



# Sustain ability report

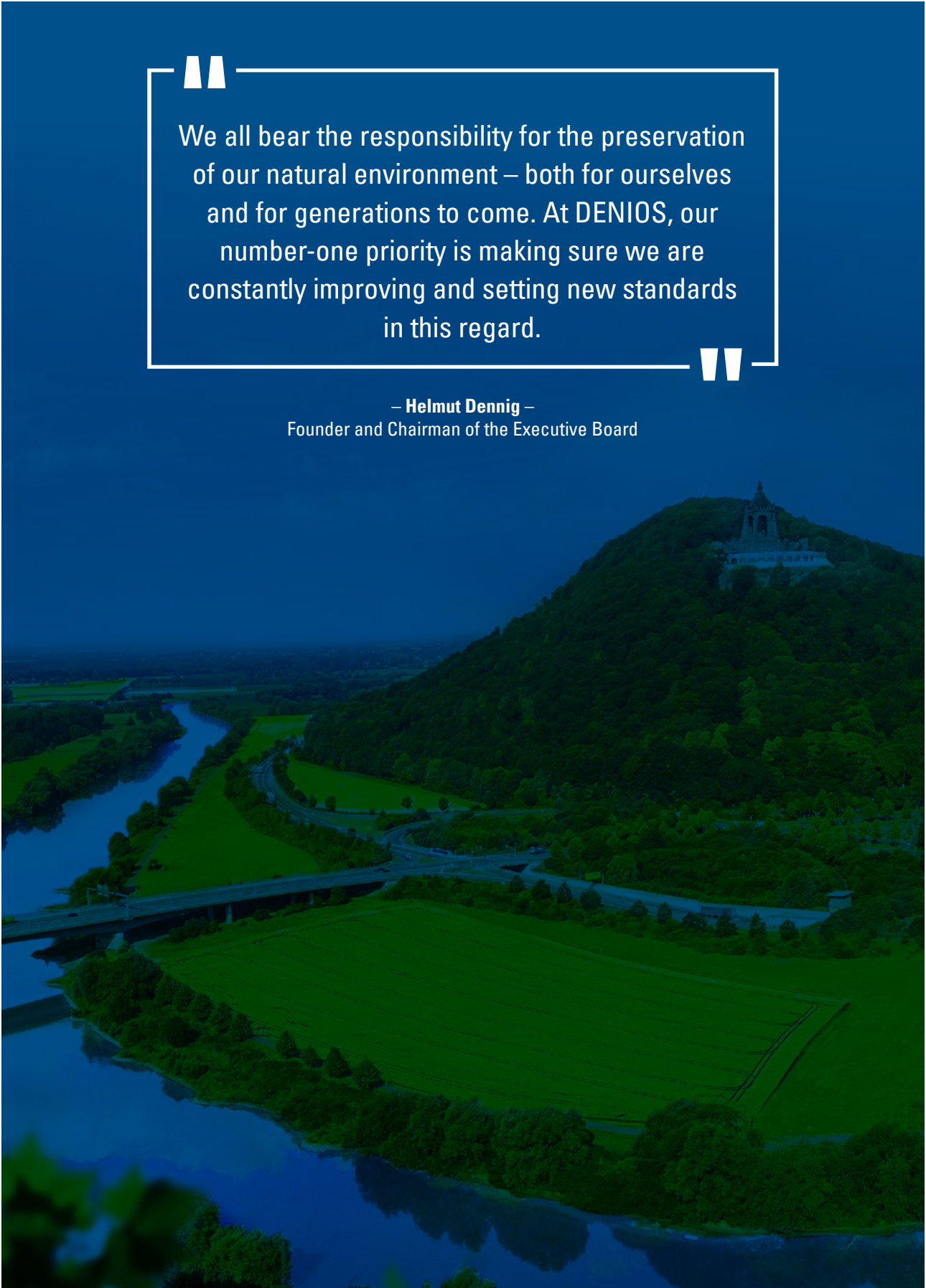
# 18.19

**Any questions?**

Your point of contact for any questions on sustainability or this report is Mr Ingo Schlutter, Head of Quality and Service at DENIOS AG.

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“ We all bear the responsibility for the preservation of our natural environment – both for ourselves and for generations to come. At DENIOS, our number-one priority is making sure we are constantly improving and setting new standards in this regard. ”

– **Helmut Dennig** –  
Founder and Chairman of the Executive Board



Sustainability is a global concern. This is why DENIOS is supporting the implementation of the Sustainable Development Goals and the principles of the UN Global Compact.

**WE SUPPORT**



### Dear Readers,

Two years ago, we were delighted to present you with our first sustainability report. This laid the foundations for a comprehensive and transparent approach to reporting our achievements and potential in the field of sustainability. The overwhelmingly positive reception you have given us emphasises how important it is for us to be open about who we are, what we do and how we act. This insight has given us the encouragement we needed to keep pursuing this path, and has led us to produce the sustainability report for 2018/2019 you now hold in your hands. We would be lying if we said we weren't proud of how it has turned out and the measures we have taken during this period.

As a family company and a global market leader in the field of environmental protection and occupational health and safety for businesses, we are acutely aware of our responsibility to nature, the environment and our society. A forward-looking approach that focuses on future generations has always been a cornerstone of how we work. We want to take the work-related, environmental and conservational concerns we are faced with seriously, and provide products and services that will help our customers maintain the highest of standards in these fields.

The sustainability report gives us the chance to bring together all our activities in this area and systematically present them from a variety of perspectives. On top of this, it is also a tool that enables us to identify the key issues and help to expand our efforts on behalf of nature, the environment and our society. While drawing up this

year's report, we were delighted to see how diverse the activities undertaken at our individual sites were, and how creative our employees have been in their efforts to meet our sustainability targets.

This report documents the progress we have made in our sustainability activities, which are based on the UN's 17 "Sustainable Development Goals". Since 2019, we have also been a member of the UN Global Compact (UNGC), an international sustainability network whose universally recognised principles provide the framework for our conduct and business operations. Our aim is to combine innovation and growth with sustainable development. The best way for us to achieve this is by enlisting the help of partners with whom we can strive towards common sustainability goals. These partners include some of our most important stakeholders, such as our customers, our employees, our suppliers, politicians, administrators, organisations and associations. Together with them, we want to make sure that our development continues to be sustainable in the future. We would love to hear from you on these issues, and look forward to a constructive discussion on an equal footing with all groups.

– Ulrich Lange –  
Head of Engineered Solutions

– Helmut Dennig –  
Founder and Chairman of the Executive Board

– Horst Rose –  
Head of Catalogue Products





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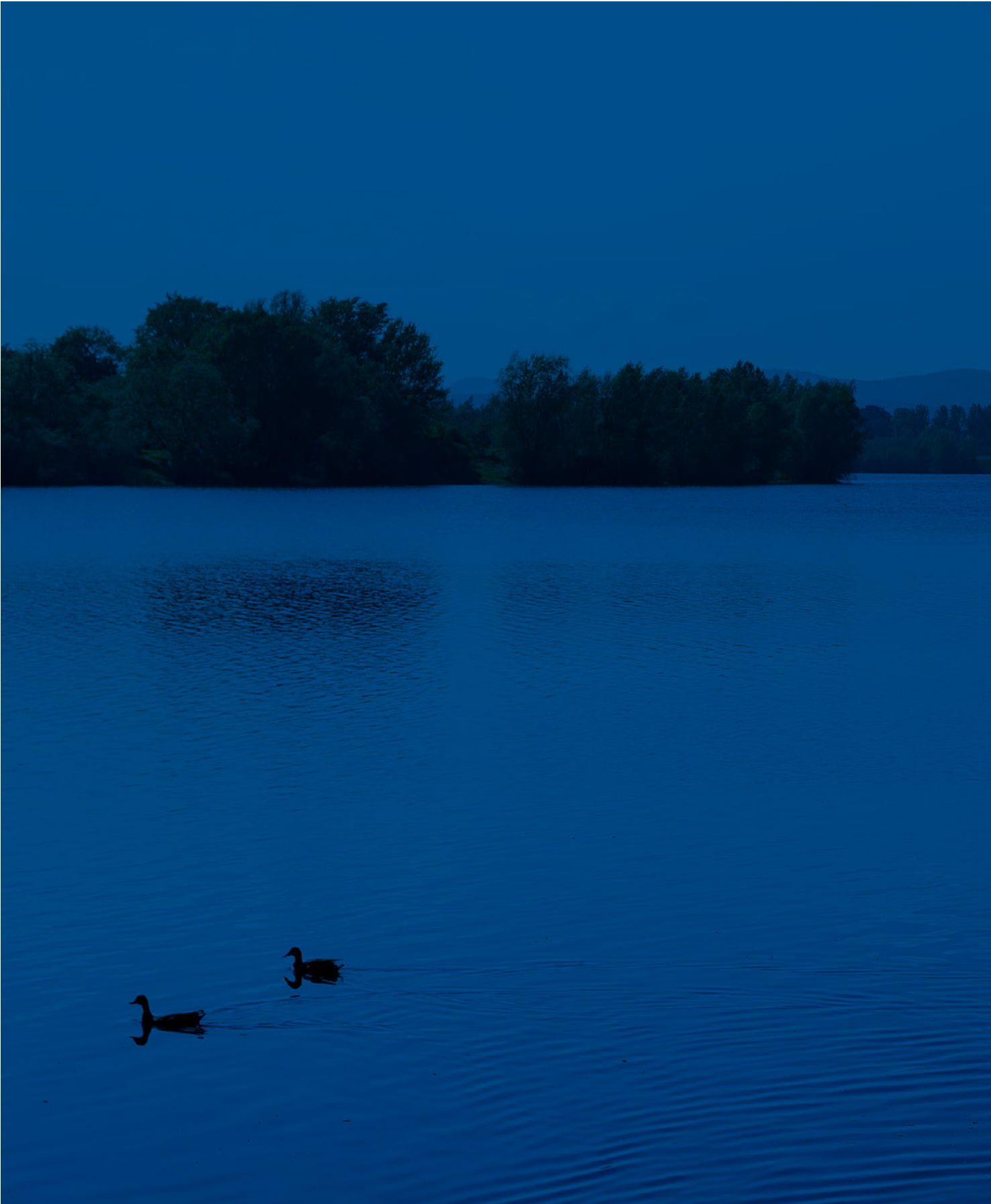
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# I Introduction

**Sustainability is an issue close to our hearts.**

Sustainability forms the core of our company. Ever since our foundation, we have made people, the environment and nature the focal points of our work.



## Goals and fields of action in our sustainability strategy



For DENIOS, sustainability means acting with responsibility and a long-term perspective – for our customers, employees, suppliers and the environment. With this in mind, we offer our customers high-quality products that are optimised for a long service life, and we use manufacturing procedures with low resource consumption. This attitude is embodied in our motto, “Because nature trusts in us” – on every level. At the same time, sustainability is an important factor in ensuring that our business model evolves with a view to the future and that our processes are optimised at every stage of the value chain.

In keeping with our corporate strategy, our sustainability goals and the corresponding fields of action are drawn up in line with a sustainable approach to value creation. We set great store by maintaining a constant state of dialogue and collaboration with our stakeholders.

In order to implement and further the development of our sustainability strategy, we have established our own CSR (Corporate Social Responsibility) team, which is made up of a director, senior staff, managers and employees from our Quality Management, Human Resources, Executive Assistance and Marketing departments. The team also includes an apprentice, who also serves on our Works Council as our Youth and Apprentice Representative. The committee meets up regularly to discuss the latest issues with the Executive Board and introduce targeted measures to tackle them.

### Material topics of our sustainability strategy

We originally defined the five main fields of action for our first sustainability report in 2016/2017 based on the international standards of the Global Reporting Initiative (GRI).

We performed a contextual analysis both to determine our stakeholders’ expectations and requirements, and to establish an initial collection of issues based on the GRI indicators. We then conducted a three-stage assessment to consider each aspect one by one and evaluate how essential they were for our stakeholders. After this, we used an evaluation matrix to check each aspect to see if it was relevant to the economic, environmental or social impact of our organisation. This gave us the five material topics of our report:

We have not made any changes to the content of or re-weighted the topics since the previous report. This sustainability report tackles all the fields of action in the context of our corporate values. By publishing it, we hope to encourage discussion with our stakeholder groups and increase their trust in us.

- **Innovation**
- **Customer satisfaction**
- **Corporate environmental protection**
- **Sustainability in the supply chain**
- **DENIOS as an employer**



## Foundations and structure of the report

Our report has been validated to get us off to the best start.



As a global leader in the manufacturing of products and services for environmental protection and occupational health and safety for businesses, DENIOS AG published a sustainability report on 18 April 2018, thus fulfilling its responsibility to report transparently on its sustainability efforts. This report covers the second period in DENIOS' biennial reporting cycle, which ran from 1 January 2018 to 31 December 2019. It incorporates the results from 2016 and 2017, and builds on them accordingly. It was collated in accordance with the international standards of the Global Reporting Initiative (GRI), a revised version of which was published in 2016. This is designed to be a thoroughly in-depth report.

In addition to DENIOS AG, as the parent company headquartered in Bad Oeynhausen, Germany, this report also covers the production sites in the Czech Republic and France, as in the previous report. As a new addition for 2018/19, this report also covers our production site in

Italy. As such, DENIOS has achieved one of its self-imposed goals from the last sustainability report: to include at least one additional production site in future reports. All in all, the report now reflects the situation across the DENIOS Group's four largest sites, which account for over 75% of our total workforce. For the purposes of this report, the term "DENIOS Germany" refers not only to DENIOS AG, but also to our in-house agency DENIOS direct GmbH, which provides key services for us.

Like its predecessor, this report was drawn up by the DENIOS CSR team. This committee was responsible for every aspect of the report's production, visualisation and content design.



### Attestation of an independent sustainability assessment

#### To DENIOS AG, Bad Oeynhausen

In accordance with our mandate, we accomplished a sustainability assessment to obtain a limited assurance of the disclosures in the Sustainability Report 2018/2019 by DENIOS AG for the financial years 01.01.2018 to 31.12.2019.

