two years, more than 12 mio. EUR have been invested across the sites in Poland in various projects and initiatives – internal and together with our customers. Amongst others, these investments include:

An installation for fumes treatment from the graphitization process at the Racibórz plant (Desulfurization Installation and Regenerative Thermal Oxidizer RTO).

A Desulfurization Installation for the calcination process at the Nowy Sącz plant to reduce SO<sub>2</sub> emissions.

An installation for fumes treatment from the ring furnaces at the Nowy Sącz plant (Thermal Treatment Department), including four units of Regenerative Thermo Oxidizers (RTOs).



Further, we have begun to conduct lifecycle assessments (for CO<sub>2</sub> emissions) for our Battery Anode Material products. After agreeing on a company-wide calculation method, figures for the product groups of green pastes, baked products, and graphitized products are targeted.

During the next years, we plan further investments that will help to reduce our impact on the environment even further. The most important projects are:

A new fumes treatment system for graphitization process at the Nowy Sącz plant, including an RTO installation and further improvements to the desulphurization installation.

A rolling cover for a ring furnace at the Nowy Sącz plant in order to reduce the emissions of dust from the furnace chamber when the chamber is filled with packing media, thus reducing our environmental impact and improving working conditions.

At the Notre-Dame-de-Briançon plant, a new pitch warehouse and a new conveyor belt system delivering the pitch directly to the mixers, aiming to reduce air pollution especially of pitch dust, limiting the risk of soil contamination and reducing wheeled transport in the plant, thus lowering CO<sub>2</sub> emissions.

At the Notre-Dame-de-Briançon plant, a gas pipeline connecting the plant to the grid is planned together with the local authorities, which will allow us to abandon the use of oil in our production and allows local inhabitants to heat their houses in a more ecological way.

A modernization of the belt conveyor at the Notre-Dame-de-Briançon plant to reduce unorganized emissions and improve working conditions for our employees.



Due to the energy-intensive nature of our industrial production processes, energy management has a high managerial priority at Tokai COBEX. Most of the energy we consume is used in the thermal treatment. Pursuing our net-zero target, and recognizing resource scarcity as a major societal challenge, we continuously improve the efficiency of our energy usage through implementing advanced technologies and optimizing our processes. Our new installations run with the best available technology (BAT) and we operate in compliance with the EU Industrial Emissions Directive and meet the production gas emission standards.

We implemented the ISO 50001 Energy Management System in all plants to take a systematic approach to energy management, effec-

tively improve our performance and measure our progress. Further, in the Smelting and Lining business, we obtained the respective ISO 50001 certifications at all sites. To further improve our energy management and facilitate future reporting on energy usage and related emissions, a new process is currently installed for collecting energy-related data across all sites in a centralized way.

It is our ambition to obtain all energy from renewable sources. In France, for instance, we already benefit from a 95% decarbonated energy mix countrywide.

In addition, we eliminated all heavy oil input in Poland, currently relying on gas until more sustainable solutions become feasible to implement.

## To reduce our energy consumption, today we already have:

Optimized the curves for graphitization at the Nowy Sącz plant, achieving a 2% reduction in energy usage from 2018 to 2021.

Optimized the curves for baking furnace lining material at the Racibórz plant, reducing the energy required by 6% from 2018 to 2021.

Decreased energy usage in all plants in France, achieving a constant 0.5% reduction rate per year over the past five years.

Exchanged partially the traditional lighting system for LED lighting in both plants in Poland, allowing a significant reduction of the energy needed for lighting the plants.

Exchanged the transformer of the electrical calcination at the Racibórz plant, a modernization that achieved significant improvements in process safety, the stability of energy consumption and its monitoring.





Aiming to further optimize our energy consumption, several projects are currently in planning. For example, we plan to replace a compressor at the Nowy Sącz plant. There are currently three compressors (fixed speed, 200 kW) without heat recovery and one (variable speed, 200kW) with heat recovery installed at the plant. The goal of the project is to replace an already worn single-stage 200kW compressor without speed control and without heat recovery system by a 160kW two-stage compressor with speed control, heat recovery and the same capacity as a 200kW two stage compressor. This project aims to reduce costs, significantly lower electricity consumption, and improve the performance of the compres-

or units. Second, we plan the installation of photovoltaic systems at the Racibórz plant. With the possibility of reaching a capacity of approx. 1.5 MWp, this is a great potential we would like to realize if the necessary permits can be obtained. Further, we plan to investigate the feasibility of a heat recovery installation at the plants in Racibórz and Venissieux, modernize a ring furnace at the Nowy Sącz plant for further energy consumption reduction, and modernize the main building at the Notre-Dame-de-Briançon site, focusing on thermal modernization (windows, doors, and insulation) to reduce the energy required for heating.

