



# Sustainability Report 2020

MUTARES



## SUSTAINABILITY AT MUTARES

### Foreword by the Management Board – Together for a more Sustainable Future

“The greatest danger to our planet is the belief that someone else will save it”. This quote from the English polar explorer Robert Swan sums it up: Every person, and especially every company, has a responsibility to preserve our (still) comfortable living conditions. We all have to do our part to reduce the impact on our environment as much as possible. And not only that. Sustainability that is actually practiced goes beyond ecologically sensible measures and also includes social aspects as well as principles of good corporate governance.

At Mutares, we see sustainable action and management as an integral part of our corporate philosophy. For us, sustainability is inextricably linked to business success. Environmental, Social, Governance (ESG) is increasingly gaining acceptance as a term for the three most important sustainability-related areas of responsibility of a company, which we also use as a guideline.

For more than ten years, Mutares has been acting as an international investor, actively supporting its portfolio companies in defining and implementing comprehensive turn-around and optimization programs. The aim here is also to increasingly focus both our own company and our portfolio companies on sustainable growth. In all our decisions, we not only focus on organic growth and the lasting success of the portfolio companies. We also pay attention to compliance with and implementation of ecological, social and corporate values and standards. Responsible action is anchored in the corporate values of Mutares SE & Co. KGaA and has thus been the order of the day for many years.

We define ourselves as a “Master of Special Situations” and want to act as a long-term and sustainable player in the market. For us, this also means integrating the values of sustainability even more strongly into our international growth strategy. This is one of the reasons why we signed the UN Global Compact this year. By doing so, we are sending a strong signal that sustainability plays a fundamental role at Mutares – also towards all our employees, who, following our example as a company, should also assume their own personal responsibility for the environment and society.

By signing the UN Global Compact, we commit to respecting and implementing the 10 sustainable principles set out therein and to promoting sustainable development worldwide. At Mutares, we are committed to expanding and improving all aspects of sustainability over the long-term, both at the Holding Company level and in all portfolio companies, in order to actively help shaping a more sustainable future.

Sincerely,

the Management Board of Mutares Management SE,  
Munich, April 2021



# SUSTAINABILITY STRATEGY – MASTERING A SUSTAINABLE FUTURE

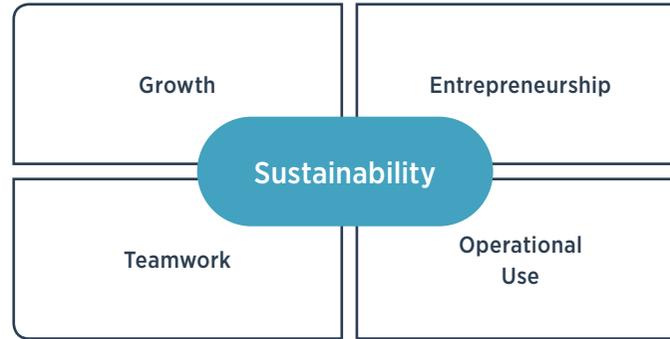
As an investment company, Mutares focuses on European companies with high development potential that already have an established business model. The segments in which Mutares acquires its portfolio companies are:



The implementation of ESG aspects in our corporate strategy helps us to better assess sustainability risks and respond to them more effectively. In addition, it also serves to identify and benefit from new opportunities for value enhancement. Already during the acquisition phase, we pay attention to the ESG aspects of the Company and include them in our investment process. Always with the clear goal of achieving a stable growth course and a sustainably oriented success of the acquired company.

Our first task is always to ensure a long-term and profitable presence of the acquired company in the market. In addition to our financial support, we make this possible with our experienced team of operational specialists, who develop an individual future-oriented strategy together with the management of the acquired company.