#### Responsibility of the legal representatives

The top management, consisting of Founder and CEO, Helmut Dennig, Board Engineered Solutions, Ulrich Lange and Board Catalogue Products, Horst Rose, of DENIOS AG, is responsible for the preparation of the Sustainability Report in accordance with the reporting standards of the Global Reporting Initiative (GRI SRS):

- |                             |                 |
|-----------------------------|-----------------|
| ▶ Stakeholder inclusiveness | ▶ Comparability |
| ▶ Sustainability context    | ▶ Accuracy      |
| ▶ Materiality               | ▶ Timeliness    |
| ▶ Completeness              | ▶ Clarity       |
| ▶ Balance                   | ▶ Reliability   |

This responsibility includes selecting and applying appropriate methods for preparing the above report, making assumptions and estimates of individual disclosures that are plausible under the circumstances. In addition, management is responsible for the conception, implementation, and maintenance of systems and processes insofar as they are of importance for the compilation of the report.

#### Responsibility of the auditors

Our task is to assess whether we have become aware of facts that lead us to believe that the sustainability information presented in the Sustainability Report for fiscal years 2018/2019 is not in accordance with material requirements of the Standards and Criteria for Sustainability Reporting of the Global Reporting Initiative (GRI SRS) with option 'core'. In addition, we were commissioned to make recommendations on the further development of sustainability management and reporting on the basis of the audit results.

The focus of the audit is stakeholder management. This includes the choice of stakeholders and the communication with them, the assessment of their requirements, and the identification of key aspects of sustainable development. The validation of the sustainability-related information presented in the report is planned and carried out in such a way that we can issue our assessment with a limited assurance.

This limited assurance relates exclusively to evidence of internal sources and groups; the obtaining of audit evidence is limited to the business or management level of DENIOS AG. Systems and processes that determine the content of the report have been examined, using the materiality principle and the process for involving stakeholders. The specific sustainability services were checked on-site by sampling.



## Validating the sustainability report

Here at DENIOS, it's not just our own products that we subject to the strictest of quality checks and tests performed by independent institutions – our sustainability reports also have to go through this process. Compliance with standards and certifications is essential, especially for a company such as ours that has dedicated itself to making products that help to protect the environment and improve occupational health and safety. Of course, it goes without saying that we apply the same level of dedication to the sustainability of our economic activity – and thus to validating our sustainability report.

Like its predecessor two years ago, the 2018/19 sustainability report has been validated by GUTcert, an independent certification company for management systems based in Berlin. This institute has years of experience in helping its customers to improve their business processes. The inspection report can be found below.



The planning of the audit was at the discretion of the auditors and implemented by the following activities:

- ▶ Access to the documents on company organization, company policy, the management principles, the production system, the human resource concept developed in 2019
- ▶ Comprehending the process for determining the essential aspects of the materiality assessment based on a specific stakeholder analysis, prioritizing it with the result of the evaluation and the final internal determination
- ▶ Inspection of the documentation of the systems and processes for the collection, analysis and aggregation of the data on sustainability performance, target agreements for the years 2019 and 2020
- ▶ Personal interviews with the Board Engineered Solutions
- ▶ Personal interviews with those responsible for corporate organization and strategic development, product development, risk management, the head of quality and service, marketing, controlling and corporate communication, director marketing and human resources
- ▶ Random samples of evidence for individual data, including e.g., by accessing the internal management documentation and SAP databases as well as by analyzing data records that were delivered from the various national companies as additional work

**Verdict**

On the basis of our sustainability assessment to obtain a limited level of security, we have not become aware of any issues that may lead us to believe that the Sustainability Information contained in the Sustainability Report 2018/2019 of the DENIOS AG is not materially in accordance with the Global Reporting Sustainability Standards (GRI SRS) with option 'core'.

**Additional Notes – Recommendations**

Without limiting the above-mentioned results, we would like to make the following recommendations for the further development of sustainability management and reporting:

- ▶ The goals of the sustainability management program are partly incorporated into the 'normal' goal process, and measurable goal achievement with appropriate measures should be carried out across the board for all goals
- ▶ Denios AG is a member of the German Global Compact Network. It should be examined how active participation can offer support for the special nature of the industry
- ▶ The Denios Academy was expanded in 2019. Number and range of topics of trained people, especially external persons, should be recorded more precisely
- ▶ There are partial instructions for data collection. This should be completed. All data sources and responsibilities should be described
- ▶ With a view to the planned expansion of the scope of the report, the balance sheet boundary, a leaner presentation of the reporting should be examined

Berlin, Februar 28, 2020

GUT Zertifizierungsgesellschaft für  
Managementsysteme mbH  
Umweltgutachter

  
Susanne Moosmann







# II Family company

**DENIOS – an international family that never stops growing.**

“Family” is one of the essential values we live by every day.

*As a medium-sized company, we know exactly where our roots are. But we also know exactly where we are now and where we would like to be. Our owner-run corporate group is growing on an international scale with every passing year. As a family-friendly company and part of a family-run holding company, the concept of “family” is so important to us and something we live and breathe every single day.*

## Joint values that we live and breathe

3,000

room systems manufactured by DENIOS on average each year – worldwide.

Our values guide us in the work we do, in the decisions we make and in the way we behave. We each make countless decisions every day in a constantly changing environment. Our company is definitely multidimensional, incorporating a whole host of different cultures and calling on expertise from a wide range of different sectors. Together, our company values are what form the basic framework of our sustainability report. Each section is devoted to one of these values and highlights just how we experience sustainability in our company on a day-to-day basis.





## Unparalleled in production and service: The DENIOS Group

From our vision, a global corporation has developed; from a single idea, we now have a comprehensive and unparalleled product range. Back in the 1980s, our company founder Helmut Dennig had the idea that using a container of some kind when dealing with hazardous substances could prevent water-endangering substances from entering the soil and causing damage. His idea was reinforced following the huge industrial disaster that took place at the Sandoz plant in Switzerland in 1986 and the Chernobyl reactor incident that same year. The industry was crying out for products that could be used to help these companies fulfil their responsibilities towards the environment and ultimately protect the world around them. The first of these products was the catch basin. To this day, it is still an integral part of the DENIOS hazardous material storage technology range.

The average time it  
takes us to complete  
a job is

**4.7** days

### Over 12,000 legally compliant products

Today, DENIOS is the world's leading provider of solutions for commercial environmental protection and operational safety. Over 12,000 products for handling and storing hazardous substances and ensuring employee safety are sold worldwide through the catalogue and online shop, in 19 different languages. Technical room systems ensure the safety of all concerned when storing large quantities of hazardous substances, when dealing with the thermal treatment and provision of process materials, or accommodating state-of-the-art technology. In addition to this, our range also includes custom, walk-in hazardous materials warehouses that are fitted with sensors to detect changes in conditions. Our app solution, DENIOS Connect, opens the door to a digital approach to hazardous materials management, expanding our product range to include smart services that will help our customers increase their efficiency in a number of processes and usage scenarios. Our climate-neutral technical centre gets innovations ready for market and provides our customers with pre-purchase testing facilities.

Our long-standing market presence has seen many strong brands of our own establish themselves as part of the DENIOS range in addition to our core products such as spill pallets, handling solutions and room systems. For example, FALCON transport and cleaning cans ensure safe transport and handling for small quantities of flammable liquids. And then there's DENSORB, the high-performance range of absorbent fleece materials, granulates and emergency kits for the effective elimination and clean-up of leaks. For cleaning parts without the use of harmful solvents, the bio.x range is the perfect choice.

The DENIOS Group's strength is its ability to advise customers on an individual basis while also providing a wide range of products that can be supplied quickly and at a low price – this is what makes us stand out on the international stage. Being close to our customers and markets is part of the DENIOS company philosophy, and our local branches reflect this. More than 900 staff at 26 offices are on-hand to assist our customers throughout Europe, America and Asia. We will continue to grow and tap into new markets in the future in order to maintain our status as the driving force in innovative environmental protection.



## Part of one big family

# 75%

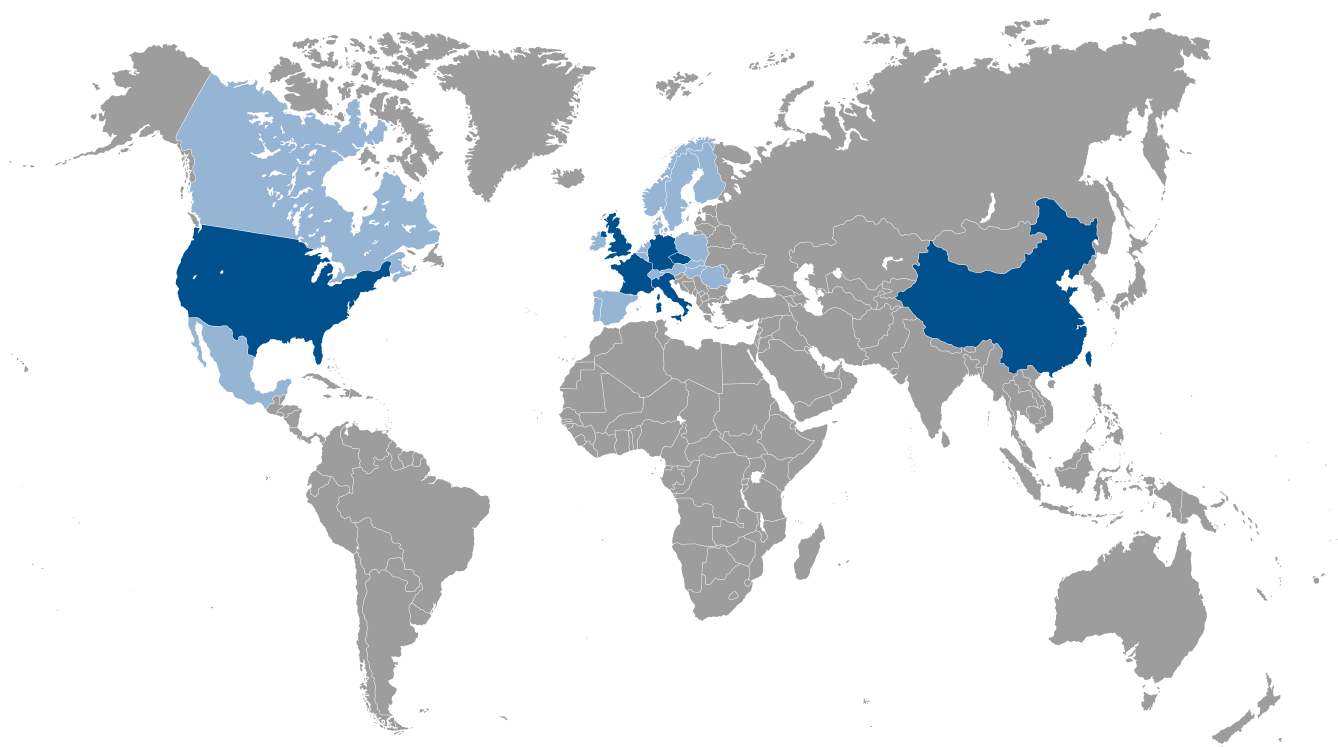
of all DENIOS employees  
work at our sites in  
Germany, France, Italy  
and the Czech Republic.

Over the course of its 33-year history, the DENIOS Group has undergone huge growth, and now has over 20 branches across Europe, America and Asia.

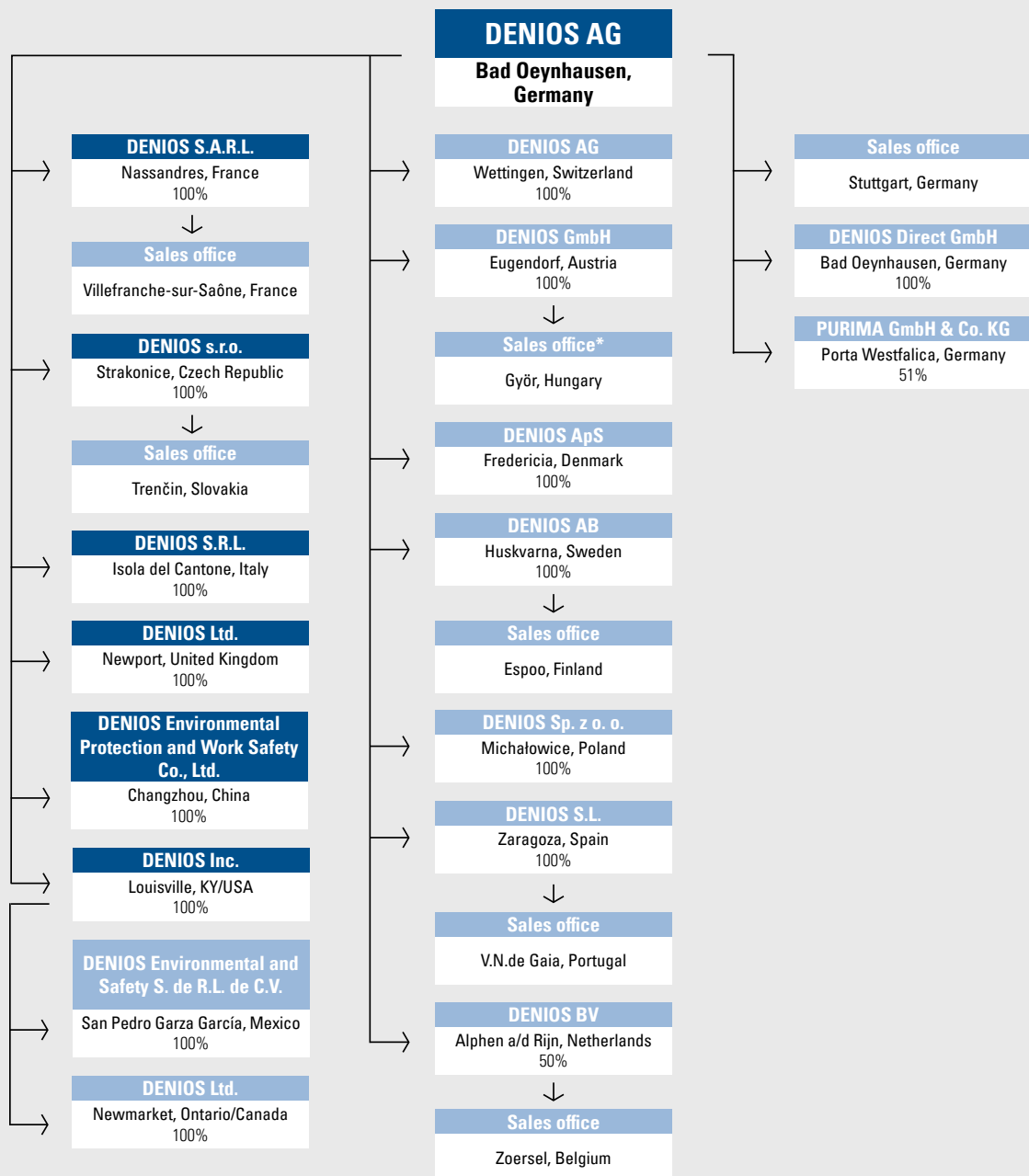
New subsidiaries are constantly being added to the fold, as are independent companies that serve to enhance the DENIOS portfolio through the expertise they bring.

