

SUSTAINABILITY REPORT

FROM WASTE TO RESOURCE



CONTENTS

General Information (GRI 2)	4
Key Topics (GRI 3)	6
Environment (GRI 300)	10
Social (GRI 400)	14
Governance (GRI 200)	19
Outlook	22
GRI Content Index	23



WELCOME TO OUR JOURNEY INTO THE FUTURE

Dear Readers,

All over the world, sustainability is seen as the way forward for the whole of humankind. This first Sustainability Report from Scholz Recycling GmbH (hereinafter abbreviated to SRG) was therefore compiled with reference to the consolidated Global Reporting Initiative (GRI) 2021 standards. Our core business as a pioneering metal recycling company is to support the circular economy; the principle “from waste to resource” is a fundamental part of our corporate philosophy and thus the motto of this Sustainability Report.

In the baseline year 2022 alone, we processed 2.64 million metric tons of various scrap and returned it to the cycle as raw material. In view of the more stringent environmental regulations in place, it is crucial to step up our sustainability efforts – and in the process not just meet compliance requirements but also achieve added value as a result of the implementation of ESG*-related practices.

Within the company, we have started to modernize various processing facilities and locations to improve efficiency and make our operations more environmentally friendly. This is consistent with our environmental policy, which sets out SRG's commitment to strive for a systematic improvement of our operational environmental protection. In addition, we have replaced the existing conventional lighting at some of our facilities with LED lighting, and obtain our electricity almost exclusively from renewable energy sources.

Moreover, we have also implemented sustainable measures in our administrative units and defined clear targets like the replacement of heating systems

at various locations to improve the company's performance in reducing the use of fossil fuels and counter greenhouse gas emissions. Because we consider it crucial to ensure that the growth of our business activities does not go hand in hand with an increase in our environmental impact.

We have also made a conscious commitment to create a diverse and integrative working environment for all employees, to ensure compliance with labor standards and prevent child labor or forced labor. To achieve this, we have established an integrated management system that also incorporates our suppliers. In addition, we have conducted a large number of training measures – and our “Scholz Academy” has been reorganized to be able to offer professional development opportunities and practical courses in various topics.

We also have a management system (ISO 45001) for health and safety issues, which prescribes the internal reporting of occupational accidents and potential risks. Furthermore, comprehensive health monitoring activities were carried out at regular intervals and cutting-edge tests with an exoskeleton (Bionic Back) were performed at various locations to ensure the safety and long-term health of our employees, now and in the future.

On behalf of the members of the Board, I hope you enjoy reading the report!

Yongming Qin
CEO

OVERVIEW OF KEY FIGURES, FACTS AND DATA

OUR COMPANY

Scholz Recycling GmbH is part of the Chiho Environmental Group, a metal recycling company in China. As a private company with headquarters in Germany, we are one of the most important trading, processing and recycling companies for steel and metal scrap in all qualities and varieties. We serve large industrial enterprises, the public sector, and private customers. We also provide professional support in conjunction with demolitions, gutting buildings, dismantling and material analyses.

We operate a total of 55 recycling facilities in southern, eastern and western Germany. With our state-of-the-art systems and work processes, we ensure that resources are conserved sustainably. In doing so we also assume responsibility for the environment and the generations to come, every single day.

In 2022, we handled 1.76 million metric tons of steel and metal scrap at SRG recycling facilities and returned it to the cycle as raw material. In addition, 0.88 million metric tons of steel and metal scrap were supplied directly to other recovery facilities as a result of commercial contracts. This means that we were directly involved in the supply of around 2.64 million metric tons of recycled steel and metal scrap.

Moreover, thanks to our own solar power systems for generating electricity, we were able to save 143 metric tons of CO₂ at our Essingen facility alone. We are planning to extend the solar power systems at our Erfurt, Lauchhammer and Dingolfing locations. At our Espenhain facility, a ground-mounted solar power system with 1,660.8 kWp went into operation in December 2022.

OUR MISSION AND VISION

SRG's clearly defined mission is to become a global frontrunner in raw material recycling and environmental protection. By providing quality products and services, and with the help of our more than 1,100 highly

motivated and multi-skilled employees, we generate high-quality returns for our shareholders.

"Recycling. Resources. Responsibility." – this guiding principle is not just our motto, but our aspiration. Our vision is to undertake sustainable recycling according to the principle "from waste to resource", to conserve resources and thus assume responsibility for the environment and the coming generations.

OUR GUIDING PRINCIPLES

Reliability, simplicity, and a sense of responsibility shape SRG's corporate philosophy. As a global player, we are one of the most important recycling companies for steel and metal scrap. We strive to build a long-term partnership with our stakeholders (e.g. employees, customers and suppliers) that benefits all parties.

Most of our internal investment goes towards optimizing our processing – and thus into improving working conditions and environmental protection. For us, safe workplaces and career development opportunities are self-evident.

OUR RESPONSIBILITY

We make sure that everything we do is ecologically justifiable and economically sound. Our company has therefore implemented a quality, environmental, energy and occupational safety management system to meet these requirements.