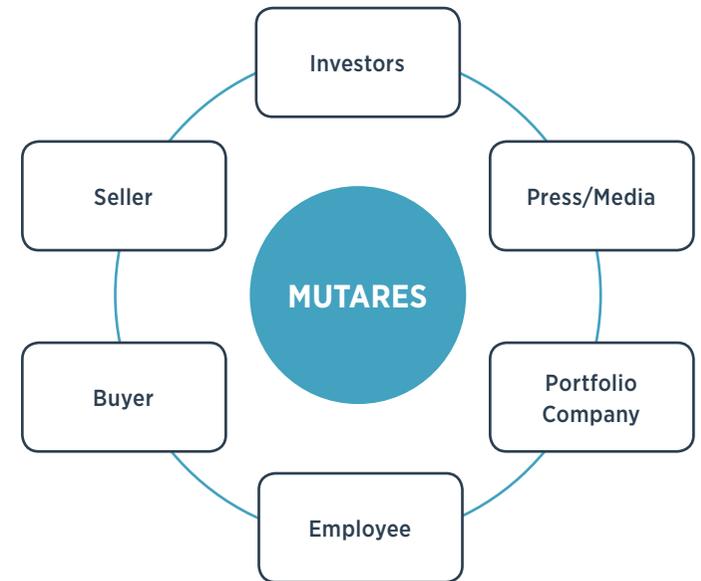
Through our corporate acquisitions, we aim to create long-term added value by following five principles:



The integration of sustainability into our daily business activities is ensured at Mutares with a defined structure. Mutares sets targets and regulations within the framework of ESG aspects not only at the Holding level, but also for each portfolio company. To this end, Mutares implements defined processes in its organization and creates an “ESG Portfolio Review” to determine where each portfolio company is in terms of ESG issues. To this end, various development opportunities are worked out together with the company, which serve to consolidate existing ESG issues and approaches and, at the same time, to be able to react more quickly to identified risks. In addition, key performance indicators (KPIs) are developed together with the company to further promote both the visibility and measurability of ESG issues.

## STAKEHOLDER ANALYSIS AND SIGNIFICANCE ANALYSIS

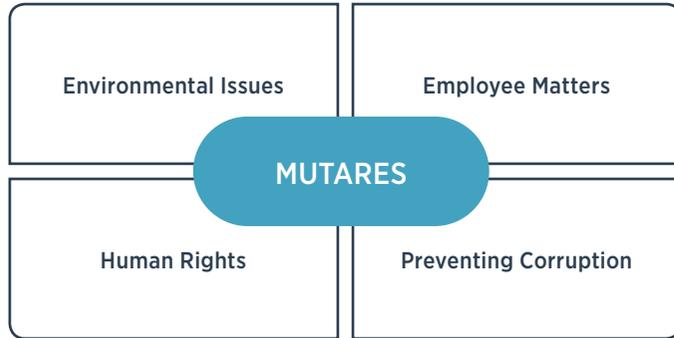
As an internationally operating group of companies, Mutares has an impact on people and institutions in many areas. An intensive and continuous dialog with these stakeholders is a matter of course for Mutares and creates trust. Thanks to this open exchange, we can identify trends and new developments as well as opportunities and risks relevant to our corporate responsibility and sustainability goals at an early stage. Important stakeholder groups for Mutares are all persons and economic actors who have an interest in our actions and with whom we have a direct or indirect relationship through our business.





## OUR GUIDELINES – THE 10 PRINCIPLES OF THE UN GLOBAL COMPACT

At Mutares, we firmly believe that successful social responsibility creates value. In implementing our sustainability strategy, we pay attention to the following topics:



As a signatory of the UN Global Compact, we recognize its 10 principles as binding guidelines for the implementation of our sustainable goals and processes. The UN Global Compact grew out of the Paris Climate Agreement in 2015 and is the world's largest initiative for responsible corporate governance and thus also a seal of quality in sustainability. The vision is a sustainable global economy based on 10 universal principles in the areas of human rights, labor standards, environment & climate, and corruption prevention. Worldwide, more than 13,500 companies and organizations have already joined the UN Global Compact, Mutares SE & Co. KGaA is now also part of this network.