As an Aktiengesellschaft, which is broadly equivalent to a public limited company, DENIOS AG is not only the headquarters but also the parent company of the international DENIOS Group. In addition to its headquarters in Bad Oeynhausen, DENIOS Germany also has a logistics facility in the neighbouring town of Löhne and a sales office in Stuttgart. The Dennig family owns 100% of the shares in DENIOS AG. 60% of these shares are held by the Dennig's family office, Dennig Capital Partner GmbH in Minden, which already includes the next generation of the family.

A further 30% of the business continues to be held by founder and CEO Helmut Dennig, while the remaining 10% is retained by the company itself.



■ Sales office and production facility    ■ Sales office



Sales office and production facility

Sales office

\* New facility opened in 2018/19



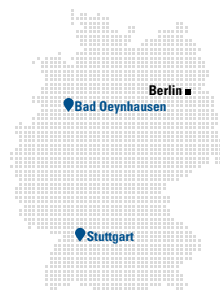
## Limitations of our report

With its company headquarters in Bad Oeynhausen, Germany, DENIOS has production facilities in 7 locations around the world: in Germany, France, the Czech Republic, Italy, the UK, the USA and China. As a global market leader, we are where our customers are. This means that, as well as providing a local supply of products, we also ensure that our specialists and contact people are never too far away. Our sustainability report for 2018/19 covers our sites in Germany as well as our locations in France, the Czech Republic and Italy. These are our largest sites, at which 75% of the DENIOS employees work.



### **DENIOS Germany**

DENIOS AG in Bad Oeynhausen, Germany, is the parent company of the international DENIOS Group. This is where our core innovations have emerged since 1986, and a large number of our products are still developed and produced here to this day. The DENIOS Group headquarters are also located here in Bad Oeynhausen. We also have a sales office in Stuttgart.



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### **DENIOS France**

We have had a sales office and a production facility in Nassandres, France since 1994. The production area underwent renovation during the reporting period to bring it in line with the latest safety and environmental standards and ensure an energy-optimised production process. The stringent legislation in France means the French market often calls for specially manufactured product variations. These are produced directly on site and are quickly available to customers. The south of France is covered by a sales office in Lyon.



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### **DENIOS Czech Republic**

Originally founded in 1998, the production facility in Strakonice relocated to a brand new production and administration building in 2016. This is where the steel products and components are manufactured for all other sites in the DENIOS Group. Even the products for the Eastern European market frequently come from the Czech Republic. And to cater to the Slovakian market, we also have a sales office in Trenčín.



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### **DENIOS Italy**

DENIOS Italy was founded in 1993 as a trading firm in Genoa. At first, its production activities were outsourced to local manufacturers. The company moved to its current production site in Isola del Cantone in 1999 in order to meet the relentlessly growing demand. In 2013, DENIOS completely redesigned 4,200 m<sup>2</sup> of production area at the site (the total area owned by the company in Italy covers 13,000 m<sup>2</sup>) in order to fulfil the strictest quality and safety standards and cater to the needs of its logistics processes. The renovation work was completed in 2016 with a redesign of the office space.



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## Partner to the environment, partner to industry

As a long-standing partner to industry, the DENIOS Group now acts as a supplier to over 165,000 customers in a wide range of different industries all over the world, including many major corporations. Generally speaking, when it comes to taking responsibility for storing and handling hazardous substances, companies of all sizes will find themselves in need of DENIOS products or services. The sectors supplied by the DENIOS Group are generally quite similar; only in particular cases do our subsidiaries focus on specific segments in terms of customers or industries. In France, for example, the food industry is one of the largest customer groups, whereas in Germany it plays more of a secondary role.

### The automotive industry

The automotive industry is one of the most significant industrial sectors in the world, and is also of great importance to the DENIOS Group. In addition to traditional tasks such as assembly, service and repairs, which require the use of oils and release agents, hazardous substances are also involved in other day-to-day processes in this sector, such as painting, blasting and polishing. As the e-mobility industry grows and the use of lithium-ion batteries increases accordingly, automotive

manufacturers, dealers and garages will need to contend with a myriad of additional safety factors. DENIOS has a large range of specialist products to help with this, especially when it comes to the safe handling, transport and storage of lithium-ion batteries.

Many international manufacturers and global players such as BMW Group place their trust in our quality products in this field, as do a large number of suppliers.

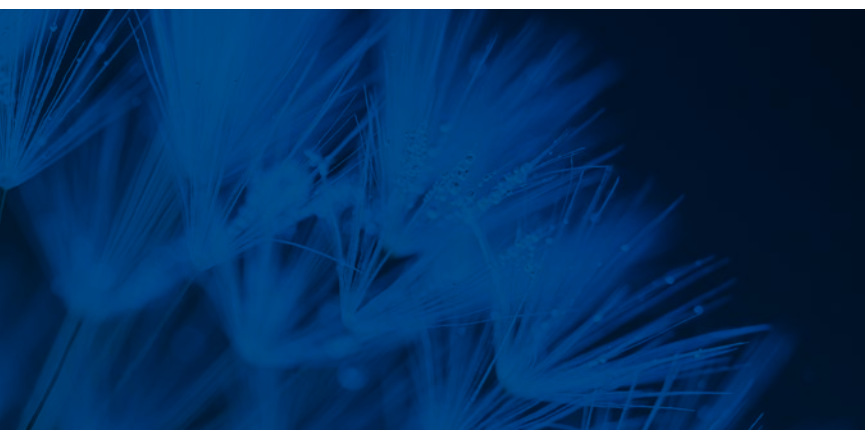
### The chemical and pharmaceutical industry

Chemical and pharmaceutical companies often act as important suppliers to other sectors such as the plastics, textiles, food and automotive industries. The handling and processing of chemicals and pharmaceutical substances presents the companies in these sectors with significant challenges in terms of the storage and day-to-day handling of hazardous substances.

As such, the regulatory and legal requirements for all activities involving chemicals and pharmaceuticals are

extremely strict, especially when it comes to environmental protection and occupational health and safety for businesses. This is why so many major international manufacturers turn to DENIOS – particularly for laboratory equipment and solutions for collecting hazardous substances. This sector regards a company's ability to adapt and expand its own digitalisation strategy as an integral part of its capacity to innovate. These companies are always on the lookout for more digital solutions to enable them to remain compliant with labour laws and safety regulations, especially when it comes to the production process.

DENIOS' custom, walk-in hazardous materials warehouses, which use sensors to detect changes in conditions, can help with this. The DENIOS Connect app is a smart solution for the future of digital hazardous substances storage. It has many functions, including an option for automatically sending status notifications, incident alarms and safety-related documents to the user's computer or smartphone. With this app, DENIOS is raising the bar for safety in the fields of room system monitoring and hazardous substances management.



### Machinery and plant engineering

The machinery and plant engineering sector designs, builds and supplies often highly complex production systems to a whole host of different industries. All the activities involved in this work can result in the use of all kinds of hazardous materials. Here too, safe storage and handling products have to comply with highly stringent requirements. The products supplied by DENIOS meet these requirements as well as the expectations of the plastics industry. Plastics are used as raw materials in many manufacturing industries, such as vehicle construction, medical technology and construction. While plastic is not considered a hazardous material in itself, its production processes rely on a range of additives to make it more resistant to heat, aging and fire. Even the wider plastic production process is constantly in the presence of potentially hazardous substances, be it in processing or recycling. In addition to environmental protection, products that promote safe handling and enhance employee protection also have a huge role to play in this field. The DENIOS product range caters to all these needs.

### The metalworking industry

The metalworking industry also plays an important role for DENIOS. The production of workpieces plays a fundamental role in this regard. Highly specialised companies make products for the international markets of the automotive, electrical and construction industries. These production processes call for the use of a whole host of different technologies – and hazardous substances. Cooling lubricants, paints, varnishes, thinners and adhesives are just some of the substances employees and the environment must be protected from. Many of DENIOS' customers in this industry have been with us for many years, and value the wide range of high-quality products we offer for storage and day-to-day handling – as well as our personal protective equipment, which is also available as an e-procurement solution via the customer's inventory management system.

## A selection of our reference customers:



**BOSCH**



**Bayer**



**BMW  
GROUP**



**SALZGITTER  
FLACHSTAHL**

Ein Unternehmen der Salzgitter Gruppe



## Organisation of DENIOS AG

### 8 DECENT WORK AND ECONOMIC GROWTH



### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



DENIOS is the world's leading company for the manufacture and retail of products and services for corporate environmental protection and safety in the workplace. This success has been built on a number of factors, not least our clear and stable organisational structure, which clearly defines who is responsible for which results and keeps decision-making paths short. This provides the perfect framework for DENIOS' core business: its custom and standard products. The efficient business processes of our procedural organisational structure also help us to achieve our goals reliably and sustainably.

#### Well-positioned for the future

Below the Executive Board, our organisational structure is split into four business units:

- **Innovation**
- **Catalogue Products Business Unit**
- **Engineered Solutions Business Unit**
- **Finance**

The Catalogue Products and Engineered Solutions business units incorporate all of the functions relevant to our business – from Category Management (product management and procurement) right through to production and sales. The Catalogue Products Business Unit handles all business for our standard product, which our customers can order quickly and easily via the DENIOS catalogue, online shop and e-procurement solutions. In addition to this, this business unit is also responsible for the operational management of our sales companies, and is home to the company-wide IT and Marketing functions.

Our Engineered Solutions Business Unit deals with every aspect of our custom products, which include

room systems for the storage of hazardous materials. In addition to this, this business unit is also responsible for the operational management of our production sites and the company-wide Quality Management and Human Resources functions.

The Innovation business unit is where we keep all the technical expertise relating to our own products. The main tasks of this business unit include product development, innovation management, and liaison activities with universities and research facilities.

Our Finance business unit encompasses central services within our Group, such as finance and accounting, controlling, and risk management.

In 2019, we began to establish and expand our Digital Business unit. In order to ensure that our services, products and processes remain future-proof and that we can continue to develop innovative business models, this new business unit will be responsible for the ongoing development and implementation of the DENIOS digital strategy.



**Nature and people**



**Innovation**



**Sustainability**



**Global action**





## Management culture and guiding principles

Managers within the DENIOS Group are appointed based on their attitude rather than their age. Several different levels of our hierarchy were involved in drawing up shared guiding principles for DENIOS' management culture. The aim of these guidelines is to establish a culture of collaboration that enables us to provide our customers with an extraordinary level of service. These values and principles can only enrich our corporate culture and help us to achieve sustainable success in our business if we live by them every day. Our management principles and guidelines apply to all companies in the DENIOS Group, and are readily accessible in the management handbook.

### Management principles of the DENIOS Group

Our DENIOS guiding principles establish guidelines against which the standard of good leadership and cooperation can be measured:

- Trust and appreciation at all levels
- Reliability, commitment and dependability in our cooperation
- Motivation and enthusiasm for the company's shared objectives
- Clear definition of tasks and the freedom to design and complete these
- Taking responsibility by setting targets

### Desirable qualities for management staff

#### "Managers as role models"

Our managers act as role models for following a team-oriented approach and keeping the company's long-term interests in mind at all times. The management style at DENIOS is a cooperative approach that is tailored to suit individual people and situations. Desirable qualities for management staff:

- Empathy and emotional intelligence
- A willingness to provide active and passive feedback and pass on information
- Exceptional active communication skills
- Credibility and openness
- An ability to create a supportive, trusting atmosphere in the workplace
- Strong commitment along with the ability to find common solutions and make decisions by consensus
- The courage to make decisions and explain these to employees
- A conscious approach to the needs and concerns of individual employees
- An ability to support employees and increase their potential through special courses and training
- An ability to share evaluation standards and assessment criteria
- A constructive approach to handling mistakes
- An ability to praise and appreciate others



### Requirements for employees

#### “Accepting responsibility”

Our employees and colleagues also contribute to the management culture we live and breathe at DENIOS by demonstrating defined attributes and behaviours, such as accepting responsibility. This involves the following characteristics:

- A willingness to provide active and passive feedback
- A commitment to the principles and objectives of the company
- An ability to formulate challenging objectives independently
- A constructive, critical approach to dealing with workplace conditions
- An ability to act independently within their area of responsibility
- An acceptance of responsibility
- An active engagement in advanced and further training
- Courage to share personal opinions and points of view
- An ability to share information with managers and colleagues in a timely manner
- An ability to find initial solutions and resolve conflicts within their immediate environment

### A role model for all our employees

The DENIOS mission statement embraces many essential qualities. These, too, are communicated to employees through the management handbook.

- Openness: We are open to new ideas
- Vision: We look back fondly on the past, do not just concern ourselves with the present, but direct our attention much more towards the future
- Reliability: We are renowned for our reliability and pragmatism
- Respect: We value feedback and different opinions – from trainees through to CEOs
- Empathy: We are extremely sensitive towards what’s going on around us and use this ability to respond quickly and skilfully, even in difficult situations
- Networking: We connect with experts and bring together colleagues from various disciplines

## A role model for all our employees



Openness



Vision



Reliability



Respect



Empathy



Networking





## Appointment, responsibilities and composition of the Executive Board

DENIOS AG is the parent company of the DENIOS Group, and as an Aktiengesellschaft, which is broadly equivalent to a public limited company, is subject to the German Stock Corporation Act (AktG). As such, its Executive Board is its highest level of management. The members of the Executive Board are appointed by the Supervisory Board, and must report to the Supervisory Board on fundamental matters in accordance with Section 90 of the AktG.

The DENIOS Executive Board's specific responsibilities are defined and assigned to the individual members of the Board in a schedule of responsibilities. There are also certain matters for which the members of the Executive Board all bear joint responsibility, such as the strategic management of the Innovation and Finance business units, risk management, and the commercial management and administration of the DENIOS Group. There is a deputation rule in place to ensure that the necessary tasks and decisions are still completed even if a member of the Executive Board is absent.