We always work with state-of-the-art processing technology. This includes high-performance treatment facilities for shredder residues, shredder systems, scrap shears, rail breakers, baling presses, briquetting presses and crushers. This is the only way to enable our employees to effectively implement innovative recycling processes. And last but not least, we are therefore also meeting our commitment to actively assume responsibility for the environment.



55
RECYCLING
FACILITIES

in southern, eastern and western
Germany



2,000,000
kWh ELECTRICITY FROM
SOLAR PANELS is generated
at our sites



1,100+
highly motivated, multi-skilled
EMPLOYEES



2.64
MILLION TONS
of recycled steel and
metal scrap





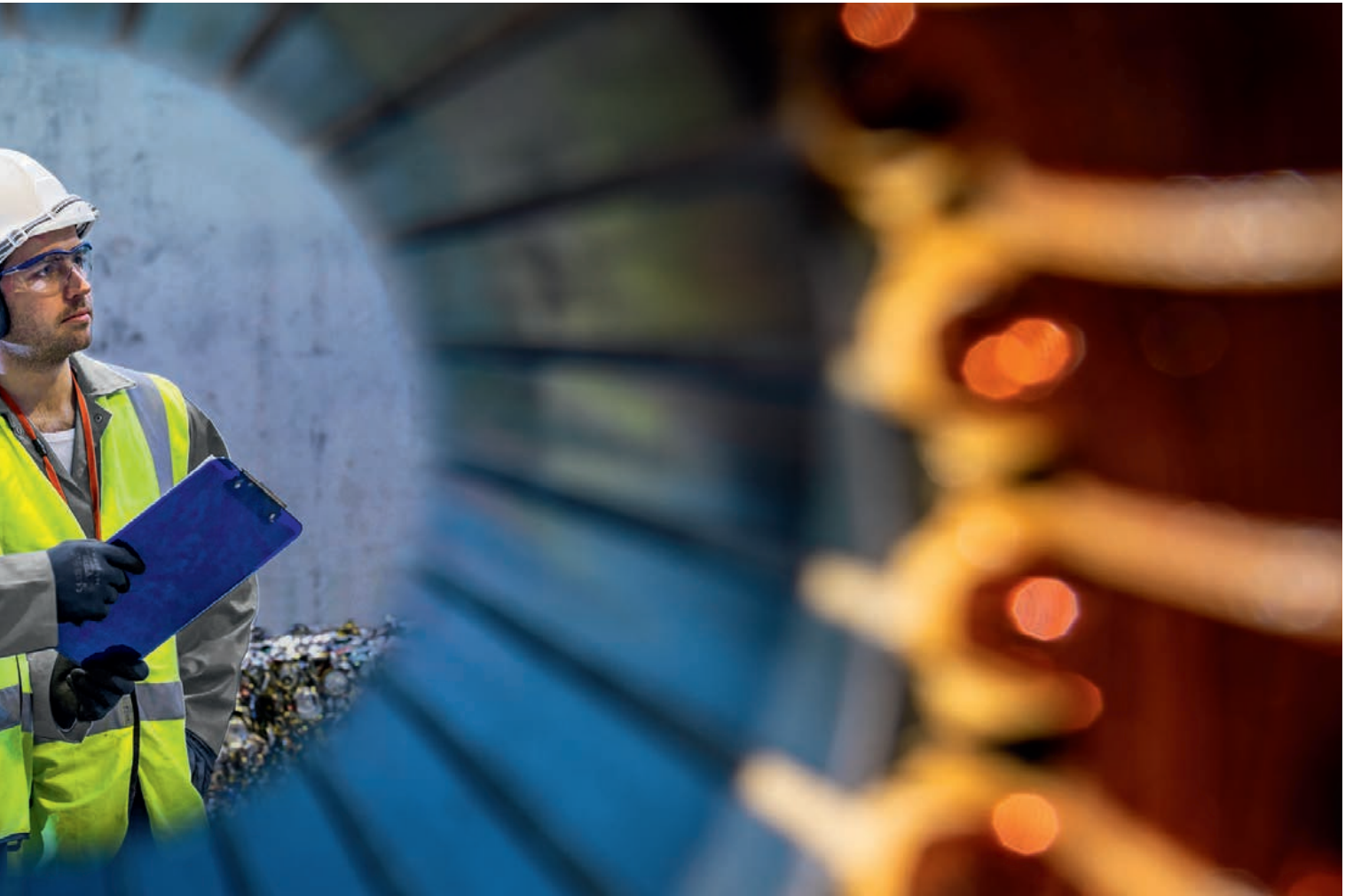
KEY TOPICS FOR US AND OUR STAKEHOLDERS

We believe that we can only fully understand the needs and expectations of our stakeholders by communicating effectively with them. We are therefore in regular contact with our internal and external stakeholders to identify our main ESG-related issues.

In accordance with the materiality principle, we assign a priority to each issue based on the importance of its effects on the facets environment, social and governance and the expectations of our stakeholders. In the process, we have identified eight topics that are especially important for SRG and its stakeholders.