## THE 10 GOALS OF THE UN GLOBAL COMPACT:

### Human rights

1. Businesses should support and respect the protection of international human rights.
2. Companies should ensure that they are not complicit in human rights abuses.

### Labor

3. Companies should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should be committed to the elimination of all forms of forced labor.
5. Businesses should be committed to the abolition of child labor.
6. Businesses should advocate for the elimination of discrimination in employment and occupation.

### Environment

7. Companies should follow the precautionary principle in dealing with environmental problems.
8. Companies should take initiatives to promote greater environmental awareness and responsibility.
9. Companies should accelerate the development and diffusion of environmentally friendly technologies.

### Anti-corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.

Since

# 2021

Mutares is part of the 13,500 organizations that have joined the UN Global Compact

„Sustainable management is a firm component of Mutares. As an active operating investor, we also pay close attention to the compliance and implementation of ecological, social and corporate values and standards. To me, all this is the definition of a responsible entrepreneur.“

**Robin Laik, CEO of Mutares**



### MATERIALITY ANALYSIS

The analysis and determination of the most important topics from the perspective of our stakeholders and our portfolio forms the basis for the structure of the following materiality matrix and is an integral part of Mutares' sustainability strategy.



# ENVIRONMENT DOING MORE TO PROTECT THE ENVIRONMENT



With the growing awareness that we only have one earth, whose “health” is the crucial basis of life and economy for all of us, we at Mutares associate a far-reaching decision: We see environmental protection as one of the key success factors for the sustainable development of our business. We firmly believe that green technologies, resource-conserving production methods and renewable energy sources are the keys to a holistic approach to sustainable business.

Both at the Holding Level and at our subsidiaries, we are committed to being a role model in the marketplace when it comes to environmentally conscious practices. For example, with the aim of minimizing our environmental impact, we are implementing continuous measures to reduce our carbon footprint on a consolidated basis. For this purpose, Mutares participated in climate protection projects of **atmosfair** and compensated all flights of the Holding employees in 2019 and 2020. 566,000 kg of CO<sub>2</sub> greenhouse gases were offset in 2019, and 360,000 kg in 2020. In this way, we actively supported projects in the areas of renewable energies, alternative power producers and environmental education. **atmosfair** is a climate

protection organization with a focus on “travel” that operates its projects according to the rules of the Clean Development Mechanism (CDM) anchored in the Kyoto Protocol. The projects comply with the established “Gold Standard” of international environmental organizations. For this CO<sub>2</sub> compensation, airline passengers voluntarily pay a climate protection contribution that depends on the emissions. This supports climate protection projects in developing and newly industrializing countries and at the same time offsets CO<sub>2</sub> emissions. This funding thus reaches the countries that are already most affected by climate change and improves not only their ecological but also their economic and social situation.

At our portfolios, we also pay attention to the implementation of environmentally friendly behavior in internal corporate processes. 60% of our 20 portfolio companies are certified to ISO 14001:2015 (environmental management system) as of 31 December 2020.

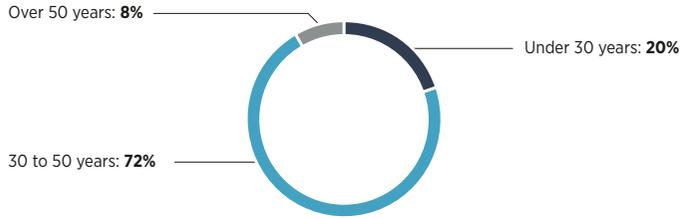
One of the many examples of a subsidiary in which sustainability plays a decisive role is the Balcke-Dürr Group. With more than 130 years of experience, the Group offers innovative solutions for increasing energy efficiency and reducing emissions for utilities as well as the chemical industry. The portfolio ranges from standard modules to complete thermal systems. The Group specializes in solutions that meet the highest safety and sustainability requirements. In addition, a significant reduction of 60% in energy consumption has been achieved at Balcke-Dürr through an extensive LED retrofit program and the renewal of the complete heating and hot water supply in the production plant.