## Water and Wastewater Management

Water is used in our production processes primarily for cooling. As we recognize freshwater as a precious resource that is to be preserved, we limit our impact on water bodies, going beyond the strict legal requirements that we are subject to and comply with.

Our Water & Wastewater Management focuses on reducing water consumption and enabling water circularity. At some plants, we established a closed cycle of cooling water to reuse the water as long as possible and thus minimize the amount of water we need.

The plants in France and Poland have their own wells or make use of the possibility to draw

and prepare water from nearby rivers to use it for cooling. This reduces the consumption of drinking water in favor of self-extracted water.

At both sites in Poland, we have our own Wastewater Treatment Plant (WWTP) that serves to collect, process and clean water in advanced treatment systems before it is discharged to the river. In Nowy Sącz, our WWTP is also able to treat public sewage. We don't have our own wastewater treatment plants in France but we have an agreement with the municipal WWTP in both locations.



People are at the heart of Tokai COBEX's business success. We recognize the invaluable contributions of our employees in creating high-quality and innovative products, and see it as our duty to protect their safety and foster their wellbeing and to thrive at work. We believe in building strong relationships with our employees, and continuously work to strengthen a supportive work culture of belonging, cohesion, and effective feedback. We involve all our employees in the development of the company and act upon their feedback.

**100%**

of employees involved in company development and their feedback taken into account

In the spirit of Ties of Reliability, we value the trust of our customers and partners. Our promise is to deliver products of the highest quality and safety standards, responding with flexible solutions to our customers' needs. Further, we support and establish close relationships with our neighboring local communities, seeking to intensify stakeholder dialogues in the future.

## Culture & Values

Our vision, mission, and values – as depicted in the introduction of this report – constitute the foundation of our business strategy and culture. They shape the work experience of our employees and are crucial for the success of the company.

Our Code of Conduct describes the fundamental ethical principles that guide our behavior towards one another within the firm as



### Putting People First

We value all people contributing to our success, putting their safety, well-being and thriving at the heart of our business

In line with our corporate strategy, our values, and the results of the Materiality Assessment, we identified five material topics in the context of Social and Human Capital. These shape our actions, targets, and future reporting regarding the impact we have on our immediate and external stakeholders.



well as towards our customers, partners, and other external stakeholders. It has been implemented in the entire company since 2018 and was rebranded in 2020, after the acquisition by Tokai Carbon.



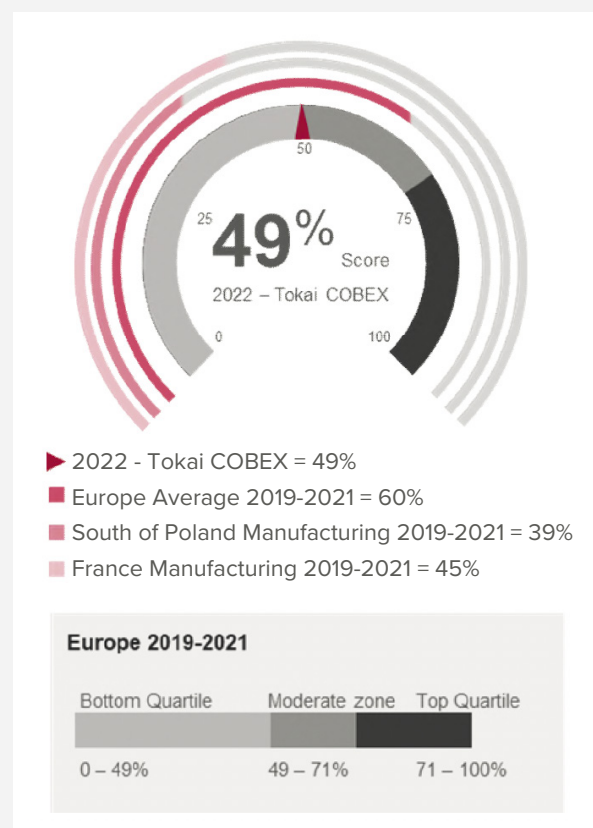
The document is available in the main company languages (English, Polish, French) and has been distributed to all employees in 2021 in its newest form. All newly joining employees receive and sign a copy of the Code of Conduct. In addition, we provide training on its content. For new hires, this is part of their onboarding process, and for current employees, this training is accessible online.