- Occupational health and safety (OHS)
- Generated economic value
- Product quality and safety
- Anti-corruption
- Compliance with regulations
- Talent management
- Anti-discrimination
- Recycling of resources

The ESG topics considered crucial are listed in the following SRG materiality matrix and have been prioritized according to insights from our communications with various stakeholders. The corresponding materiality matrix was validated by our management and forms the basis for formulating our sustainability strategy and ESG policy.



SRG MATERIALITY MATRIX



WITH OUR ESG POLICY WE ARE SUPPORTING THE 17 UNITED NATIONS SDGS

The global community has committed to a sustainable agenda by 2030. With this in mind, the UN's 17 sustainable development goals (SDGs), with a total of 169 sub-goals, came into force in 2016. Since then, we have been working every single day to support the key goals for our stakeholders through our sustainability strategy and ESG policy.

WE BELONG TO THE FOLLOWING INDUSTRY ASSOCIATIONS:

- Bureau of International Recycling (BIR)
- Federal Association of German Steel Recycling and Disposal Companies (BDSV)
- Federal Association of Secondary Raw Materials and Waste Management (BVSE)
- Association of German Metal Traders and Recyclers (VDM)

WE ARE OFFICIALLY CERTIFIED ACCORDING TO:

- ISO 9001 (Quality Management System)
- ISO 14001 (Environmental Management System)
- ISO 45001 (Occupational Health and Safety Management System)
- ISO 50001 (Energy Management System)



Stakeholders	Key topics	SRG measures	SDGs
Customers	<ul style="list-style-type: none"> Product quality and safety Recycling of resources Customer satisfaction 	<ul style="list-style-type: none"> Risk assessment of product quality to ensure an effective recycling process and high-quality metal production Customer engagement to meet quality requirements 	
Society	<ul style="list-style-type: none"> Compliance with regulations and environmental standards Fighting corruption 	<ul style="list-style-type: none"> Evaluating the corruption risk Training programs on regulatory compliance 	
Employees	<ul style="list-style-type: none"> Health and safety at the workplace Anti-discrimination Talent management Development and training Protection of human rights 	<ul style="list-style-type: none"> Compliance with the applicable laws and regulations to protect human rights Creating a diverse and integrative working environment for all our employees Zero tolerance for child labor or forced labor 	  
Suppliers	<ul style="list-style-type: none"> Supplier management Health and safety at the workplace Compliance with regulations 	<ul style="list-style-type: none"> Supplier evaluation to ensure adherence to our requirements Ensuring that all suppliers follow our guidelines 	
Shareholders	<ul style="list-style-type: none"> Generated economic value Compliance with regulations 	<ul style="list-style-type: none"> Focus on cost control while ensuring the stability of our company Identification and exploitation of growth opportunities 	
Environment	<ul style="list-style-type: none"> Compliance with environmental standards Greenhouse gas emissions Exhaust gas emissions Waste management Recycling of resources 	<ul style="list-style-type: none"> Identification of potential climate-related risks and opportunities in line with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) Determining potential energy savings and improving energy efficiency Taking the necessary measures to effectively monitor carbon and waste emissions 	

OUR CLIMATE ACTION STRATEGY AND THE CONTINUOUS DEVELOPMENT OF A SUSTAINABLE CIRCULAR ECONOMY



Based on the principle “from waste to resource”, SRG is continually helping to establish a sustainable circular economy, so that other companies can also benefit from our climate action strategy and recycled materials. In this way, we help these companies to avoid millions of tons of carbon dioxide emissions that would otherwise be released every year if they were dependent on primary raw materials only. In addition, we are also focusing specifically on minimizing the environmental impacts of our manufacturing processes.

For our climate action strategy, this means specifically: We are seeking every opportunity to minimize negative impacts within our value creation chain and in our recycling technologies through effective environmental

management. In doing so, we are actively assuming responsibility for the environment and the coming generations.

To promote sustainability in our company, we have worked intensively on identifying energy saving potential and improving energy efficiency through various initiatives. We have also committed to establishing guidelines to protect our resources and minimize the impacts of our treatment and production processes on the soil, water and air.

Here are some exemplary measures to reduce our energy consumption and our emissions that we have already successfully implemented as part of our climate action strategy:

Measures to reduce our energy consumption and emissions

1. PROMOTING THE USE OF RENEWABLE ENERGY SOURCES

We obtain our electricity almost exclusively from renewable energy sources. At the same time, we are pressing ahead with the expansion of our solar power systems. At our Essingen facility, a solar power system with a total capacity of 749.58 kWp has been in service since 2019. The ground-mounted solar power system in Espenhain, which has a total output of 1,660.8 kWp, has been in operation since December 2022, while the expansion of the systems at our Erfurt, Lauchhammer and Dingolfing sites is at the planning stage.



2. OPTIMIZING LIGHTING

We are constantly replacing parts of our existing lighting with LED lighting. This has enabled us to significantly reduce energy use for lighting at our various locations. Another relevant measure is the switching off of electrical equipment like air conditioners and lamps when not in use. Likewise, we are adjusting our heating practices to further reduce gas and oil consumption.