# SOCIAL HUMAN CAPITAL AS A FUNDAMENTAL VALUE

## Age structure



As of 31 December 2020

Mutares' most important asset shows emotions! Our success is based on the expertise and professionalism of our dedicated employees. Each one of them contributes daily to the growth of the portfolio of Mutares Group with their competencies and individual personalities. Worldwide, we employ more than 12,000 people in the Group. With eight locations in Germany, France, Great Britain, Italy, Austria, Spain and Sweden, we rely on an intensive exchange with our international colleagues as well as on flat hierarchies and fast communication channels. At Mutares, we place a particularly high priority on the health and occupational safety of our employees.

Mutares is guided by the four principles of the labor standards of the United Nations Global Compact. All portfolio companies also understand safety and health protection of employees as management tasks. At all our portfolio companies, we also pay attention to high standards in the design of workplaces and processes in operation. As a matter of principle, workplaces are planned, furnished and equipped with the aim of preventing work-related illnesses, eliminating hazards and avoiding accidents. Compliance with occupational health and safety is strengthened through the introduction of a "Zero accident" safety culture.

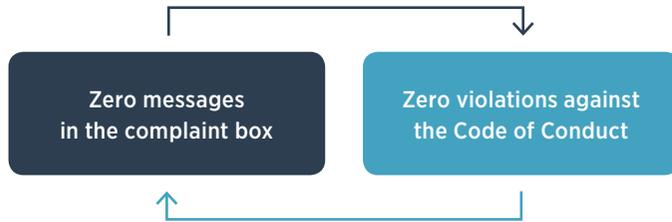
At Mutares, respect for and observance of human rights are anchored in our Code of Conduct and are thus essential components of our corporate responsibility. Furthermore, we strictly reject any form of forced labor and child labor. We recognize the right of all employees to form trade unions and employee representatives on a democratic basis and within the framework of national regulations. Likewise, all employees have the right to adequate remuneration. Remuneration and other benefits are at least in line with the respective national and local legal standards or the level of the national economic sectors/ industries and regions. We offer equal opportunities for all and prevent discrimination in the recruitment of employees and in the promotion or granting of training and further education measures. In addition, it is our standard to treat everyone equally with respect, trust and dignity. Our goal is to create a work environment that is free from discrimination and harassment. We treat all employees equally, regardless of gender, age, skin color, culture, ethnic origin, sexual identity, disability, religious affiliation or world view.

Mutares is aware of its social responsibility. We consider the demonstration and initiation of participation in humanity to be essential fixed points of our social value framework. Among other things, Mutares supports the selfless and important work of numerous helpers of the **Outpatient Children's Hospice Munich**. For this purpose, we as a company that has always been deeply connected to the city of Munich and its people, take over a family sponsorship. This is another sign of our commitment to humanity that goes far beyond the financial aspect of our involvement.

Workplace safety and social commitment also play a prominent role for our portfolio companies. For example, **Kalzip GmbH**, a company of the Donges Group, set a new record with 1,000 accident-free days in 2019. In this context, the external certification for occupational safety OHSAS 18001 confirms that Kalzip treats the well-being of its own employees as a top priority. The **Donges Group** has also been supporting the charity Aid Kenya with an annual Christmas donation since 2019, actively supporting school construction and basic care for deaf children in Kenya.