### Composition and responsibilities of the highest regulatory body

The DENIOS Executive Board comprises three persons. In accordance with Section 84, Para. 2 of the AktG, company founder and member of the Executive Board Helmut Dennig has been appointed Chair of the Executive Board. This incorporates the role of Chief Executive Officer (CEO). The CEO deals with the strategic development and business policies of the Group, keeps in contact with shareholders, banks, municipal authorities and the Works Council, and is responsible for real-estate and insurance matters.

The two remaining members of the Executive Board act as Chief Operating Officers (COO): Horst Rose has been in charge of the Catalogue Products business unit since July 2017, while Ulrich Lange has been in charge of the Engineered Solutions business unit since December 2017. They have also been placed in charge of overarching functions such as IT, Human Resources and Quality Management.

In terms of our sustainability obligations, the Executive Board of DENIOS AG is our highest regulatory committee. In this role, the Executive Board has defined targets and receives progress reports from the heads of divisions and departments, among other things.



## A respectful and open culture of communication

A respectful and open culture of communication is one of the cornerstones of DENIOS, and a key factor in motivating our employees. By taking a targeted and transparent approach to communicating with our employees, we provide a clear pathway for the essential transfer of information and knowledge and a continuous dialogue at all levels. DENIOS uses a variety of channels to share information within the company and initiate dialogue:

- Annual appraisals for employees
- Social intranet
- Regular video conferences
- The "WE are DENIOS" employee magazine (four editions per year in German and English for all subsidiaries)
- Weekly team meetings
- Twice a year, DENIOS founder Helmut Dennig sits down with every department in the company to share ideas about responsibilities, general satisfaction and the status quo
- A suggestion box also offers a direct (and anonymous, if preferred) line of communication to the board
- General staff meetings through the Works Council multiple times a year
- Regular management meetings
- Situational/themed information events

"Communication is bounded by neither time nor space!"

— Peter Sereinigg —

### A consistent global company philosophy

Maintaining personal contact with the international subsidiaries is a core element of the company philosophy while also being a crucial aspect of consolidating shared objectives. This is why we hold international Group conventions twice a year, involving all of the managing directors of the companies around the world. We also organise a number of international information events and training courses every year to promote the exchange of knowledge.

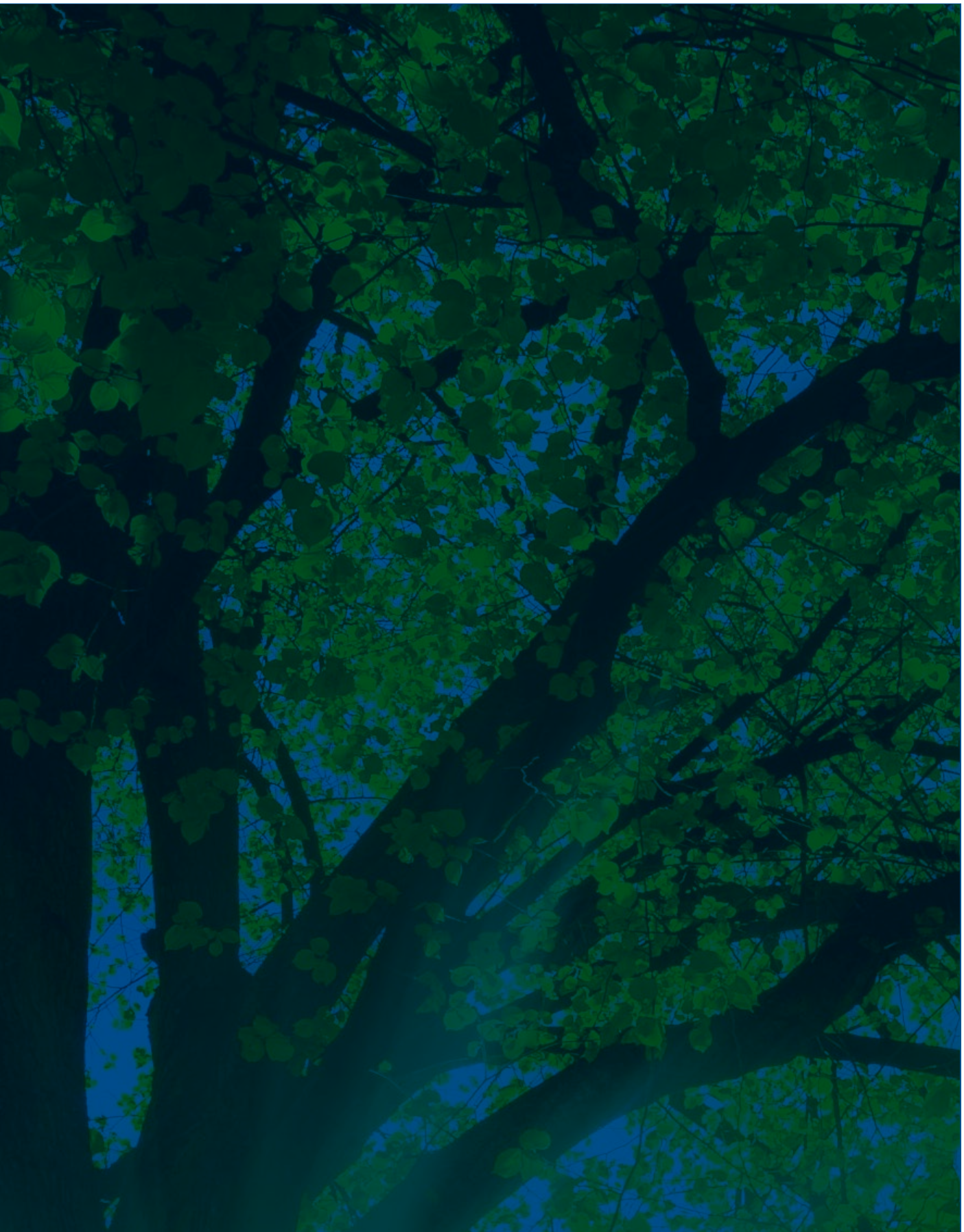
A combination of personal and written communication

allows DENIOS to ensure that relevant information reaches all employees in a timely, purposeful manner.



Our overseas subsidiaries also pursue a policy of regular dialogue between the management level and the workforce. At general staff meetings that take place at least four times a year, the management presents the key financial and social performance indicators and takes questions from their employees.



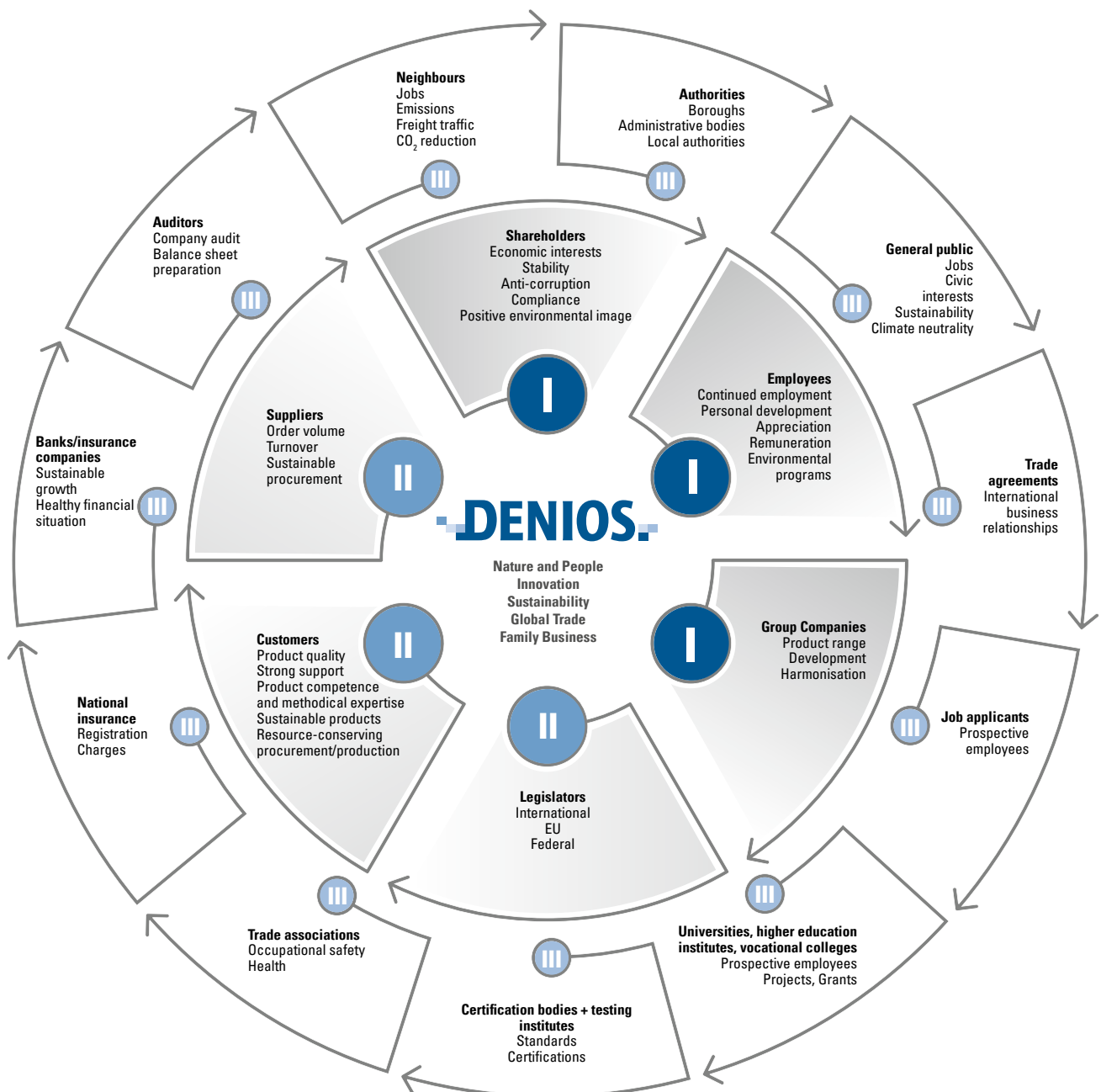


## Stakeholders - What is a stakeholder to us?

We see sustainability as a responsibility shared by the whole company. Sustainable development can only be pushed forward and achieved if economic players, politicians and associations work together and every single individual helps out. Our stakeholders – the people and groups who have an interest in our company – come from many different walks of life. In order for us to be successful as a business, we need to know exactly what our stakeholders want and cater to these needs. Together with our stakeholders we are part of a much bigger

whole, and we see our relationship not just as one of mutual discussion, but as a valuable partnership. Our company values are at the heart of all of our activities relating to our interest groups.

The overview below provides a summary of our key stakeholder groups, why they are important to us and what they expect from us.





## Area of interest I

Interest group 1 is made up of those stakeholders whose impact on our business is great, which also means that they have a lot of influence over our sustainability objectives.

The 900+ employees within the DENIOS Group are among our most important stakeholders, as only with their help can we make sustainability a reality throughout our company. This is what makes “DENIOS as an employer” one of the most important topics for us. We believe we have a duty to create a personnel structure that helps our employees overcome professional challenges and that takes their individual interests into consideration so that we can achieve our goals as a company. This includes providing employer-financed personal training and further training opportunities through the DENIOS Academy. In addition to this, we place great importance on a professional work environment, equal opportunities, performance-based salaries and a reliable work atmosphere shaped by fair treatment of one another. Constant discussion with our employees at every level is essential to maintaining this vision. It's not just our business culture that is open and defined by flat hierarchies – we apply the same principle to all discussion within the company. We also offer other opportunities for everyone to air their views, such as our regular general staff meetings. We conduct a regular written employee survey to monitor our employees' level of satisfaction with our company. If employees have any concerns, problems or criticisms, they can also submit these to the Executive Board in writing using our sugges-

tion box. The “People” chapter of this report tackles the matter of “DENIOS as an employer” in greater detail.

As DENIOS Germany is broadly equivalent to a public limited company, its shareholders are also part of our core interest group. They have a legitimate interest in the long-term financial success of the company. We are always open to one-on-one talks and requests for information from our shareholders in addition to our regular meetings with them. These discussions give equal consideration to existing and potential new shareholders and the economic and financial stability of the company. They also provide an opportunity to talk about investments in future projects, technological developments, and sustainable action within the context of the company's positive image as a leader in innovation. A more detailed report on this can be found in the “Global action” section.

Already in the development of the first DENIOS products, the focus was on protecting the environment. As noted in the introduction, all of our efforts as developers and providers centre on this mission, be it in terms of our products or the services that help our customers to implement their own environmental protection and occupational health and safety measures. As such, it would be hypocritical of us not to treat environmental protection as one of our material topics, so we deal with this matter in the “Nature” and “Sustainability” chapters of this report.

## Area of interest II

### 17 PARTNERSHIPS FOR THE GOALS



Our second circle of interest groups includes legislators, customers and suppliers.

All of DENIOS' products and services are highly dependent on the local legislation in their respective regions. As a certified manufacturer, we are always up to speed with the latest legislation. Customers purchase all of our DENIOS products safe in the knowledge that they comply with the relevant legal standards and regulations. We also have our products inspected and certified regularly to ensure that they meet the highest standards. In addition to full legislative compliance, our customers can also count on buying premium-quality products that have been manufactured in accordance with the latest standards for production processes, supplier chains,

environmental protection and sustainability. Thanks to our huge capacity for innovation, we are able to react quickly to the latest changes and use them to develop pioneering solutions. As such, local legislation has a significant impact on our business and is the driving force behind our innovative products – which makes it one of the main material topics at DENIOS. We tackle this material topic in greater depth in the “Innovation” chapter of this report.

DENIOS products help our customers to improve environmental protection and occupational health and safety standards in their day-to-day work. In turn, we see our customers as important partners who help us to develop our products and services further. Our solutions are



always tailored to the needs of our customers. We can only cater to these needs successfully through regular discussion and dialogue. By appointing points of contact in every country where we have a subsidiary, we ensure that our customers in those countries have a channel of communication with us. With this in mind, we have made “Customer satisfaction” one of the material topics of our report, and tackle it in more detail in the “Innovation”, “Family company” and “Global action” chapters.

Taking the supply chain into consideration expands the scope of our corporate responsibility. We cultivate lasting business relationships with our suppliers in which we act as equal partners. They are selected on the basis of their location, reliability and high quality standards. Compliance issues also play a role in the selection

process; this ensures that we can honestly refer to our production and products as sustainable, even if part of the work or some of the components are outsourced. In light of this, we have made “Sustainability in the supply chain” one of the material topics of this report. Accordingly, DENIOS is committed to environmental and climate protection as well as immaculate business conduct from both a legal and an ethical perspective. Any failure to live up to these standards could affect our image in no small way. The subject of compliance is addressed in more detail in the “Global action” section.