3. ELECTRIFICATION OF MACHINES

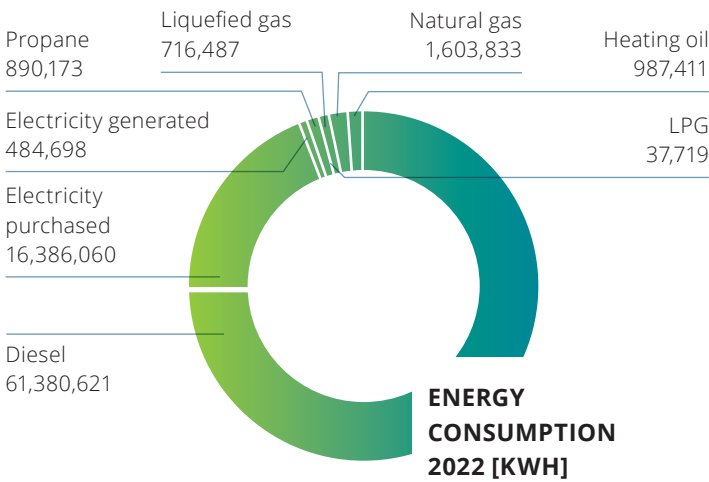
In 2022, an electrically powered stationary shear went into operation in Nuremberg. We have also started to replace diesel excavators with electric alternatives at our Gröditz facility. Moreover, our operating processes are equipped with cutting-edge monitoring technology to precisely monitor energy use.



ENERGY CONSUMPTION, EMISSIONS, WASTE AND WASTEWATER AT OUR SITES: AN OVERVIEW

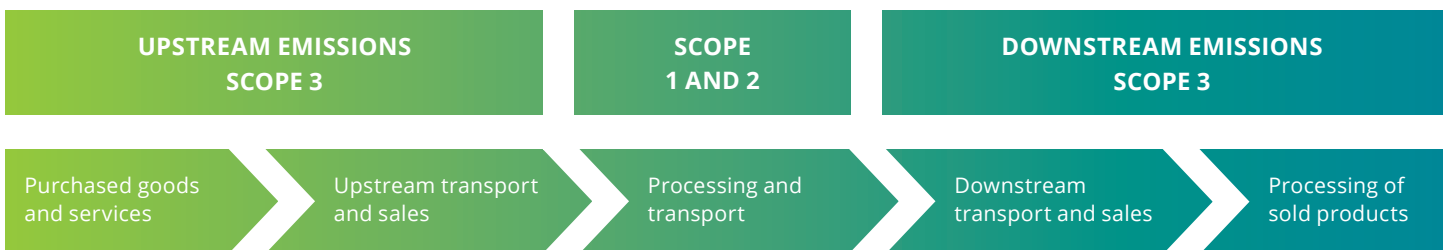
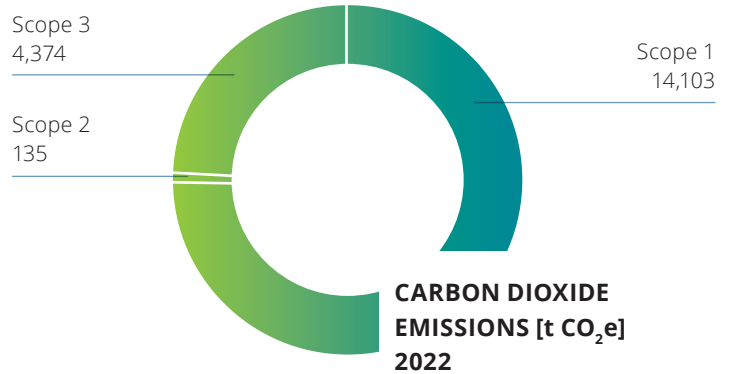
1. ENERGY CONSUMPTION

The business operations of SRG use various resources like diesel, electricity, liquefied gas, heating oil and natural gas. In 2022, the total energy consumption of our company was 82,487,002 kWh and the energy intensity was 31.24 kWh per ton of sold products. The liquefied gas consumption was reduced by 40% compared with 2021. This is primarily due to our energy saving measures.



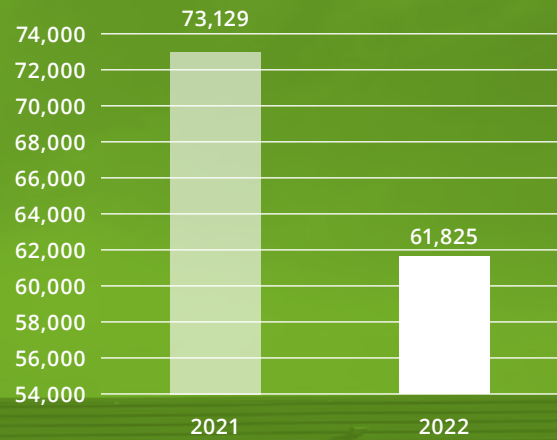
2. EMISSIONS (SCOPE 1, 2 AND 3)

To calculate our carbon footprint, we evaluated the individual life cycle phases of our materials along the value chain: In the baseline year 2022, our total carbon emissions were 18,469 t CO₂e, corresponding to a decline in emissions of 10.82% in total compared with 20,710 t CO₂e in 2021. The direct emissions (Scope 1) and indirect emissions (Scope 2) were 14,103 t CO₂e respectively 135 t CO₂e. Our upstream, downstream and other indirect emissions (Scope 3), originating from the categories upstream fuel and energy-related activities, business travel and employee commuting, amounted to 4,374 t CO₂e. The electricity generated by our in-house solar power systems reduces the emissions by 143 t CO₂e. The carbon dioxide intensity was calculated at 10.5 kg CO₂e per ton of sold scrap (excluding drop shipments), equivalent to a decrease of more than 7% compared to 11.4 kg CO₂e per ton sold scrap in 2021.