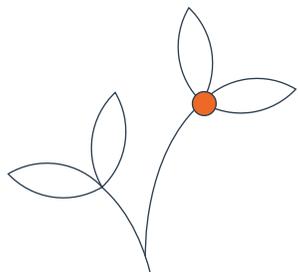
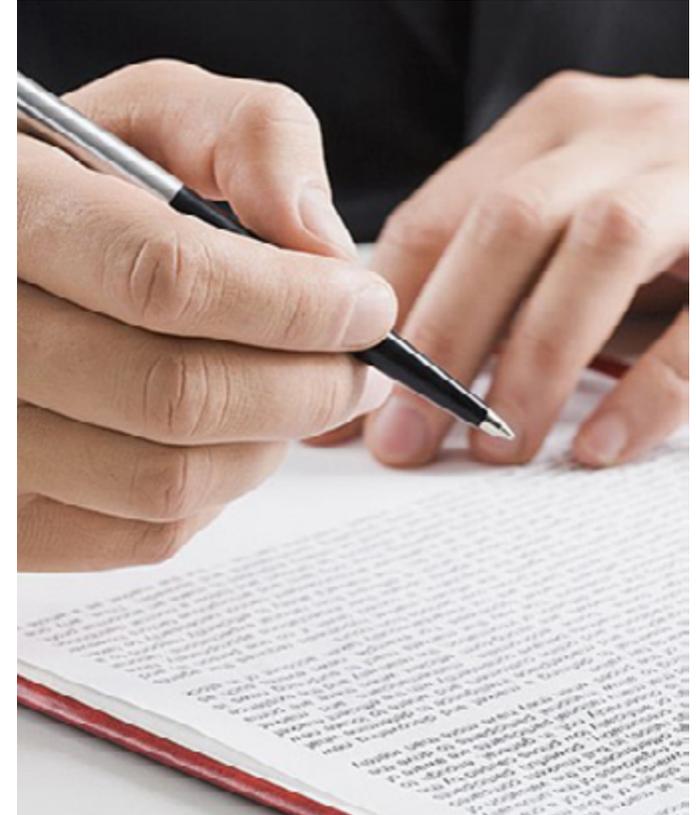
# GOVERNANCE CORPORATE MANAGEMENT AS A GOOD ROLE MODEL



At Mutares, we also see being the change we want others to be an integral part of our corporate leadership culture. Mutares is committed to acting with integrity and in compliance with the law according to nationally and internationally recognized standards, assumes corporate responsibility and pays attention to the impact of its business activities. Accordingly, we have established a compliance system with a Code of Conduct for all relevant areas. This Code of Conduct provides employees with guidance and helps to avoid undesirable actions. All employees at all levels are expected to behave responsibly, ethically and with integrity. This expectation also applies to third parties, such as business partners and suppliers, who contribute to the good image of our Company.

All employees, our suppliers and third parties who do business with us must comply with the applicable laws of the country in which the site is located. As a global Company, we are subject to the laws and regulations of each location in which we do business. Failure to comply with these laws can have civil and criminal consequences. Accordingly, we also comply with capital market laws, among others. Insider information is treated as strictly confidential at Mutares and is not disclosed to third parties. It is prohibited to buy, sell or recommend to others Mutares shares or shares of other listed companies with which we have business relationships using inside information.

Mutares condemns all forms of corruption and bribery. We also adhere to the policy on the prevention of corruption and conflicts of interest and the protection of Mutares Group assets. The implemented policy management software ensures that employees always have access to the applicable policy. It also provides whistleblower protection through an anonymous email service available to all employees, thus promoting transparency.





## ESG TOPICS AT OUR PORTFOLIO COMPANIES

### SFC SOLUTIONS

SFC Solutions works closely with OEMs to develop new technologies with a special focus on weight and component size reduction to meet the growing requirements for BEV (Battery Electric Vehicles) and HEV (Hybrid Electric Vehicles).

### PRIMOTECs

PrimoTECS focuses on e-mobility to develop technologies for power transmission in electric vehicles and received the awards for a certified quality management (IATF 16949) and audited environmental management system (ISO 14001).

### IINOVIS

iinovis was able to minimize the consumption of natural resources in 2020 through more efficient use of energy and materials, thus over 60% of purchased energy came from green energy.

### ELASTOMER SOLUTIONS

Elastomer Solutions is striving for the full integration of quality, environmental and safety system. The introduction of a Code of Ethics and Business Conduct establishes principles and values for employees.