As the Code of Conduct shows, respect, fairness, honesty, and transparency are of special importance. It is the responsibility of the management team to demonstrate their compliance with the Code of Conduct and to establish organizational structures that ensure its implementation.

## Employee Involvement

We strive to develop a participative management style in which the voice of employees matters. To achieve our ambition of involving 100% of employees in the development of the company, we regularly invite all employees to take part in an employee survey. This also allows us to monitor their level of satisfaction and commitment. The latest survey was conducted in early 2022. The overall engagement rate was 49%, which is higher than the average for comparable surveys in the manufacturing industry in Poland (39%) and France (45%), but lower than the benchmark for European companies on the whole (60%).

We aim to increase the response rate in subsequent years through several changes in the organization, accessibility, and participation attractiveness of the survey. The survey results, which are gathered and processed by an external service provider, are internally analyzed by a dedicated team that, among others, includes the HR and Site Directors, as well as employee representatives. The company turns out to be particularly strong in safety, collaboration, leadership and employer brand, while improvements in talent development and staffing, empowerment, employee autonomy and recognition are needed. The mentioned dedicated team derives concrete measures from the survey results to address these and further issues raised by employees.





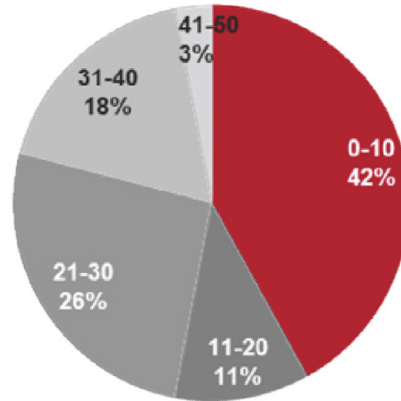
# Employee Turnover & Leadership

Tokai COBEX has always been a unique company recognizing employees' needs throughout their entire career and building strong relationships with them, sub-contractors, and external communities. This approach results in a high degree of loyalty: employees work in the company for 17 years on average. The number of voluntary leavers never exceeded 1% of all employees per year (0.7% for 2021).

In 2021, all managers of Tokai COBEX were invited to participate in an Organizational Climate Survey, a project to extensively reflect on, re-define and communicate the values which have always been the basis of our decisions – related to personnel and the business.

Supported by external consultants, the project also re-defined the competencies of the senior management, having in mind the requirements of the future business environment. We very much care that our leaders demonstrate our focus on people. Starting from 2022, we will provide all managers with training to introduce and explain the new model, which is now also part of the management development process.

## Employee years of service at Tokai COBEX (04/2022)



Tokai COBEX thrives only if its employees thrive. The company supports and encourages employee learning and development, offering the training and coaching employees require to achieve their personal development and career goals. We provide numerous opportunities to gain new knowledge, skills and competencies, from purely professional ones, including academic education, to languages, communication, leadership, Six Sigma and others. On average, our employees spent 17 hours in training in 2021 (excluding mandatory Health and Safety training).

In addition to the various training opportunities offered to all groups of employees – both, in person and online – we have also launched extensive leadership development offers:

- 1 Leadership @ TCX is a program offered to young leaders and high potential employees.**
- 2 Talent Management Program "LEADERS of the FUTURE", in which young talents across the company undergo a deep competency assessment and are offered an accelerated development path to managerial roles.**
- 3 Coaching and mentoring will soon be offered on a larger scale and to larger groups of employees.**
- 4 New onboarding programs with welcome seminars and events, organized every year on a group level for all managers and key personnel hired.**

Because Tokai COBEX is experiencing unprecedented growth, in the recent years the company recruited approx. 50% of management positions from external recruitment. To encourage homegrown talent, a new talent management program, called "Leaders of the Future", was launched in 2021.

As a result of an extensive and company-wide nomination process, 15 young professionals with management development potential

were identified. In order to offer them accelerated learning experience, a development center was organized in the beginning of 2022, aiming to identify their objectives, strengths and room for improvement. In addition, a group of 15 internal mentors was nominated and trained to assist young talent in their learning process.



We want to create a safe working environment in which all employees take utmost care of their own safety and the safety of all other people they engage with. It is our priority that all employees finish their workday in good physical and mental health. We monitor the needs associated with mental health and wellbeing, and react on an individual basis when necessary.