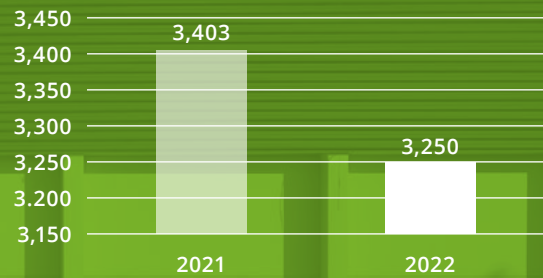




Generation of non-hazardous waste (metric tons)



Generation of hazardous waste (metric tons)



3. WASTE

Our production process generates both hazardous and non-hazardous waste. For both kinds of waste we adhere to our principles “waste recycling before waste disposal” and “from waste to resource”, i.e., this waste should if possible be reused or recycled. Often, the waste is directly associated with our business processes. For example, some hazardous and non-hazardous waste occurs in the treatment of the input streams. In 2022, a total of 3,250 tons hazardous waste and 61,825 tons of non-hazardous waste occurred.

4. WASTEWATER

Our company uses water primarily for cleaning, fire fighting and industrial purposes. In 2022, our total water consumption was around 35,000 m³. In that year, there were no problems procuring high-quality water suitable for the respective purposes. However, as we are preparing for the effects of climate change in the coming years, we are also investigating ways of saving drinking water.

In addition, the wastewater from our operations is always treated and discharged in accordance with all local laws and regulations in force. We regularly have tests conducted by third parties to ensure compliance with the admissible discharge limits. Due to the intensive industrial processes at our various locations we adhere to strict guidelines when disposing of wastewater.



APPRECIATION, SAFETY AND EQUAL OPPORTUNITIES FOR ALL OUR EMPLOYEES

We know that our more than 1,100 highly motivated employees are our most valuable asset. At all locations, SRG therefore promotes a corporate culture in which people are valued and respected. We regard a workplace focused on safety as essential. Our commitments, initiatives and programs contribute primarily to the following two goals: Firstly, achieving full and productive employment and decent work for all, including young people and people with disabilities. Secondly, ensuring equal opportunities and equal pay for work of equal value.

1. HEADCOUNT

On December 31, 2022 we employed a total of 1,129 people, all located in Germany. The ratio of men to women was around 3.9 to 1. Most of our employees were over 50 years old, accounting for just under 46% of the entire workforce.

2. FLUCTUATION AND NEW HIRES

Thanks to sound personnel management, we have fostered a culture where employees stay with the company for a long time. In 2022, the company's total fluctuation rate was around 14%. The new hire rate was around 12%.

3. WORKING ENVIRONMENT AND GUIDELINES

We strive to create and maintain a diverse and integrative working environment for our employees, regardless of race, age, gender, sexual orientation or personal circumstances. In tune with our values, we have detailed employment and recruitment guidelines to ensure equal opportunities and prevent all forms of discrimination.

These guidelines are made known to employees through internal communications. Allegations about behavior that infringes our guidelines – including but

not limited to discrimination, intimidation, harassment and retaliatory action – are investigated immediately. Where necessary, appropriate disciplinary measures will be taken that may include dismissal. We also provide a working environment in which known or suspected misconduct or infringements can be reported without fear of retaliatory measures. For example, in 2022, no cases of discrimination occurred.

All guidelines and practices in respect of our employees consistently comply with the applicable laws and regulations. We regularly conduct internal and external audits to ensure strict compliance with the regulations. We respect every employee and treat them fairly. We have also established guidelines for the working hours of our employees.

4. EMPLOYMENT CONDITIONS AND FRINGE BENEFITS

Our conditions of employment are regularly negotiated between the management and the elected representatives of the various departments and plants and adapted accordingly. Together, they agree on e.g. wage adjustments, working hours, bonuses, vacation entitlements, special payments and other benefits. These include, for example, corporate credit cards, capital accumulation benefits, subsidies for (company) pension scheme, and flexible working hours including mobile working (where possible).