### DONGES GROUP

For the Donges Group, safety in the workplace is paramount, thus in 2019, Kalzip production set a new record with 1,000 accident-free days. The external certification for occupational safety OHSAS 18001 confirms that the well-being of Kalzip's own employees is treated with the highest priority.

### BALCKE-DÜRR

Balcke-Dürr Group has achieved a reduction in energy consumption through an extensive LED retrofit program and a renewal of the entire heating and hot water supply in the production plant.

### ROYAL DE BOER

Royal de Boer produces barn cleaners that, in combination with the floor system, reduce ammonia emissions and are approved and certified by the Dutch/German government.

### GEMINI RAIL GROUP

Gemini Rail Group has founded a new "GemECO" product line with a focus on hybrid retrofitting for existing rolling stock.

### EUPEC

EUPEC shows responsibility and respect for the environment by acquiring ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certifications. With a QSHE management, EUPEC ensures its employees' health and safety at work and a high level of quality for all products, while at the same time they are manufactured in a resource-efficient and environmentally friendly way.

### BEXITY

With BEXgreen, BEXity enables a sustainable solution and a low-emission transport through e-mobility and rail. This saves up to 33.2% CO<sub>2</sub> per shipment.

### KEEPER GROUP

The keeper Group has developed a resource-friendly "keeper eco line" that is made of 100% recycled plastic. The keeper eco line is not only sustainably produced, but also sustainably disposed of and recycled after approximately 10 years. keeper received the German government's "Blue Angel" eco-label for the use of environmentally friendly recycled plastics and the creation of incentives for sustainable consumption.

### TREFILUNION

TréfilUnion focuses on the production of "green wire" with the aim of increasing the recycling of wire waste as well as environmentally friendly production and packaging.

### CENPA

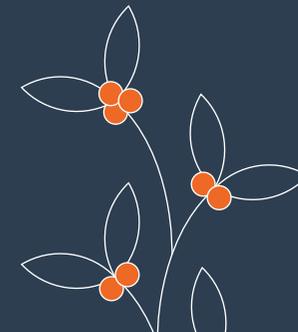
In 2020, Cenpa was awarded the Forest Stewardship Council (FSC) certificate, an environmental seal that rewards companies with outstanding traceability of their production and helps promote responsible management of the world's forests.

### SABO

SABO focuses on the use of modern, powerful battery technology to protect the environment. Not only can exhaust gases and local emissions be avoided, but the devices also operate extremely quietly and energy-efficiently.

# 60%

of our portfolios are certified according to ISO 14001:2015 (Environmental Management).





## IMPRINT & CONTACT

### Publisher

Mutares SE & Co. KGaA  
Arnulfstr. 19  
80335 Munich  
Germany

Phone +49 89 9292 7760  
Fax +49 89 9292 77622  
Email [info@mutares.com](mailto:info@mutares.com)  
→ [www.mutares.com](http://www.mutares.com)

#### **Mutares SE & Co. KGaA**

Registered and Commercial Register of the Company: Munich,  
AG Munich, HRB 250347  
Chairman of the Supervisory Board: Volker Rofalski

General partner: Mutares Management SE  
Registered and Commercial Register of the Company: Munich,  
AG Munich, HRB 242375  
Management Board: Robin Laik (Chairman), Mark Friedrich,  
Dr. Kristian Schleede, Johannes Laumann  
Chairman of the Supervisory Board: Prof. Dr. Micha Bloching

### Concept and Text

Kirchhoff Consult AG, Hamburg, Germany  
CROSS ALLIANCE communication GmbH, Munich, Germany

### Disclaimer

The translation of this document was prepared  
for convenience purposes only. The German original  
version prevails.

# MUTARES

**Mutares SE & Co. KGaA**

Arnulfstr. 19

80335 Munich

Germany

[www.mutares.com](http://www.mutares.com)