In the previous years, we launched several initiatives to foster the physical health and wellbeing of our employees. Currently the benefits offered (at all or some of the company sites) include:

- **Extended medical care, including the services of a company doctor and nurse**
- **Private healthcare**
- **Subsidized meals on-site**
- **Subsidies for gym and swimming pools**
- **Life and accident insurance**
- **Supplementary pension schemes**
- **Various family events, like family days, contests for children of employees, various webinars on healthy lifestyles and sports events**
- **Free legal advice**
- **An employee library**

Starting from 2022 we plan to align these and further offers across all locations to focus on three key areas of support:

- **Learning and personal development**
- **Employee health & safety**
- **Families and work-life-balance**

## Work flexibility

Tokai COBEX wants to be a long-term employer of choice for talented people who want to grow and build their careers, but also harmoniously combine work and private life.

Promoting new ways of work and responding to employee needs, we are increasing home office days and offer part-time work for those whose personal circumstances or preferences require it. An initiative in 2022 is dedicated to harmonizing and extending further home office regulations in all locations and goes hand in hand with an IT upgrade so that our employees are well-equipped to work remotely.





## Environmental awareness

Our employees are aware of the environmental challenges our society faces. As a company, we see it as our responsibility to further educate our employees about climate change, biodiversity loss, resource scarcity, waste management, and other pressing issues through webinars and workshops. At the same time, Tokai COBEX profits from the knowledge, insights, and ideas of the workforce. The “Going Greener” Competition of early 2022, a contest that invited employees to suggest ideas for environmental projects, generated more than 70 submissions. These are assessed by a dedicated team and the best projects implemented and adequately awarded.

This contest was only one of numerous initiatives undertaken to enable the workforce to

adopt environmentally friendly behaviors. Additionally, we provided our employees with reusable bottles and water dispensers, organized online workshops on ecology – also special ones for our employees’ children, held various sports activities with team integration challenges, organized plastic collection actions, and hosted many others smaller events for and with our employees.

Last year, Tokai COBEX attended to a major environmental issue, namely the poor air quality in Racibórz. We spent more than 500 k EUR to co-finance the exchange of domestic heating systems, replacing harmful systems with environmentally friendly installations.

## Diversity, Inclusion and Equality

We believe in the potential and power of diversity – both, for the benefit of our employees and for the business success of Tokai COBEX.

**30% women**  
 in managerial positions by 2030

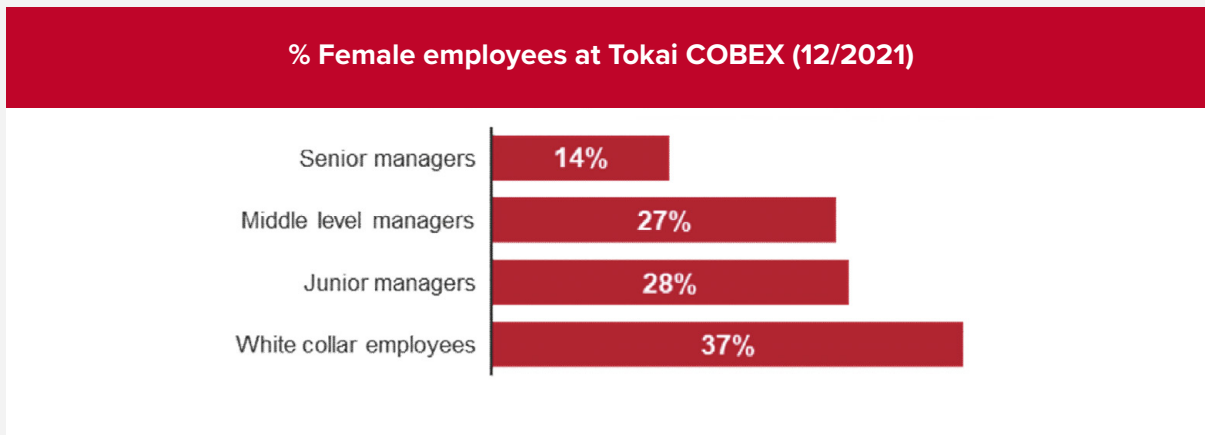
We promote a diverse and integrative work environment in which trust, continuous learning and knowledge-sharing are encouraged and valued and where all employees treat each other with respect and dignity. Our goal is to create an inclusive and cohesive work atmosphere that allows our employees to thrive and is competitive in the labor market.

We are committed to the principles of equal opportunity and prohibit any form of discrimination based on age, race, ethnic background, skin color, gender, sexual orientation, religion, belief or disability. These principles apply to all personnel decisions in recruitment, employment and working conditions, training, internal relocation, promotion, remuneration, benefits

and disciplinary actions. Our Code of Conduct strictly prohibits and sanctions any form of harassment and sexual harassment. All employees who observe or are affected by unethical or discriminatory behavior have the chance to report it to the compliance department, where cases are handled in a confidential, fair and objective manner.