In addition, our employees enjoy the following fringe benefits:

- JobRad partnership (bike/e-bike leasing scheme)
- Team events
- Provision and cleaning of work clothing for blue-collar jobs
- Corporate benefits
- Team SCOUT: Employee referral scheme
- Workplace health promotion measures

Diversity of workforce 2022

Gender

Male	79%
Female	21%

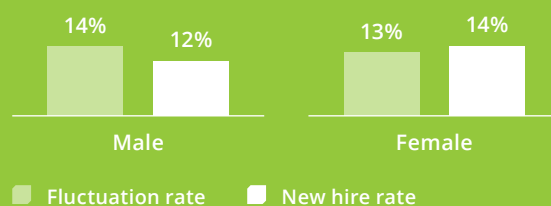
Age

Under 30	12.7%
30 to 50	41.6%
50 and more	45.7%

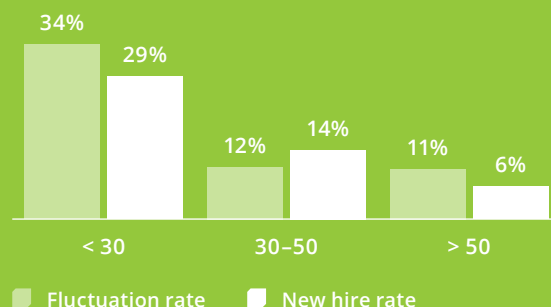
Function

Management	5.2%
Non-management	94.8%

Fluctuation and new hires (by gender)



Fluctuation and new hires (by age)



5. APPRENTICESHIPS, TRAINING AND DEGREE PROGRAMS

We offer a “Buddy Program” specifically for our trainees and students to ensure a successful and smooth training period with access to excellent support. We also offer financial support with tuition fees, cover printing costs, and provide subsidies for excursions/field trips and overseas placements.

Guidelines developed specifically for the training and study period also help our trainees and students to successfully complete their training or studies. An example of such guidelines is “COACH – A Practical Guide to Training and Studies”.

6. EQUAL OPPORTUNITIES AND DIVERSITY

We are committed to equal opportunities in employment and have introduced processes to define fair standards for recruitment and employment. To this end, we publish full and clear descriptions of the qualifications needed for the vacant positions and the requirements in respect of knowledge, capabilities and experience. In addition, we adhere strictly to all relevant laws and regulations to protect human rights, the interests of women, and diversity.

We conduct ongoing training sessions on the regulations and guidelines to ensure rigorous compliance with them. In conjunction with recruitment, remuneration, training, promotion, and benefits we adhere strictly to the principle of equality of opportunity and prohibit any form of discrimination based on gender, race, nationality, place of birth, marital status, pregnancy or breastfeeding.

7. PROFESSIONAL DEVELOPMENT AND SCHOLZ ACADEMY

We consider our employees to be a key to our success and put them at the center of our strategy for sustainable development. All employees have strengths and weaknesses that affect the company’s overall performance. Accordingly, we endeavor to develop the best possible performance in our people through training and coaching. To help with this, we regularly compile a personal development plan to clarify which steps each individual has to take to improve.

Incidentally, our approach to personal development was rated positive by our employees across the board in 2022.

To provide additional support to our employees in their career development we also established our in-house Scholz Academy. This offers all employees the opportunity to use attractive professional development programs in various topics to expand and deepen their knowledge and skills. With the help of the Learning Management System (LMS), which facilitates the execution of the courses, more than 100 training courses were offered in 2022 alone. Over the year, around 150 hours of employee training were delivered by our Scholz Academy and another 512 hours by external training sources. This amounts to an approximate total of 662 training hours (excluding safety-related training hours).

8. HEALTH AND SAFETY AT THE WORKPLACE

The health of our employees and their safety at the workplace are also extremely important to us. We therefore conduct annual safety checks to identify potential dangers, followed by a review of the guidelines and follow-up or remedial measures.

Since we are also aware of the fact that fire protection is an important part of a successful and safe business operation, we have developed a fire protection guide for our workforce. Because in the recycling industry more and more fires are being caused by batteries, fire prevention is becoming increasingly more important.

In case of accidents, we have ensured that there is at least one person trained in first aid at each workplace, so that minor injuries can be treated quickly. Our equipment and machinery are subject to regular inspections, as are the heating systems, for example. On the one hand to check whether the installed combustion, smoke and ventilation systems still meet the requirements for safe operation. And on the other, to check and improve on previous inspection reports or meeting memos. Ultimately, this is all done to ensure fire protection and a safe working environment for all employees.

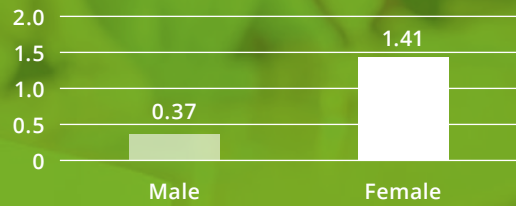


In addition, the management of SRG regularly conducts programs to establish operational goals and evaluate the risk of physical and psychological stress. This is complemented by a range of measures to prevent health and safety risks, for example:

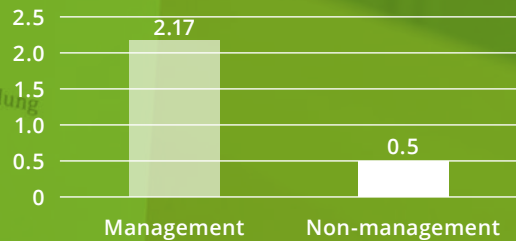
- Providing detailed operating procedures
- Establishing an accident management system that stipulates that work accidents and potential risks have to be reported internally in a timely manner
- Improving the ergonomic design of workstations
- Producing emergency plans to manage emergency situations based on identified risks
- Analyzing, evaluating and monitoring the handling of chemical, biological or physical work materials

In this context, the OHS organization is guided by ISO 45001. In addition, our employees at all sites are obliged to wear the prescribed PPE when working. In the event of damage to any PPE it is replaced immediately. To improve the ergonomics and long-term health at the workplace, we are currently testing the BionicBack technology and investigating to what extent this technology is suitable for substantially reducing back strain using an exoskeleton.