## Area of interest III

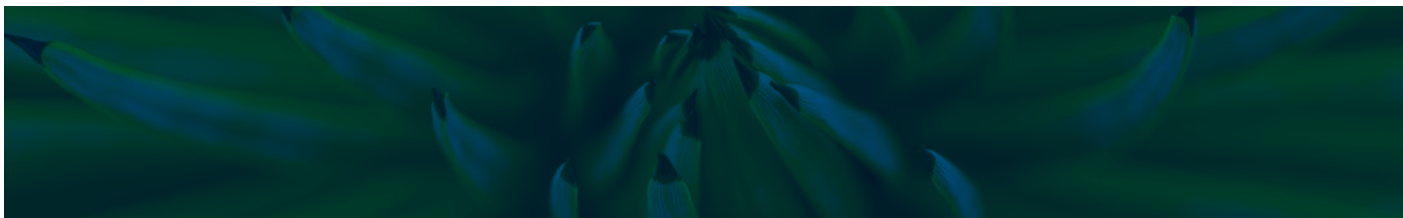
This level includes many groups who indirectly affect DENIOS’ business activities, most importantly our external applicants. As skilled labour becomes more scarce, this group is becoming increasingly important. As potential new employees, they come into contact with us – or we with them – in a variety of ways. Qualified workers and their expertise will be essential if we are to continue evolving and ensure continued business success in future. In order to be seen as an attractive employer, our employer branding strategy will prove crucial in cultivating a positive image for our company. As a company that promotes high academic standards, we also try to contact potential future employees while they are still at university. For DENIOS, universities and higher education institutions are interesting as drivers of innovation and as cooperation partners, so we also encourage active discussion with these bodies.

As a certified product manufacturer, we comply with all the relevant legal regulations. We cooperate proactively with certification bodies and inspection institutes in order to gain the certificates and seals of approval that are so vital for our sales, for example the certification

from the German Institute of Building Technology (DIBt). Ongoing communication with these institutes is vital for the company’s success and, no less crucially, for the positive image of the DENIOS Group.

Neighbours to our sites and the general public occupy a special status at DENIOS, as their interests can be wide and varied. Potential interference in the form of emissions, pollution and freight traffic are just some examples of this.

Professional associations, chambers of commerce and industry, national insurance, authorities and public bodies all represent interest groups that are closely connected to our employees and their health and safety. Banks and insurance companies are particularly interested in the company’s financial situation and signs of stable growth, and DENIOS takes advantage of their services in return.



## Assessment of risks and opportunities

In order to ensure that we can implement strategic, operational and administrative process optimisations at every level, DENIOS AG's Executive Board arranges regular, dedicated and integrated risk analyses based on the ISO 9001-certification. The results of these analyses cover our production sites in Germany, the Czech Republic and France. In Italy, our risk potential is determined based on a SWOT analysis. As well as providing the DENIOS Executive Board with information, these analyses also act as important quality management touchstones during the implementation of our sustainability strategy.



## Potential risks

### **DENIOS Germany**

We still do not see any areas of high risk for the German market. Nevertheless, there are certain areas we are keeping an eye on. Our status as a family company is a very important factor for us in terms of both ownership and employee satisfaction and development. A well-structured training and advanced training concept for personal development, the creation of additional apprenticeships, a number of measures for flexible and family-friendly working hours, and improved job security and healthcare measures, will keep our employees highly motivated and make us an attractive employer.

We see the purchase of non-compliant and non-environmentally friendly materials and components as a risk in terms of procurement. This could cause significant damage to our image. DENIOS Germany is taking measures to counteract this risk on the supplier side. As part of the introduction of the ISO 50001-certification for energy management, our suppliers have been made aware that priority should be given to more efficient or more environmentally friendly items when multiple items have the same price. We are also giving our staff in Purchasing, Development and Costing targeted training in order to increase our expertise in terms of energy efficiency, environmental awareness and sustainability.

Hazardous materials can have a damaging effect not only on the environment, but on employees as well. Inappropriate handling of hazardous materials or improper disposal could have a significant negative impact on DENIOS. DENIOS is countering this risk with a continuous programme to increase awareness among our own employees, especially those in Production. Regular inspections by safety officers take place at the DENIOS production plants to ensure that materials are stored and disposed of properly and in compliance with the relevant legislation.

### **DENIOS France**

The risk analysis at our site in France distinguishes between internal, external and environmental factors. These are evaluated accordingly and documented together with their impacts and counter-measures. The intensity of the impacts is not graded. Evaluation and documentation follows the same procedure used at our German site. As at our other companies, we focus only on the most important risks and the counter-measures that have been scheduled or implemented to combat them.

One of the environmental risks at play is air pollution from emissions generated by factors such as the site's vehicle fleet and production activities. We have already implemented many effective measures to reduce this problem, including modernising the vehicle fleet, renovating the spray booths and switching to production processes with lower emissions.

As at all our other sites, issues that affect our own staff were included in the risk analysis for France. The main risks in this regard are employee motivation and the loss of expertise due to long absences caused by sickness or accidents. A number of measures have already been implemented to combat these problems, such as incentive schemes, skill-building programmes and training options for staff.

Potential complaints could also pose a risk if they lead to rectification costs. With this in mind, DENIOS France has started to invest in the development of a new department for Quality and Service. This measure aims to improve both customer service and product quality in the long term so that the company can keep up with increasing expectations and boost customer loyalty.

### **DENIOS Czech Republic**

As at DENIOS Germany, none of the risks at our production site in Strakonice are classed as “high”. Likewise, however, there are still issues and scenarios here that could present a challenge in the future. The medium-severity risks detected include faulty products caused by production errors, and defective supplier services and the resulting customer complaints. In addition to damaging our image, these could also lead to significant additional costs due to rectification work and new production from scratch. In the worst-case scenario, we could lose out on future contracts. In light of this, extensive quality checks are conducted regularly for every stage of production, from incoming goods inspections on delivered orders to targeted analyses of complaint reports.

As well as any in-house production issues, unreliable suppliers can also be a source of errors at our Czech site. Suppliers who fail to deliver on time and defects in the quality of purchased raw materials could lead to us no longer being able to uphold our own high standards in terms of product quality and delivery commitments. We minimise these risks by conducting extensive incoming goods inspections and maintaining a supplier evaluation system that can be used as a basis when selecting alternative suppliers.

The demographic shift represents a challenge in the Czech Republic, as it does in other countries. The skills shortage is seen as a risk in terms of how it impacts upon quality. In order to ensure that we can continue to offer top quality and excellent service in the future, we have come up with a well-structured advanced training

plan to aid with personnel development. Alongside this we have also implemented a range of recruitment measures to make sure potential applicants see our Czech site as an attractive employer.

### **DENIOS Italy**

At DENIOS Italy, the risk assessment is conducted in the form of a strengths and weaknesses analysis (SWOT). The SWOT analysis documents both external and internal factors that affect the company. In this sense, Italy’s approach to recording, assessing and documenting measures differs to that used at our other sites. Our colleagues in Italy do not classify the intensity of the potential risks they find. As with the other sites, this report will focus on the most notable risks for DENIOS Italy.

One of the key areas of success for DENIOS Italy has been its special range for the transport, handling and safe storage of lithium-ion batteries. It has been able to position itself as a specialist in this area thanks not only to its high-quality, tested products, but also to its expertise and knowledge of legal regulations, safety measures and potential hazards, as demonstrated by the numerous invitations our staff in Italy receive to speak as experts in this field at events. However, there is a risk that DENIOS Italy’s approach will be copied by potential competitors, causing it to lose some of its market share.

In addition to this, like our other subsidiaries, the site is placed at significant risk by a potential lack of specialised workers. If “key figures” and experts were to leave the company, this could lead to a loss in quality in terms of the preparation of its products and services. DENIOS Italy is tackling this trend by positioning itself as an attractive employer and launching a range of measures to ensure long-term employee loyalty.





## Potential opportunities

Changes of circumstance and the fact that the technology involved in our products, solutions and services is constantly evolving present the DENIOS Group with a wide array of opportunities. We will take a look at the most important of these from a global perspective for all of the four production sites included in this report together.

### Increasing environmental awareness worldwide – expansion of legislation

As global warming increases, so too does global awareness of environmental and conservation issues. This has already resulted in many new laws to promote environmental protection and occupational health and safety at businesses. For example, China has added a myriad of new regulations to its local environmental legislation. In addition to existing markets, there are also plenty of relatively untapped markets with potential for environmental technology on the global stage, as legislation in many regions is being expanded to improve environmental protection and occupational health and safety. Greater awareness among authorities and potential customers is a guarantee for the DENIOS mission in the future.

In addition to this, the increase in environmental awareness among the general public presents us with an opportunity to position our company as an attractive employer and thus cover our need for specialist workers in the future.

### Manufacturer expertise and innovation

With consistent adherence to our innovation strategy, DENIOS can continue to build on the position it has held for many years as one of the global leaders in its market. This is reflected in the number of applications we have submitted for patents and other forms of copyright, as well as the many certifications and tests we arrange for the German Institute of Building Technology (DIBt), TÜV and DEKRA to carry out. But it's not just our products and solutions that continue to evolve – our in-house production and digitalisation processes are also undergoing constant further development.

As both a developer and a manufacturer, DENIOS is able to react quickly to changes in legislation at any time and adapt to fulfil new requirements at short notice. This is why we are always monitoring the market for changes in legal regulations.

### Comprehensive service and advisory expertise

All over the world, our customers value our input as a reliable partner and problem-solver due to our extensive expertise and range of services. In addition to the professional advice we offer as part of our key account management, we have also recently expanded our range of consulting services to include on-site consulting with a requirement analysis. Our Sales and Field Service staff are given technical and digital support in the form of solutions such as the DENIOS Variant Configurator for efficient planning of room systems.

## 8 DECENT WORK AND ECONOMIC GROWTH



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





## Our goals as a family company

As a family-owned company, DENIOS considers long-term, sustainable growth to be of great importance. In order for us to achieve this, a consistent corporate culture must be maintained to reflect our values and standards throughout the company. DENIOS will make use of the advantages offered by digitalisation to continue on this path of growth and overcome the associated challenges.

### What we have achieved

- 1. The approaches taken by our international subsidiaries with regard to data evaluation for the Sustainability Report are not the same. This is something we would like to standardise during the next reporting period.**

For this report, we were able to use a standardised data collection process for all the companies involved.



- 2. The subject of anti-corruption needs to be considered in the risk analysis in the future.**

This topic has been part of the risk analysis for DENIOS Germany since 2019.



- 3. We would like to include at least one more production facility in our reports in future.**

We have expanded this report accordingly by including our production site in Italy.



### What we want to achieve

1. One family. One direction. One goal. We want to establish a uniform corporate culture for the entire DENIOS Group under the umbrella of a “company culture”. To this end, regular international work groups and meetings are held, deliberately aimed at discussing our company’s values, principles and standards, and how to root them in our practice.
2. Digitalisation is one of the key important topics for DENIOS. In the next reporting period, we want to establish Digital Business as a separate unit and expand it. Our aim here is to develop DENIOS’ digital strategy further so that we can continue to optimise our services, products and internal processes.











# III Innovation

## **DENIOS - where the focus is on the customer.**

Digitalisation is changing our customers' expectations. We want to fulfil these expectations – which is why we are constantly expanding our range of digital products and services.



*In the digital age, the ability to innovate has become even more essential to global success than ever before. For DENIOS AG, this means that we need to think and act strategically in a highly competitive environment. This has made digitalisation the key issue in every part of our Group when it comes to innovation and the future. It enables us to develop new business models, solutions and products. As both a developer and a manufacturer, DENIOS is always working on product innovations and research and development projects to keep up with long-term market demands.*

## Quantity of goods supplied

Our range now comprises over 12,000 products, which customers access through a variety of channels. One of these is our traditional print catalogue, which is published in 19 languages and also integrated into our e-procurement solution. Our online shops are also very important, giving us access to 35 countries in 19 different languages.

Please note that services are not included in the following figures. We have also divided our products in line with our two separate business units, Catalogue Products and Engineered Solutions. The Catalogue Products unit covers core products such as catch basins and hazardous materials storage systems, as well as a wide range of products for occupational health and safety and industrial requirements. Room systems for hazardous goods storage, thermotechnology, technical and security areas, and systems for air and cleaning technology are based in the Engineered Solutions unit.



### DENIOS Germany (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	471,181	10,096	481,277
2017	487,458	6,780	494,238
2018	500,068	6,593	506,661
2019	508,196	5,313	513,509

### DENIOS France (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	74,228	2,923	77,151
2017	79,122	3,033	82,155
2018	82,525	3,121	85,646
2019	89,666	3,198	92,864

### DENIOS Czech Republic (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	53,673	4,051	57,724
2017	62,122	4,689	66,811
2018	66,026	9,137	75,163
2019	65,926	10,435	76,361

### DENIOS Italy (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	..*	..*	..*
2017	..*	..*	..*
2018	17,103	161	17,264
2019	19,644	225	19,869

\*No results listed because DENIOS Italy was not included in the 2016/17 reporting period.