Tokai COBEX is committed to create a diverse workforce – particularly in terms of gender and age, with a special eye on management positions. Currently, 25% of employees in management positions are female. The company is committed to increase this ratio to 30% by 2030, which will be achieved via formulating a Gender Equality Plan and investing to create an environment conducive to female leadership development, including special development programs dedicated to women and people of other minorities (for example, people with disabilities or handicaps). We also want to increase female share in remaining employee groups, including shop floor workers.

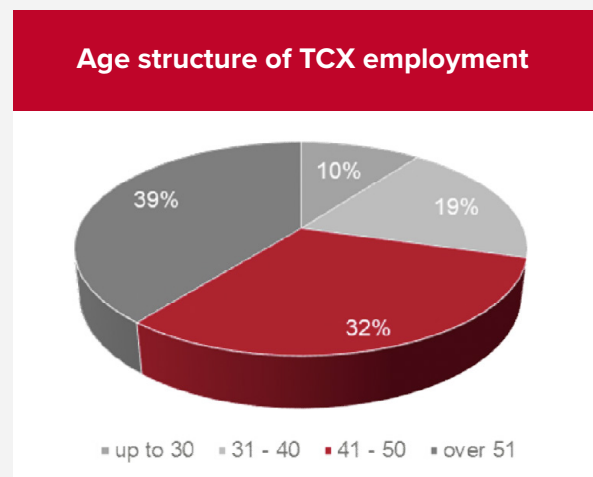




Regarding gender equality in remuneration, a group-wide analysis shows that, while in most groups the salaries of female and male employees are equal, there are still employee groups in which the average remuneration of women amounts to only 85% of the remuneration of their male colleagues. For example, this gap can be observed for the lower tier management groups in Germany and France. The board is aware of this issue and is currently addressing it by making appropriate adjustments to future compensation.

Tokai COBEX always pays attention to the needs of the currently 29 disabled employees and is open to increase accessibility for the workforce, especially in its plants in Poland.

Regarding diversity of age, Tokai COBEX has created a balanced environment that represents different generations, with almost one third of the workforce being aged under 40.



## Employee Health and Safety

Protecting the health and safety of our employees is of highest importance for Tokai COBEX. All potential sources of risk to the health and safety of our employees are closely monitored and effectively mitigated through technical measures, appropriate training and information for employees, as well as a high degree of employee involvement in safety management processes. We pay special attention to all transport processes which require the use of forklifts and cranes, as well as all maintenance work, since these pose the highest safety risks to our employees.

**Our Target:**  
 Zero work-related injuries  
 and illnesses

In addition to complying with all applicable legal regulations, Tokai COBEX is committed to establishing, maintaining, and improving systems to ensure excellent, industry-leading standards of process safety.



The company maintains a global Employee Health and Safety network (EHS) of specially trained employees. All managers and supervisors have the duty to instruct, train, and support their teams in order to ensure that Health and Safety objectives are met.

All employees are represented in management-worker Health and Safety commissions, which meet once every quarter at each plant in France and Poland. The commissions involve the respective plant managers, union representatives, and safety specialists. Further regular safety meetings with supervisors, managers, and the safety team are held to discuss safety issues, exchange views on how to best deal with them and decide on specific actions.

In 2022, we standardized our safe practice programs (the ‘STOP program’) which have been implemented in both plants in France, and external companies in Poland, where the programs have been running at our two plants for many years. A group of trained specialists observes and records work processes in a software tool that allows identifying weak spots and produces statistical analysis and reports. These, in turn, are used to manage the weak spots effectively. Safety audits are undertaken by a team of safety inspectors regularly. This is a very beneficial way of exchanging best practices between sites, as well as workshops, because, after each audit, a report is prepared based on which corrective and preventive actions are identified.

Additionally, since 2021 we implemented cross safety audits between France and Poland

at the rate of 4 per year (2 in France and 2 in Poland).

Moreover, we put great emphasis on documenting and sharing lessons learned when things go wrong. For each documented safety incident or accident on our premises, the responsible safety team prepares a lesson. A short presentation explaining the case, its root cause, and the actions taken to prevent it in the future are distributed to all employees and external companies we collaborate with.

**3,4 Frequency Rate**  
**0,47 Severity Rate**

Since 2018, we were thus able to reduce the number of lost time accidents (LTAs) every year at all plants, with only six incidents among our employees in 2021. We were able to reduce both, the frequency rate and the severity rate, at all plants every year since 2018.