Average training hours (by gender)



Average training hours (by hierarchy level)



Accident statistics 2022

Work-related fatalities	0
Work-related injuries	117
Work-related absences (days)	1,729

9. COVID-19 PREVENTION AND CONTROL

In conjunction with preventing and combating the epidemic, we not only followed health ministry guidelines but also implemented our own organizational preventive measures to reduce the spread of the virus at our workplaces and in our work environment. Our crisis team always kept a careful watch on the rapidly changing situation, assessed the current social impacts of the public health crisis, and responded promptly where necessary. They naturally continued to do so in 2022 as well.

SUPPORT FOR SOCIAL PROJECTS AND PROGRAMS

SRG is receptive to society's needs and likes to be proactive. We place particular emphasis on social projects relating to topics like culture, education or physical fitness. In 2022, we therefore donated a total €35,575 to support programs that are close to our hearts. As well as the projects shown below, we have also donated to various other programs to support children with cancer and their parents and to help volunteer fire services. Not least to ensure that we always give something back to society and at the same time support our local communities.



LOCAL SPORTING

We know how important it is to keep fit and remain active. As a result of this conviction, we therefore make regular donations to support the development of sports like soccer, tennis, wrestling and handball in the communities where our facilities are located.



SCHOOL FRUIT PROJECT

In 2022, we supported the School Fruit Project in the elementary and junior high school in Fichtenberg, which regularly provides the children with high-quality fruit and vegetables. The project is geared mainly towards elementary schoolchildren to encourage them to embrace healthy eating habits.



HUMANITARIAN SUPPLIES FOR EARTHQUAKE-STRICKEN

As a company that regards social responsibility as one of its core values, we have continued our commitment to charitable causes in 2023. Following the earthquake disaster in February 2023, we promptly contacted aid organizations in the town of Aalen to initially clarify what was needed in the region affected by the disaster. As quickly as possible we then donated more than 600 jackets and pairs of trousers to the value €23,700 to the affected region before February was out.



LASTING SUCCESS THROUGH RESPONSIBLE CORPORATE GOVERNANCE

SRG strives to drive improvements within and outside the company's boundaries. This is the only way we can remain successful in the long term. So that we consistently remain on the right track when it comes to the practical implementation of responsible corporate governance, we have introduced various management systems and a Code of Conduct, whose guidelines serve as orientation both internally and externally.

Supply chain management

1. GUIDELINES FOR SUPPLIERS

Our guidelines contain all standards and regulations that our suppliers and external providers (e.g. logistics or waste disposal companies) must adhere to. These are based on national and international directives and conventions like the principles of the UN Global Compact, the OECD Guidelines, or the UN Guiding Principles on Business and Human Rights.

Our suppliers and all our business partners are responsible for passing on the corresponding information to their employees and business partners, so that everyone involved is familiar with the standards. As well as our guidelines for suppliers, there are also guidelines for SRG itself which set out rules for behavior and specify the regulations and standards that our employees must adhere to.

Our guidelines cover our expectations in the following eight categories:

- General principles
- Human and labor rights
- Market behavior
- Occupational health and safety
- Principles of social responsibility
- Staff development
- Environmental protection
- Responsible sourcing of raw materials

Total number of suppliers by function

Scrap providers
10,804

Service providers
310



2. SUPPLIER AND STAKEHOLDER ENGAGEMENT

A good business relationship with our suppliers and stakeholders is crucial to our lasting success. To ensure the best possible engagement and facilitate smooth collaboration, we offer them comprehensive support, advice and service if required. In the process, we ensure, for example, that we send a representative directly to the supplier's site in the event of problems to personally clarify any questions that may arise. To determine supplier satisfaction, we also issue regular evaluation forms to obtain valuable feedback.

3. SUPPLIER EVALUATION AND ENVIRONMENTALLY FRIENDLY PROCUREMENT

Before choosing suppliers, we carry out a thorough assessment of their business activities using terrorist and sanctions lists. We also conduct due diligence checks and attach great importance to the compliance of our business partners with our guidelines (see 1.1). Our site and branch managers therefore consult with one another regularly on this issue during the procurement process. A commitment to sustainability, social responsibility and material quality is also a factor when choosing suppliers.

Non-compliance with our standards results in remedial measures and/or the rectification of deficiencies or the termination of the partnership.

Market behavior

1. ANTI-CORRUPTION

In our dealings with business partners and government bodies we insist on a strict separation of business and personal interests. Actions and (purchasing) decisions are taken free of extraneous considerations and personal interests. Any form of corruption and manipulation is not tolerated.