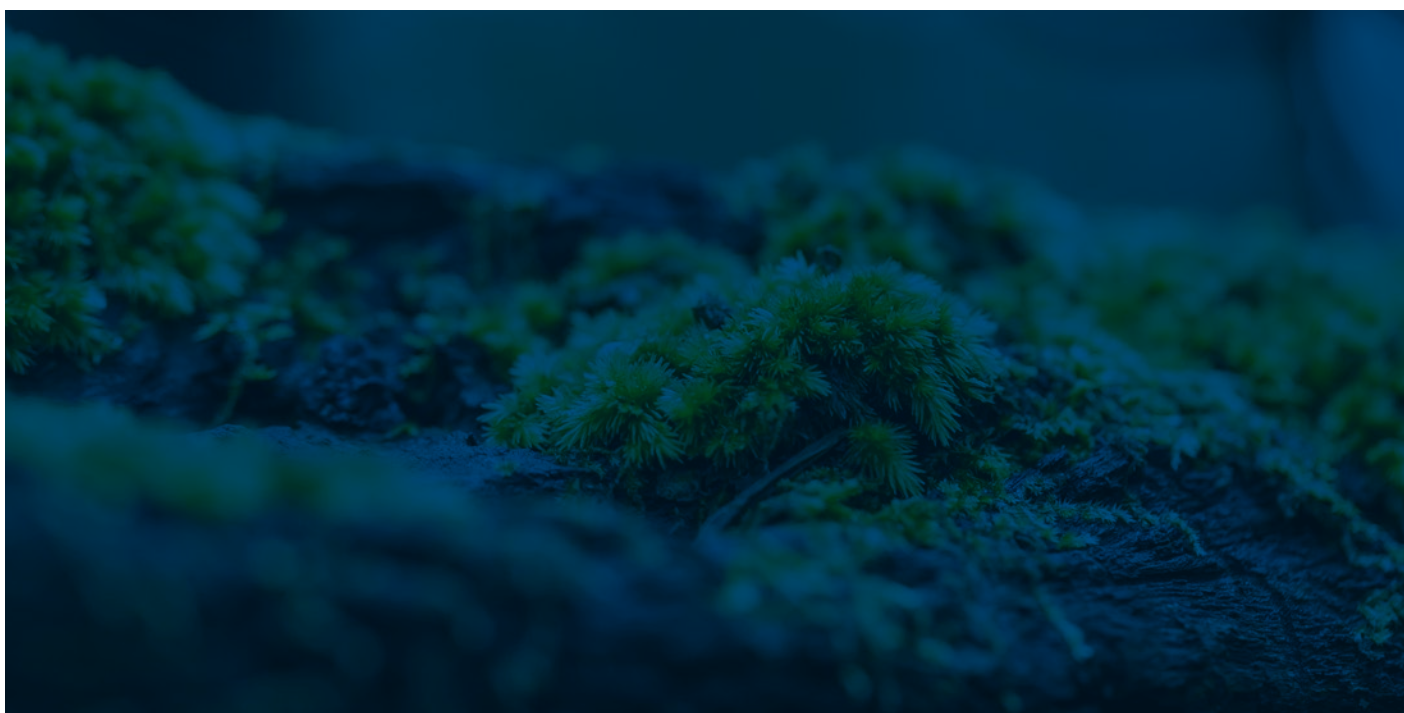
## Direct economic value generated and distributed

The economic values directly generated by the DENIOS Group are the revenues. The distributed economic values include operating costs, wages and benefits, payments to investors, payments to the government, and investments in the community. The values generated within the reporting period can be seen below.

	DENIOS DE in thousands of euros	DENIOS FR in thousands of euros	DENIOS CZ in thousands of euros	DENIOS IT in thousands of euros
2016	73,887*	21,045*	9,771*	..**
Net sales incl. goods + services	71,920*	20,831*	8,381*	..**
Other operating earnings	1,918*	201*	1,389*	..**
Interest earned	49*	13*	1*	..**
Income from shareholdings	3,517*	..*	..*	..**
2017	78,275*	20,749*	11,313*	..**
Net sales incl. goods + services	75,884*	20,550*	11,219*	..**
Other operating earnings	2,341*	199*	94*	..**
Interest earned	50*	0*	0*	..**
Income from shareholdings	1,820*	..*	..*	..**
2018	87,194	22,825	12,482	6,502
Net sales incl. goods + services	84,671	22,572	12,441	6,462
Other operating earnings	2,475	253	41	36
Interest earned	48	0	0	4
Income from shareholdings	1,184			-
2019	90,119	23,649	12,207	6,775
Net sales incl. goods + services	87,240	23,396	12,168	6,755
Other operating earnings	2,815	252	37	20
Interest earned	63	2	2	0
Income from shareholdings	1,632	-	-	-

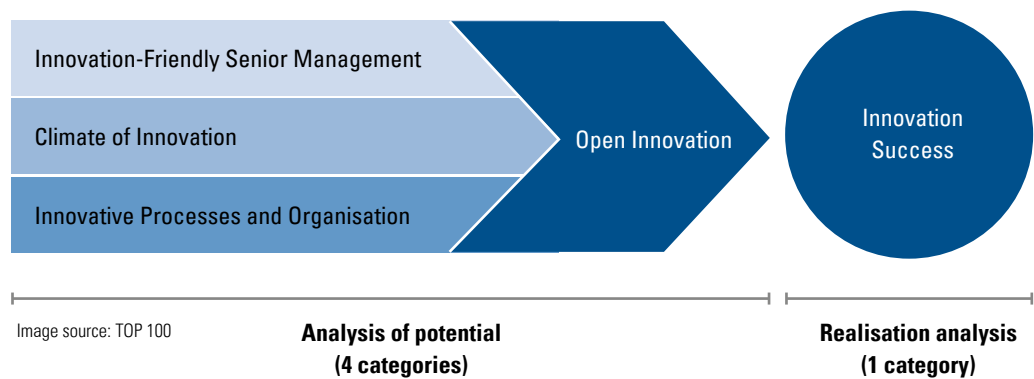
\*The figures in the first sustainability report in 2016/17 were based on projections; the final actual figures have been used for this 2018/19 sustainability report.

\*\*No results listed because DENIOS Italy was not included in the 2016/17 reporting period.



## DENIOS impresses experts with outstanding capacity for innovation

DENIOS AG's outstandingly positive approach to innovation management and the pioneering products developed by the company as a result were the main reasons behind the Top 100 jury's decision to award us the coveted TOP 100 seal of approval in 2019, thus anointing us one of the "innovation elite" among Germany's medium-sized companies for the third time. We consider this accolade a sign of our global success and will now outline which fields and areas of our company were evaluated. Anyone who wants to become a Top 100 innovator has to go through a scientifically-based selection process in which the development status of innovation management is examined in a differentiated manner. The assessment includes the company's innovation successes to date and the professional organisation of its innovation management structure, which allows the jury to estimate the company's potential for future innovation. The analysis includes a total of over 100 indicators in five categories.



### 1. Innovation-Friendly Senior Management

The "Innovation-friendly senior management" category determines the extent to which company managers help to promote innovation. A distinction was made in the analysis of Commitment, Innovation Strategy and Use of Resources. The Commitment area investigates how intensively the management participates in innovation projects. The Innovation Strategy area addresses whether – and to what extent – systematic innovation strategies are created and communicated within the company. And finally the Use of Resources area determines the degree to which senior management actually makes the necessary financial resources available.

### 2. Climate of Innovation

Does the corporate culture promote creativity, a willingness to learn, and dynamism? All of this and more is investigated in the "Climate of Innovation" category, which is also split into three subcategories: Innovative Focus, Promotion of Potential, and Suggestions for Improvement.

### 3. Innovative Processes and Organisation

From the initial idea through to the market launch, the internal organisation process is right at the heart of this category. The "Innovative Processes and Organisation" category is based on three different fields: Monitoring, Innovation Management, and Project Management.



#### 4. Outward-looking and open innovation

For medium-sized companies in particular, maintaining a systematic and consistently managed dialogue and relationship with the outside world is essential to ensuring success. The “Outward-looking/Open Innovation” category takes a closer look at the three areas of: Inclusion, Sources of Innovation and External Partners. The subject of inclusion focuses closely on cooperation with customers.

#### 5. Innovation Success

Which successes have been demonstrably achieved through the company's innovative activity? This category comprises two sections – commercial and technical innovation success – and looks at what is happening in the here and now.





## Our TOP 100 Innovation Analysis 2019 results

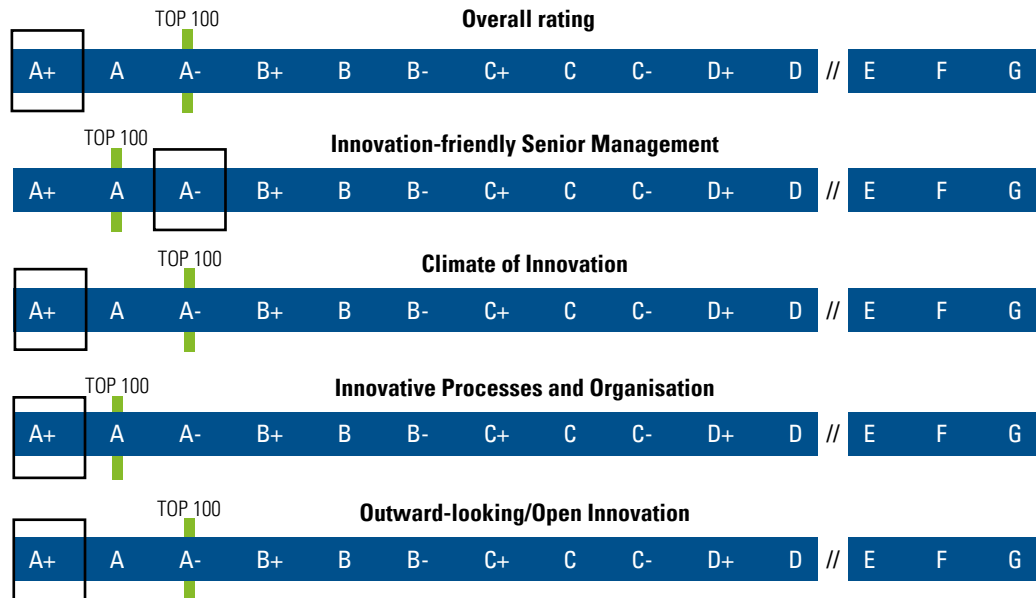


Image source: TOP 100

The innovation management at DENIOS AG was given an **overall rating** of "A+". The "A" rating is awarded to companies with unusually professional innovation management, even on an international scale. Companies with this rating set the standard, and their innovations have a high probability of future success.

DENIOS AG received a rating of "A-" in the **"Innovation-friendly Senior Management"** category. This was a significant improvement on the company's rating for 2017. The rating for this category was determined based on information on Commitment, Innovation Strategy and Use of Resources.

The **"Climate of Innovation"** at DENIOS AG was rated "A+". The company's overall rating in this category was above the TOP 100 average. This category analysed the number of new ideas brought forward by employees, how many of them were implemented and how many have already had an impact on the company's earnings.

DENIOS AG received a rating of "A+" in the **"Innovative Processes and Organisation"** category. This was higher than the average rating for this category. During the analysis process for this category, the jury investigated how much effort DENIOS AG puts into scouring the market and technology for potential new business ideas, how the individual stages of its innovation process are regulated, and the tools used to do so.

DENIOS AG's rating in the **"Outward-looking/Open Innovation"** category is "A+", an above-average result. For this category, the jury examined how intensively involved the Marketing team was in the company's innovation projects. They also took into account the sources and methods DENIOS AG used to identify new opportunities for innovation and tap new areas of expertise for its own innovation management. In addition to this, the assessment for this category analysed whether and to what extent the company involved external partners in its innovation projects.



## DENIOS Academy: Knowledge transfer for customers and staff

As a TOP Innovator, DENIOS regularly passes knowledge and expertise on to its customers. At the medium-sized company's own academy, which was founded specially for this purpose, it provides its customers and partners with everything they need for advanced professional training and to keep their knowledge on how to handle hazardous substances safely up to date. The DENIOS Academy offers more than 400 specialist seminars

on occupational health and safety and environmental protection every year, with plenty of live experiments. More than 6,000 people come to the Academy every year to add a new level of expertise and training to their practical experience in their professions. The range of seminars offered is also constantly evolving in line with the latest legal requirements.



## Ideas Management – The “innovation hub”

### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Having a lot of employees at your company also means that you have a lot of potential, knowledge and ideas. The company can benefit from this and use it to further its development. It is almost impossible to produce successful innovations without a corporate culture that encourages and rewards creativity. New ideas are the result of initiatives and open discussion, of allowing space for and rewarding creativity. DENIOS wants to take a proactive approach to tapping into and cultivating this potential so that it can be used for future innovations. A culture that encourages and rewards innovative and entrepreneurial activity among a company's workforce provides the fertile soil in which good and successful employee ideas can grow. This is why DENIOS has introduced “Ideas Management” – a scheme every DENIOS employee can take part in.

**Ingo Schlutter, Head of Quality and Service**, was on hand to tell us exactly how this process works.

#### What do employees have to do if they want to submit an idea?

“As far as the technical side goes, Ideas Management is run using an app on the Intranet. This is an easy way for employees to submit their ideas. We have also introduced an option for Production staff to submit hand-written ideas using a form. Employees can submit ideas either individually or together with their colleagues.”

#### An idea has been submitted. What happens next?

“First, we need to decide whether it is an idea or a corrective measure.

**Corrective measures** are adjustments or corrections to existing processes or products. They are primarily aimed at preventing errors and returns or optimising occupational health and safety, to give just two examples.

**Ideas**, on the other hand, are mainly aimed at reducing costs or opening up new sales opportunities. These include measures that make work easier, save on materials and work time, or introduce new product ideas. During the assessment, we determine whether a proposed idea is related to the submitter's area of work. As, generally speaking, no bonuses are awarded for ideas that employees develop while completing their normal tasks as outlined in their job descriptions. For an idea to be classed as “good” in terms of our idea management system, it needs to go beyond the horizons of the submitter's day-to-day work.

Once an idea has been submitted, it is assessed as soon as possible. Before the assessment begins, the Ideas Commission asks a number of fundamental questions.



For example: Has anyone submitted the idea and received a reward for it before? Only then do we pass the proposal onto the relevant specialist department, who can judge the quality of the idea from a technical and content perspective better than we can. If the idea is good, it will then be implemented within around 6 weeks. It is important for us to ensure that our colleagues don't have to wait long for their feedback."

#### **How has the Ideas Management changed in recent years, and what are your plans for the future?**

"Since changes made in 2019, the Ideas Management Commission now consists of four people: three members of the Works Council and the Head of Quality Management. We assess every idea on an equal footing. We then discuss whether to follow the judgement of the respective specialists or seek further evaluations. So there are always several people involved in the assessment of an idea. The entire process is regulated by a company agreement that was concluded specially for the Ideas Management system.

Above all else this ensures that the assessment remains transparent, easily comprehensible and objective. This objective has obviously resonated with everyone at the company:

While levels in 2017 and 2018 were quite similar, we are on course to double participation in 2019. This is thanks to internal marketing measures and publications on the Intranet.

Since the Ideas Management department was first formed in 2008, a total of €180,000 in bonuses has been paid out to reward employees for their ideas.