A thorough analysis of injury-related data points showed us that the most important measure to ensure the highest safety standards is to engage all employees. No one knows the hazards in a plant better than the employees who work there every day. In response, we launched several initiatives involving all employees. For example, in 2021, we introduced our yearly Safety Days with several information sessions to explain safety issues in an accessible way. Later in 2022, events on the topic of ergonomics and wellbeing were held.





## Local Community Engagement

Just like our parent company Tokai Carbon, we aim at a harmonious coexistence with local communities. We want to be a trusted and reliable member of all societies we operate in and aim to make a meaningful social contribution.

**20**  
Community  
projects realized

Over the past two years, which were dominated by the COVID-19 pandemic, Tokai COBEX launched a number of initiatives and organized several charity events to support local culture, education, health, and environmental protection. Our efforts span across all our locations in France, Poland, and Germany and included in the last two years the following:

- We invested in the exchange of **216 outdated heating systems of households in Racibórz to improve the air quality in the city.**
- In 2020, we donated **100 k EUR and medical masks to local hospitals in Poland and France to help fight the spread of COVID-19.**
- In 2022, we designated **100 k EUR to support refugees from Ukraine in the cities where we operate.**
- Since 2021, we have supported children in the Rhine / Main region to be able to attend the Eintracht Frankfurt soccer school.
- We made several Christmas donations to local charity organizations in Wiesbaden and Poland.
- We supported a local association for disabled children rehabilitation in Poland by sponsoring and creating a sensory room for rehabilitation.
- We support the “Plania” orchestra, the “Dolina Dunajca” folk assemble, and the fire brigade in Nowy Sącz.
- We hosted numerous environmental initiatives, including tree planting days in Racibórz and Nowy Sącz.



In the spirit of good corporate citizenship, Tokai COBEX aims to understand the needs of its immediate social environments and respond accordingly. Regular meetings between members of our management body and local community representatives are planned to be held for that purpose. We are currently initiating local community consultation committees in all production sites where we have an impact on the local environment and communities. We want to systematically assess this impact and

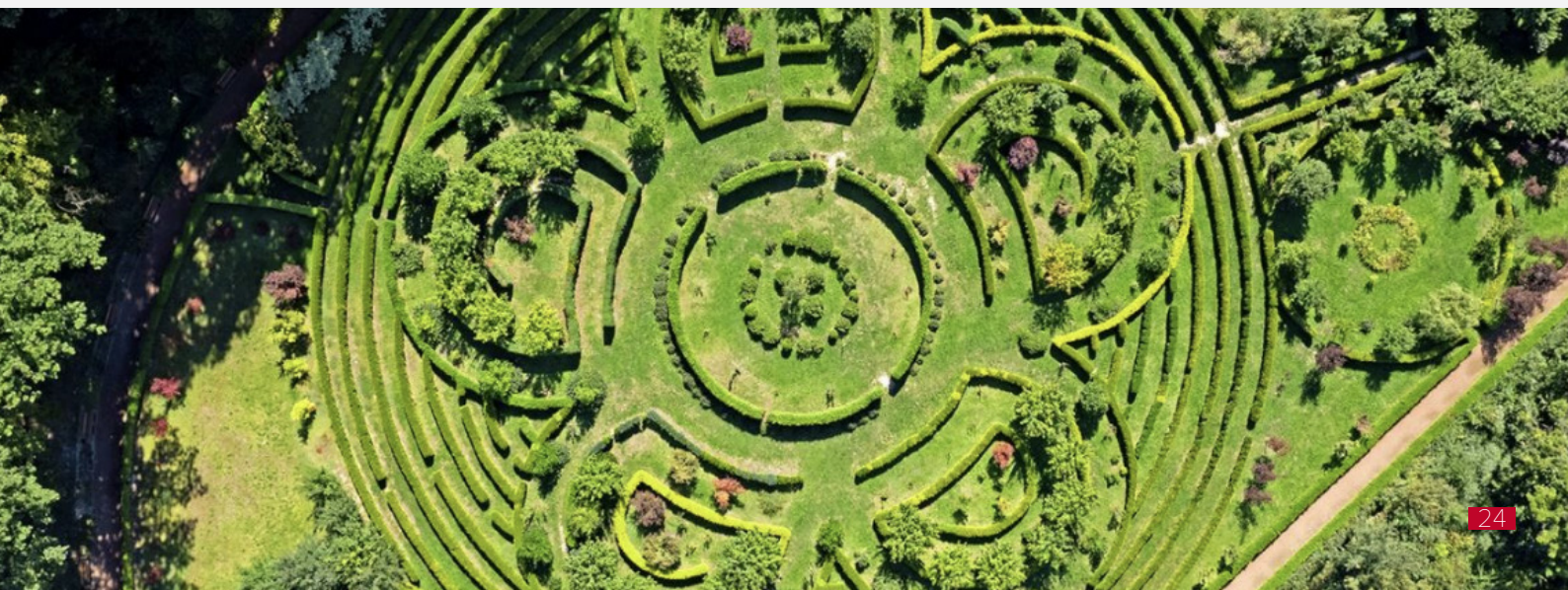
establish formal means of dialogue, allowing us to channel our efforts to focus on what is important to the local communities. We are also planning to establish an external whistleblowing hotline, through which external individuals or entities affected by our business activities can raise concerns in an easy, anonymous, and protected manner.