2. FAIR COMPETITION

We respect fair and free competition, so we therefore adhere to the relevant laws that protect and promote it. This applies in particular to anti-trust legislation. Therefore, no anti-competitive agreements or arrangements are made with competitors, suppliers, customers or other third parties.



3. DATA PROTECTION

Whether internal or external, confidential information and documents must not be passed on to third parties without authorization or made accessible in any other way. Sensitive data is collected, processed, secured and deleted in a proper manner. Personal data is processed in accordance with the data privacy and protection laws in force (EU GDPR, BDSG = German Data Protection Act).

Risk Management

1. EMERGENCY RESPONSE PLANNING

We have embedded an emergency response plan based on identified risks. As a result of the evaluation of potential emergency situations, we implement plans and procedures to respond to emergency situations to minimize the consequences of such events. We have a corresponding emergency organization in place for any events that might occur.

2. FIRE PROTECTION

In the context of emergency preparedness, fire protection in particular plays an important role. Because a fire on the premises can not only cause material damage but can also threaten human life. Fire prevention is therefore very important in our company. For example, a sufficient number of fire extinguishers are kept at all our sites and are checked regularly to ensure they are working. The marking of escape and rescue routes is mandatory. In addition, all employees receive regular instruction about how to proceed in the event of a fire.

3. HANDLING HAZARDOUS MATERIALS

We comprehensively analyze, evaluate and monitor the handling of all chemical, biological or physical hazardous materials. The purchasing, transport, storage and use of such materials is organized in such a way as to ensure the health and safety of employees and customers at all times. The corresponding protective measures must be adhered to.

FURTHER MILESTONES ON OUR SUSTAINABILITY JOURNEY

As a useful complement to the measures described in this Sustainability Report we have already defined and in some cases already implemented the next milestones on our journey to more sustainability by 2025. Here are some prime examples:



1. CLIMATE-NEUTRAL ELECTRICITY AT ALL OUR SITES

Not only is more and more electricity being generated at our sites in renewable energy systems and fed into the public grid, but in the meantime, we are only purchasing climate-neutral electricity in the event of additional requirements at all our sites. As a result, we are contributing to a saving of around 6,520,144 kg CO₂e per year compared to the German electricity mix.



2. CONTINUOUS EXPANSION OF OUR E-TRUCK FLEET

With support from the KsNI (climate-friendly commercial vehicles and infrastructure) funding program of the German Federal Ministry for Transport and Digital Infrastructure, we have put a first e-truck into service as part of a pilot project at our facility in Erfurt. From early 2024, we will be systematically expanding our e-truck fleet at other locations on an ongoing basis.



3. RAIL CONTINUES TO BE OUR PREFERRED MEANS OF TRANSPORT

We are proud that for many years we have been Deutsche Bahn's largest client in the freight segment. And in the future too, rail will continue to be our preferred mode of transport. As a result, we will save around 17,500 t CO₂e every year compared with the alternative transport by truck, reducing the environmental impact of our transport by around 5,000 t CO₂e per year on average.

GRI CONTENT INDEX

This first Sustainability Report from SRG was compiled with reference to the consolidated Global Reporting Initiative (GRI) 2021 standards. The respective report will be published once a year and will cover the complete calendar year (from January 1 to December 31).

GRI 2: General Information

Page 3

1. The organization and its reporting practices
2. Activities and workforce
3. Corporate governance
4. Strategy, guidelines and practices
5. Engagement of stakeholders

GRI 3: Key Topics

Page 6

- GRI 3-1 Process to define key topics
- GRI 3-2 List of key topics

GRI 300: Environment

Page 10

- GRI 302 Energy
- GRI 305 Emissions
- GRI 306 Wastewater and waste

GRI 400: Social

Page 14

- GRI 401 Employment
- GRI 403 Health and safety at the workplace
- GRI 404 Training and professional development
- GRI 405 Diversity and equal opportunities
- GRI 406 Non-discrimination

GRI 200: Governance

Page 19

- GRI 204 Procurement practices
 - GRI 205 Anti-corruption
 - GRI 416 Customer health and safety
 - GRI 418 Protection of customer data
-

COMPANY INFORMATION

Scholz Recycling GmbH
Berndt-Ulrich-Scholz-Strasse 1
73457 Essingen, Germany

Phone +49 (7365) 84-0
Fax +49 (7365) 1481
Email info@scholz-recycling.de

District Court of Ulm
Commercial Register No. HRB 733963
ID No. DE 175 369 200

MANAGING DIRECTORS

Danni Chen
Yulin Liu
Yongming Qin
Jietian Yao

SCHOLZ RECYCLING GMBH CONTACT ADDRESS FOR THE SUSTAINABILITY REPORT

ESG@scholz-recycling.de

CONCEPT AND REALIZATION

ecomBETZ PR GmbH
Goethestrasse 115
73525 Schwaebisch Gmuend, Germany

PHOTO CREDITS

Scholz Recycling GmbH
Page 6/7: Monty Rakusen / Getty Images