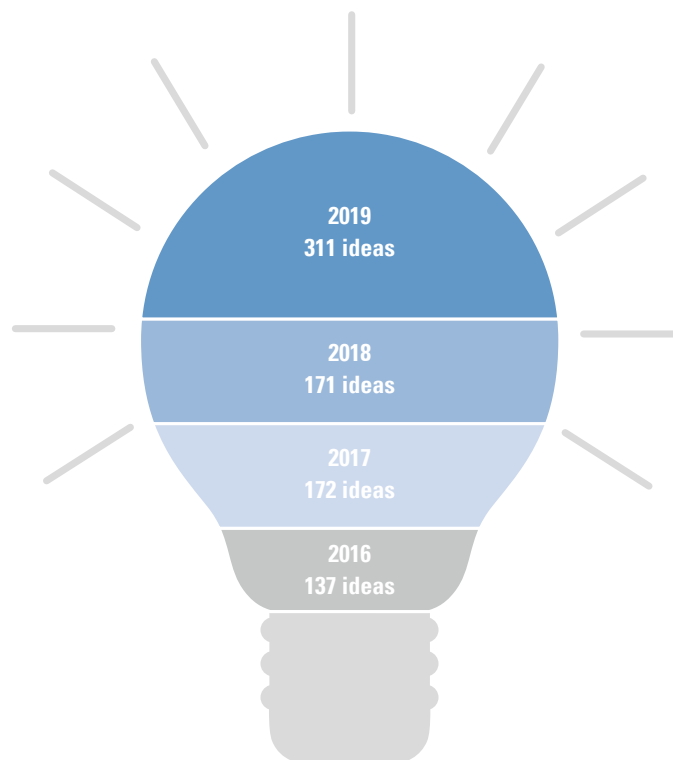
But in our experience, many colleagues don't do it for the money – they simply want to see a good idea put into practice. We will keep working to implement these ideas promptly and consistently. Our next big objective is to establish the Ideas Management system internationally at all our group companies. After all, more heads means even more knowledge, potential and improvements for the company."

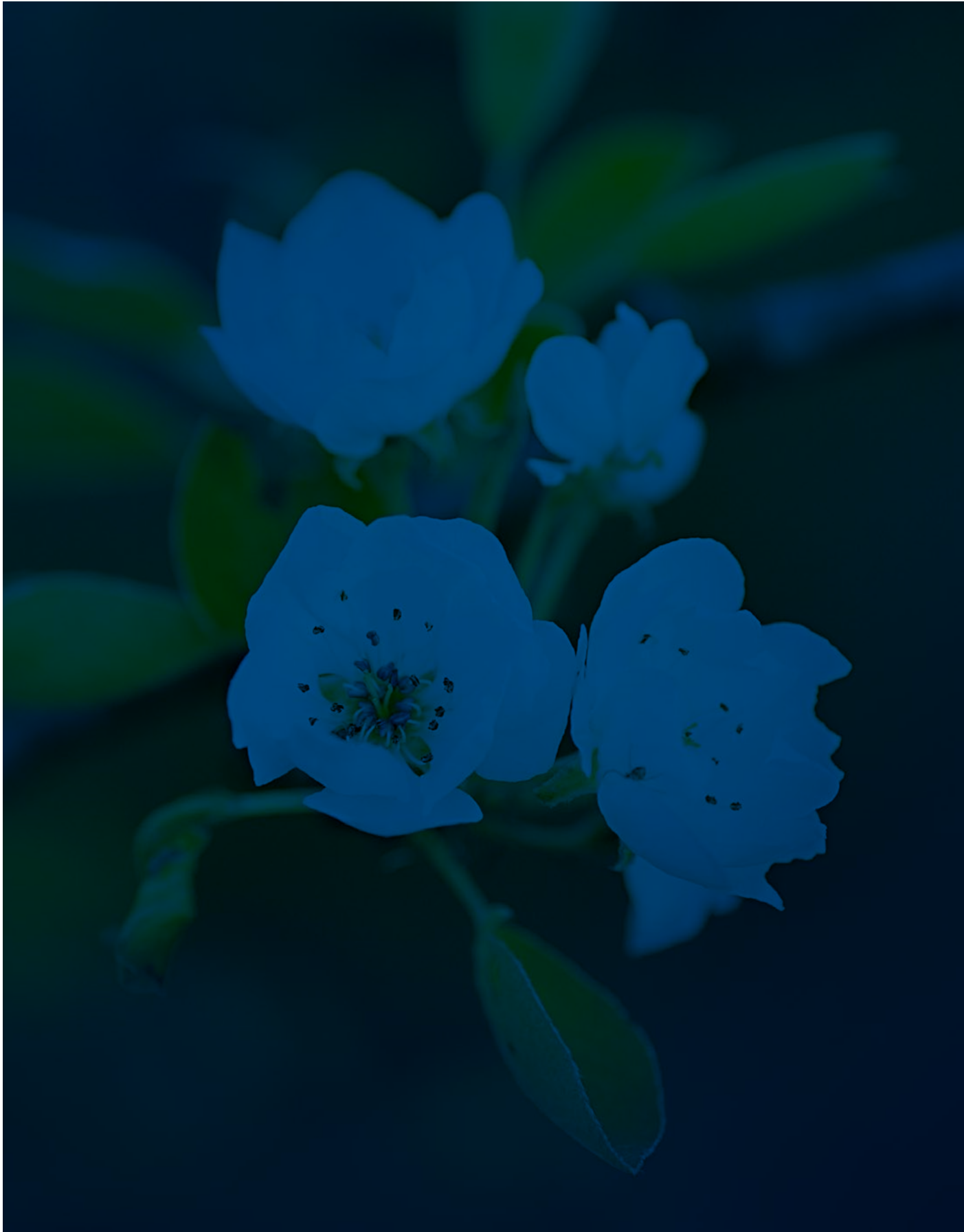


## DENIOS Ideas Management in figures

DENIOS employees have a lot of good ideas, and are not afraid to voice them. Involvement in ideas management increased by 69% from 2018 to 2019 alone. You can see these figures in detail below.

2016	2017
<ul style="list-style-type: none"> <li>137 ideas and corrective measures submitted by employees</li> <li>Almost 64 ideas and corrective measures implemented</li> <li>€11,220 paid out in rewards for implemented ideas</li> </ul>	<ul style="list-style-type: none"> <li>172 ideas and corrective measures submitted</li> <li>55 of these ideas and corrective measures implemented</li> <li>€7,470 paid out in rewards for implemented ideas</li> </ul>
2018	2019
<ul style="list-style-type: none"> <li>171 ideas and corrective measures submitted by employees</li> <li>74 of these ideas and corrective measures implemented</li> <li>€7,242 paid out in rewards for implemented suggestions</li> </ul>	<ul style="list-style-type: none"> <li>311 ideas and corrective measures submitted</li> <li>111 of these ideas and corrective measures implemented (as of 28.02.2020)</li> <li>€10,520 paid out in rewards for implemented suggestions (as of 28.02.2020)</li> </ul>







## Product innovations: Digitalisation for greater safety

From the smallest solution to the largest room system, DENIOS offers legally compliant products for hazardous materials storage that are constantly being reinvented or developed further. DENIOS' new, smart portfolio of products combines digital services with intelligent solutions to raise the bar in this field. These include custom, walk-in hazardous materials warehouses, which use sensors to detect changes in conditions and automatically implement counter-measures in critical situations.

### DENIOS connect

DENIOS connect is a new, cloud-based app for hazardous materials management that is due to be launched in 2020. It will provide users with a convenient way of transmitting important status notifications, changes in conditions, operating manuals and service information to computers and smartphones. The customer will be able to choose from a range of services: For example, the Condition Monitoring function automatically generates an incident alarm that can be sent simultaneously to pre-defined recipients via text message, phone call or email.

The Warehouse-Management function provides users with important information on the media they have in storage and the occupation of their storage bays. "Manuals & Documents" gives customers quick access to the operating manuals and documentation for their room system. "My Services" provides a clear order history and access to individual consulting services.



### SpillGuard®

In SpillGuard®, DENIOS' engineers have developed a one-of-a-kind leakage warning system. The system issues acoustic and visual signals in response to contact with hazardous liquids. This allows dangerous leakages in a catch basin to be detected more quickly, thus preventing damage to the environment and the high costs that can result from such incidents. Its built-in service-life battery means that it can function reliably for up to five years. The product is approved for ATEX Zone 1, so it can be used in sensitive work environments without any worries. As such, SpillGuard® is the perfect finishing touch to any safety concept for the storage of hazardous materials.

DENIOS is already working on the successor to SpillGuard® as part of its digitalisation strategy; this enhanced product will also include IoT (Internet of Things) technology. This development has been made possible by the work of the leading-edge cluster "it's OWL – Intelligente Technische Systeme OstWestfalenLippe", which promotes collaboration between companies so that they can react to trends at an early stage and use them to develop marketable solutions.

## Collaboration with R&D institutions for success in innovation

DENIOS is part of the federally and state-funded “it’s OWL” technology network – short for “Intelligente Technische Systeme OstWestfalenLippe” – an alliance of over 200 companies, universities and other partners from the German region of East Westphalia/Lippe. Awarded the status of “leading-edge cluster” by the German Federal Ministry of Education and Research (BMBF), it boasts a wide range of research projects, which develop systems and make solutions for the digital transformation a reality for small and medium-sized enterprises.

### “Digital Business” – A joint project

As one of the core “it’s OWL” companies, DENIOS is also involved in the current funding phase, which runs from 2018 to 2023. The aim of the “Digital Business” joint project is to determine which digital and smart market services are suitable for platform business and will give customers added value. In order to remain competitive and make money from more than just product sales, manufacturing companies increasingly need to intermesh their products with services. Digital platforms enable them to offer their customers a comprehensive solution, from order receipt to production and even logistics. For many companies, the process of transitioning to platform business is loaded with questions. The aim of this project is to tap the potential of digital platforms for companies.

The project investigates which market services are suited to the platform business, how existing platforms can be used, and what changes need to be made at the companies in question.

### Successful projects so far

One of the underlying principles behind DENIOS’ R&D activities is the aim of shaping the future using high-quality products and technologies that are produced with a focus on safety, the environment and social responsibility. In line with our customers’ needs, DENIOS was able to successfully use the iGel project (intelligent hazardous materials storage) in the first funding phase, which ran from 2012 to 2016, and will use the DENIOS connect app that was born of this work to raise the bar for digital technology in the field of hazardous substances management in the future.

Over

# 200

companies, universities, research institutes and organisations are involved in research and development in this leading-edge cluster.



### RWTH Aachen University

One of DENIOS’ other partnerships is with the elite RWTH Aachen University. With over 260 institutes, RWTH is one of Europe’s leading scientific and research facilities. Alongside DENIOS, over 200 other companies work with the university to utilise synergy effects, create future-proof innovations and realise the potential of the Industrial Internet of Things.

In regular work groups, DENIOS works with experts from the university on a co-innovation research project for smart hazardous materials storage. This collaboration focuses on using the latest technology and digital processes while also involving voice-activated artificial intelligence.





## Our goal: To use digital innovations to ensure we remain viable in the future

Digitalisation is the key issue in every DENIOS business unit when it comes to innovation and the future. As both a developer and a manufacturer, DENIOS is always working on product innovations and research and development projects. We do this using not only our own expertise, but also that of our partner universities, experts and research clusters.

### What we have achieved

**1. We want to give our customers an even wider choice of products and targeted ranges.**

As a leading manufacturer, DENIOS is constantly expanding its product range. For example, in addition to our special range for the storage, handling and transportation of lithium-ion energy storage media, we have also added many new products to our non-sparking tools range.



Goal achieved

**2. We want to remain among Germany's TOP Innovators through 2018 and 2019.**

We did not submit an application for the TOP 100 innovation competition in 2018. One year later, we received the coveted seal of approval for the third time – further recognition of our great capacity for innovation.



Goal not quite achieved

**3. We want our customers to actively benefit from our work in the field of R&D, and especially from the currently ongoing "DENIOS connect" cloud project.**

Helping to shape pioneering technologies and better fulfilling our customers' needs are two of the fundamental drivers behind DENIOS' R&D activities. Our partnership with the "it's OWL" research cluster has resulted in the development of the smart app solution DENIOS connect, which will hit the market in 2020. This solution is currently still under development, and additional functions will be added to it before the launch. Its practical viability has already been proven in a number of user tests.



Goal not quite achieved



### What we want to achieve

1. By expanding our smart services, we want to give our customers even more help in implementing environmental protection measures in the workplace, e.g. with the new DENIOS connect app and our digital quantity checker. DENIOS is also developing a successor to the SpillGuard®. The new model of the leakage warning system will use IoT (Internet of Things) technology to further digitalise the field of hazardous substances management.
2. DENIOS Germany and at least one other European subsidiary will take part in an innovation competition.
3. By launching innovative new production technologies, we hope to make production processes more efficient and flexible while also helping to conserve materials. Our customers will benefit from this in the form of a wider range of products and shorter production times. We are now introducing the new production technologies in Germany, and will later roll them out gradually at our subsidiaries.







# IV Nature

**DENIOS – we're taking responsibility for future generations.**

Protecting our natural resources is at the heart of everything we do, at every level of our day-to-day business.



*As a company producing goods, we are aware of our responsibility to protect the environment and nature, and reduce our impact on the climate, and we are committed to resource conservation and developing progressive, more energy efficient products.*

## The organisation's total energy consumption

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



**13 CLIMATE ACTION**



Reducing the energy consumption at our production sites is a key issue for us, and we're constantly developing in this respect. In 2019, DENIOS used 100% green power in Germany, including heat recovery. As well as the energy it purchases, DENIOS is also in the position to cover a portion of its own energy requirements with power generating facilities (photovoltaic systems and combined heat and power). The ISO 50001-certification requires us to introduce all possible energy-saving methods. For this reason, we founded our Energy Team to regularly determine and implement optimisation strategies.

### DENIOS Germany

	Energy consumption		
	Total*	of which elec. power (kWh)	of which natural gas (kWh)
2016	10,469,618	1,956,178	5,819,714
2017	10,332,820	1,936,443	5,588,105
2018	9,811,521	1,861,095	5,444,332
2019	9,528,719	1,834,317	5,709,402

### DENIOS France

	Energy consumption		
	Total*	of which elec. power (kWh)	of which natural gas (kWh)
2016	2,140,983	459,270	1,026,000
2017	2,083,412	472,981	954,000
2018	2,210,796	505,622	1,042,000
2019	2,536,959	515,838	1,317,000

### DENIOS Czech Republic

	Energy consumption		
	Total*	of which elec. power (kWh)	of which natural gas (kWh)
2016	1,846,237	534,794	1,076,176
2017	2,006,489	734,405	1,014,284
2018	2,048,046	790,358	987,746
2019	1,998,444	987,746	969,886

### DENIOS Italy

	Energy consumption		
	Total*	of which elec. power (kWh)	of which natural gas (kWh)
2016	..**	..**	..**
2017	..**	..**	..**
2018	559,315	131,942	427,373
2019	617,054	131,324	485,730

\*The total energy consumption includes electricity, natural gas, fuel and wood chips, as well as photovoltaic and CHP in kWh.