## Product Quality and Safety

Tokai COBEX wants to be a full solution provider of choice for all customers, offering high-quality products with the flexibility demanded. Our Quality Team monitors our product quality, and we constantly test and sample each production lot to meet our customers' requirements and expectations.

To ensure that we meet the highest standards, we installed the ISO 9001 Quality Management System and obtained the respective certifications at all our sites. Looking towards the future, we are initiating certification following the automotive standard IATF 16949 for our growing graphite powder business in France. Further, Tokai COBEX places high importance on continuously assessing and improving the safety of its products. Our sales and technical

service teams stay in close contact with all our customers, ensuring we are aware of their needs and deliver according to their specific, individual expectations. Our technical service regularly visits all our clients at their sites to provide instructions about the appropriate use of our products and relevant training. Depending on the client needs, opportunities for improvements in the clients' installations and optimizations of our products' applications (e.g. furnace and cell design) are identified. We support our customers with our knowledge and experience in implementing suggested changes. Over the last years, Tokai COBEX has not identified any non-compliance with regulations or voluntary codes concerning the health and safety impacts of its products.





### Living our Values

We are fair and transparent in our way of doing business, inside our firm as well as with partners around the world

Tokai COBEX ensures that all employees, both management and non-management, understand and know the Code of Conduct, that they always keep in mind our values of fairness and transparency, and that they are constantly up to date with training around compliance risks.

Our Whistleblower Guideline describes the established mechanisms that encourage all

employees to raise integrity issues and violations of the Code of Conduct.

Responsible, transparent, and fair behavior is the foundation of our relationships. Tokai COBEX conducts all business activities in line with the principles outlined in its Code of Conduct. In this way, we maintain high ethical standards and compliance with laws and regulations – for the sake of our employees and our ties of reliability to our business partners.

Misconduct can be reported to superiors, Local Legal & Compliance Counsels, or a confidential Whistleblowing System which also allows for anonymous reporting. Whistleblowers have the right to be informed about the method in which the reported matter is being handled. We do not tolerate any form of discrimination or retaliation against whistleblowers.

**100% of employees**

know and commit to our Code of Conduct

Anti-Corruption



Competitive Behavior

## Anti-Corruption and Competitive Behavior

Tokai COBEX is committed to prohibiting all forms of corruption and bribery in its business transactions. We do not promise or give any payment, inappropriate gifts, or any other benefits to induce employees from companies, authorities, or other public officials to provide us with an improper business advantage. Everyone associated with Tokai COBEX must

comply with the applicable anti-corruption laws.

Tokai COBEX is committed to fair and free competition in all its markets and prevails in competition through the merits of its products and services.





We comply strictly with the legal regulations to promote and protect competition and do not participate in prohibited agreements or cartels.

Tokai COBEX does not exchange or discuss confidential information with competitors. This

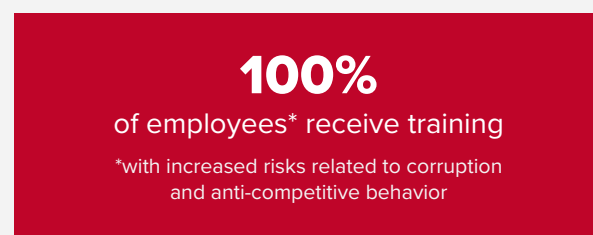
includes prices, price policies, terms of sale and performance, costs and profit margins, capacities, marketing strategies, territories, customers, research and development projects, or any other relevant information.

## Policies and Training

Our Code of Conduct and the related policies contain our fundamental commitments and procedures concerning the prohibition of corruption as well as compliance with anti-trust and competition law. The Code of Conduct is handed out to and signed by all our employees. Clauses on anti-corruption and competitive behavior are also part of our agreements with sales representatives.

During the COVID-19 pandemic, we offered online training on the content of the Code of Conduct to all employees who had the technical equipment (i.e., a computer) to access it. Participation was encouraged and monitored by our Legal & Compliance Department. In-person, town-hall training on the Code of Conduct for all other employees is intended to follow when the pandemic situation allows it.

We regularly assess all relevant parts of our operations for risks related to corruption and anti-trust, in particular in the departments of Sales, Procurement, Finance, HR, Technical Service, and Legal & Compliance. Employees in these departments who have contact with external stakeholders and who are therefore



**100%**  
of employees\* receive training  
\*with increased risks related to corruption  
and anti-competitive behavior

exposed to a higher risk of corruption or anti-trust behavior complete in-depth, specialized training on these topics every three years. This applies to all our locations.

Further, the entire governance body of Tokai COBEX receives in-depth anti-corruption and anti-trust training every three years to ensure they can effectively exemplify the implementation of our policies and procedures. To this end, we also foster their leadership competencies related to our values through respective training and coaching.

Tokai COBEX carefully tracks incidents of corruption and anti-trust. In 2021, there were no confirmed incidents of corruption, and no legal actions pending or completed regarding anti-competitive behavior, anti-trust, or monopoly practices.





### Driving Sustainable Growth

We develop and provide innovative and excellent solutions that enable sustainable growth.

Our ambition is to drive sustainable growth – both for our company, as well as the economy at large. Through developing and providing innovative and excellent solutions, we secure not only the long-term success of the company but also deliver the sustainable products future markets demand.



### Sustainable Innovation

Many of the sustainable solutions to societal challenges like energy security and mobility can – with today’s technologies – not be produced without the products we provide. Tokai COBEX thus makes an important contribution to sustainable growth by allowing its customers and their customers to produce the sustainable products that the green transformation of society requires. For example, our BAM (Battery Anode Material) business delivers products that are crucial for the electric mobility industry. Here, we can produce the needed products with significantly lower CO<sub>2</sub> emissions than current suppliers in the market.

Further, we see our contribution to sustainable growth in allowing our customers to set up their production processes as efficiently and sustainably as possible.

Our „ready-to-use” cathodes (RuC®) avoid the rodding process on the site of our customers. Thus, we remove a process where molten cast iron is poured manually to match steel conductors to our cathodes, removing all dangers associated with handling molten metals in this production step. By matching collector bar and cathode at room temperature, more sophisticated designs become possible, re-

sulting in improved cell performance at our customer’s sites saving up to 500 kWh per ton of aluminum produced.

Tokai COBEX consistently seeks to implement more sustainable procedures and use more sustainable materials. For example, we consider ourselves the leading supplier of PAH-free ramming and sealing pastes, providing a way of eliminating the associated health risks at our customers’ site. We intend to use PAH-free binders internally in our manufacturing processes to further improve the health and safety of our employees.

We also pursue the ambition of sourcing our input materials in a more sustainable manner. Currently, all carbon we – as well as our industry as a whole - use as input for our production stems from fossil sources. However, we substantially increase our research and development efforts in order to find a sustainable alternative in bio-carbon. We hope to be able to report our first successes soon.

**Our target: 80%**

of R&D resources dedicated to reduction of environmental burden

## Supply Chain Responsibility

ESG Summary Report  
SEPTEMBER 2022

Our ambition to innovate and walk new ways goes beyond the borders of our own operations. Tokai COBEX aims to provide its customers with innovative and sustainable products that set the highest quality standards while performing all work and outperforming competition following legal, ethical, and sustainable principles. We take seriously our corporate responsibility to prove provenance in our supply chain and together with suppliers and subcontractors, we want to set the standards in our industry. Tokai COBEX is committed to avoiding the use of "conflict minerals" (materials that contribute to financing conflicts, e.g., in the Democratic Republic of Congo) in its products and production processes.

Our Supplier Code of Conduct lays out what we expect from our partners. This is, first and foremost, lawful behavior, compliance with anti-corruption and competition law as well as with export controls and customs regulations. Further, we require our suppliers to respect and promote human rights, and to comply with the UN Global Compact principles regarding social issues and environmental protection. Our target is to have all major suppliers, who do not have a Code of Conduct on their own that lives up to our ethical standards, sign our Supplier Code of Conduct. We screen all new suppliers with regard to export controls and intend to establish further supplier screenings using social and environmental criteria.





# Contact

If you are interested in our sustainability activities, please send your request to this e-mail address:

**[info@tokaicobex.com](mailto:info@tokaicobex.com)**

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All audit certificates, our policy and Code of Conduct are available for download at <https://tokaicobex.com/en/sustainability/>