\*\*No results listed because DENIOS Italy was not included in the 2016/17 reporting period.





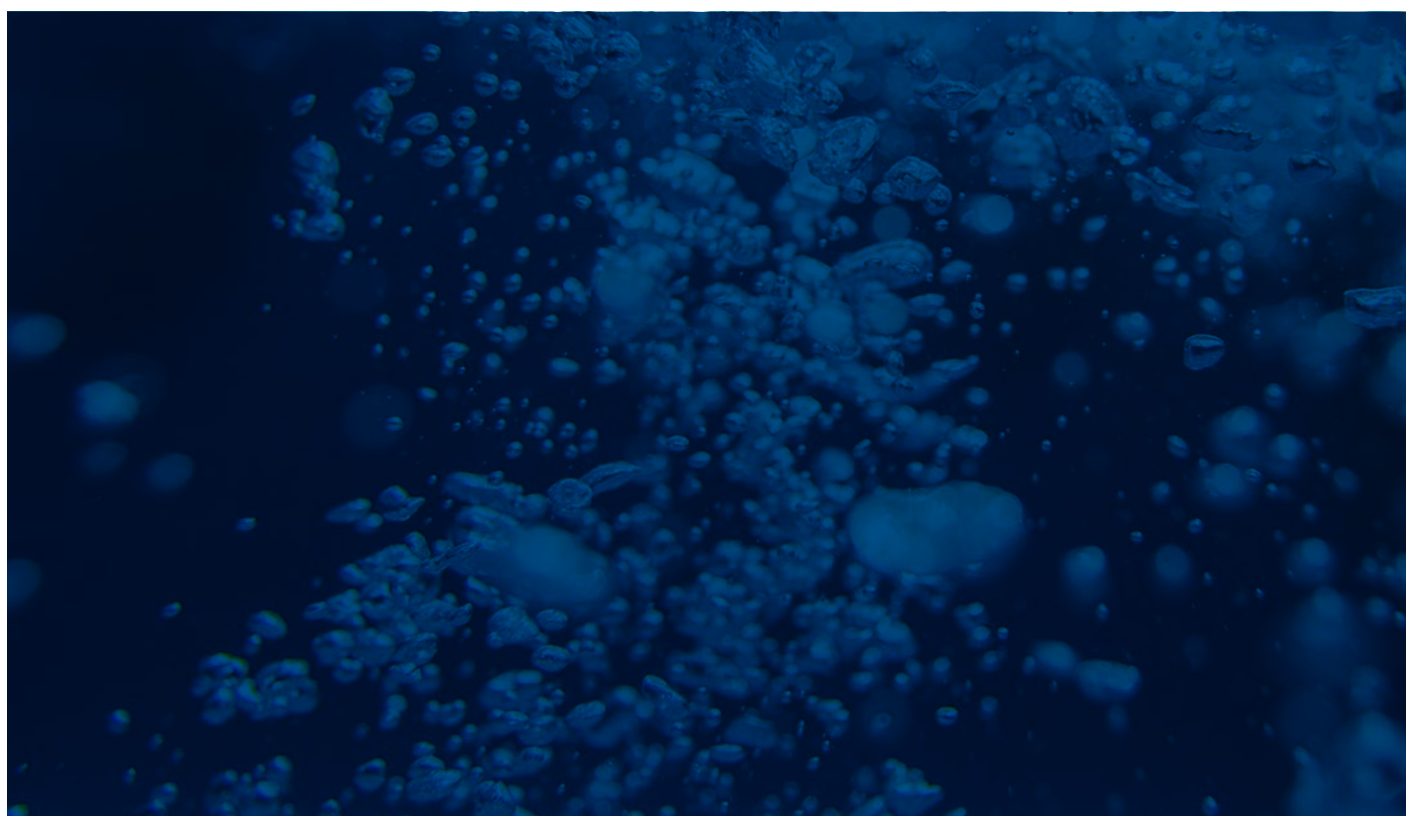
## Water intake, water recirculation and water consumption

Water is a key resource for DENIOS. To minimise the effects of our business processes, we take care to contribute to conserving water resources and to keep water use low at all our sites. We extract water from the public drinking water supply and from groundwater. The extracted groundwater at the DENIOS production sites in Germany, France, the Czech Republic and Italy is used completely and then recirculated as wastewater. As well as sanitary uses, we also use water for painting work in the production of room systems, among other things.

	DENIOS DE	DENIOS FR	DENIOS CZ	DENIOS IT
2016	2,513 m³	667 m³	793 m³	-*
2017	2,195 m³	888 m³	913 m³	-*
2018	2,364 m³	1,309 m³	890 m³	278 m³
2019	2,798 m³	816 m³	945 m³	375 m³

\*No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

In 2018, DENIOS AG's water consumption was slightly above the 2017 value. This increase is due to the increase in employees because of the company's growth. Measured in full-time equivalent, the number of employees has increased from 390.1 FTE (full-time equivalent) in 2017 to 420 FTE in 2018. However, the water use per capita remained the same. There was a further increase in water consumption in 2019. This was partly due to the effects of the especially hot summer and the resulting extreme dry period, which meant that green spaces required extra watering. Expanding our halls at our logistics base in Löhne also contributed to higher water consumption.



## Direct and indirect greenhouse gas emissions

The Greenhouse Gas Protocol (GHG) forms the basis of our greenhouse gas accounting. The GHG is an internationally recognised standard for measuring and managing companies' greenhouse gas emissions, establishing the basic principles of relevance, completeness, consistency, transparency and accuracy when creating reports. The GHG defines the organisational and operational boundaries. This includes classifying the emissions in three separate scopes.

- **Scope 1** includes an organisation's direct emissions from combustion in their own plants.
- **Scope 2** includes all emissions associated with energy purchased for own consumption (e.g. electricity, heating/cooling).
- **Scope 3** includes all emissions associated with third-party services that occur in the reporting company's value chain.

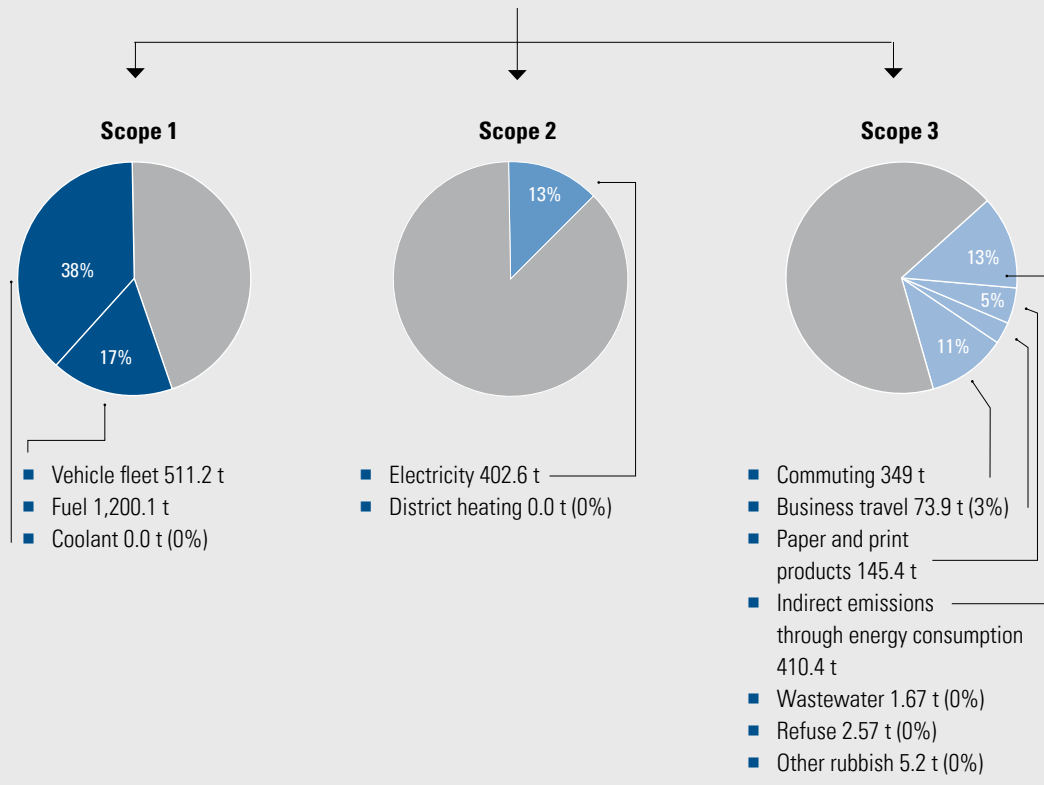
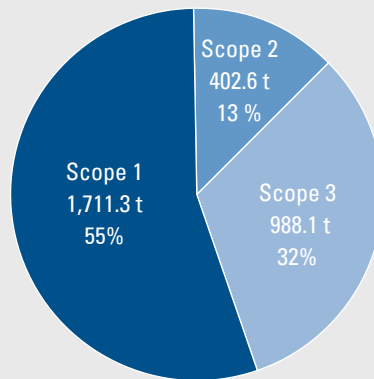
During the calculation of emissions, the amounts of greenhouse gases generated are calculated.

Together with an external service provider, we regularly calculate our CO<sub>2</sub> balance in Germany. Our subsidiaries in France, Italy and the Czech Republic do not yet calculate this data.





**DENIOS AG | 2018 | 3,102 t CO<sub>2</sub>**



**7.79 t CO<sub>2</sub> per employee (2018)**





## Intensity of greenhouse gas emissions

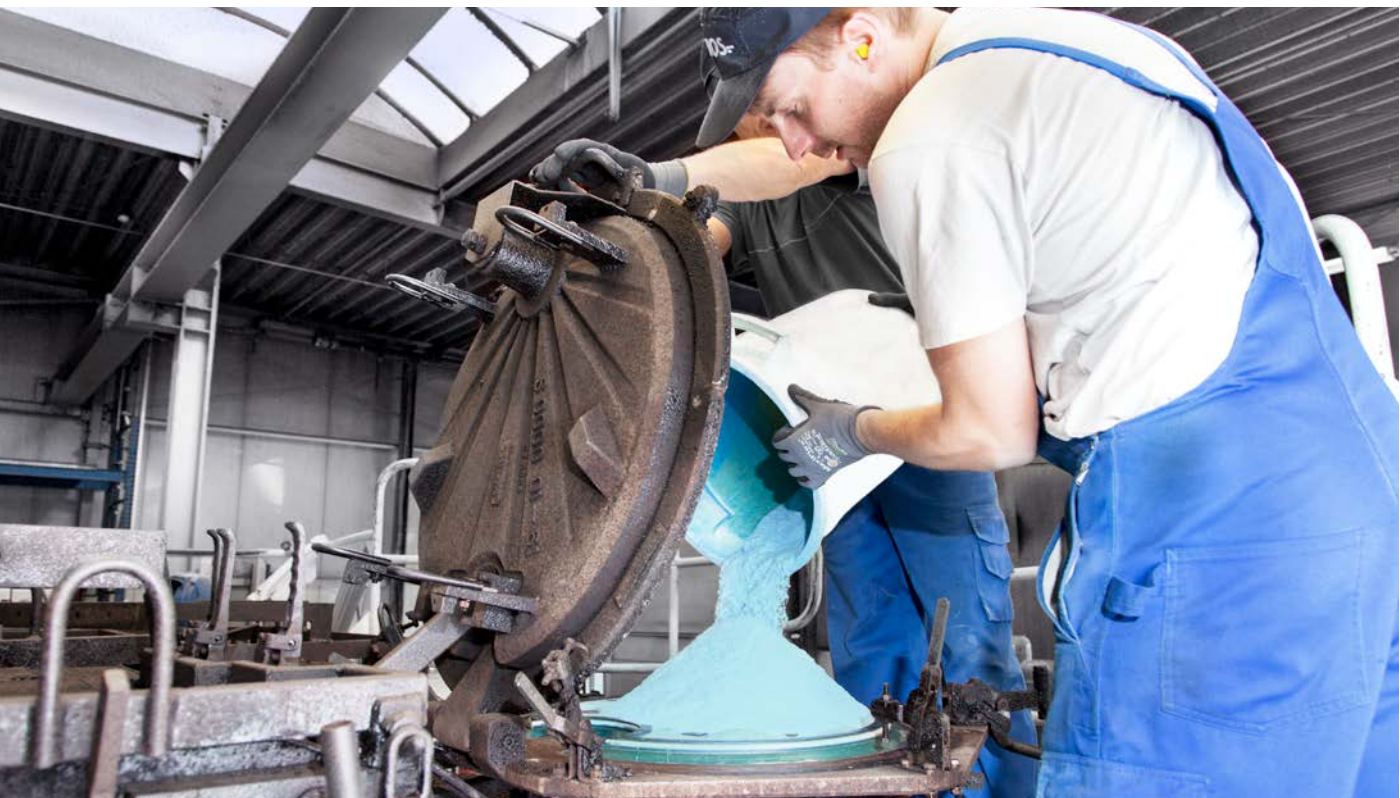
We would like to describe the intensity of greenhouse emissions based on the granulate used in the plastic rotation. In the 2018 business year, a total of 1013 tonnes of granulate was used. Processing the granulate required 4,420,030 kWh of natural gas. This resulted in a total of 0.96 kg of CO<sub>2</sub> emissions per kilogram of input granulate. The intensity is therefore at the same level as in the previous reporting period.

Another example of the intensity of greenhouse emissions is shown by the use of photovoltaic systems,

through which we produced – when taking heat recovery into account – 123,500 kWh of power. The excess power, which amounted to 6522 kWh in 2018, is fed back to the grid and sold. At the same time, the photovoltaic system reduced CO<sub>2</sub> emissions by 32.25 tonnes in 2018. The reduction is lower than in the last reporting period, since the energy mix of the power supplier we use for a benchmark comparison has improved.

## Waste generation and disposal

The planned targets of the waste traffic light system – introduced in 2017 in accordance with the German Commercial Waste Ordinance (GewAbfV) – were achieved for Germany in 2018 and 2019. There were fewer items thrown in the wrong containers, the rubbish types were better separated, and neatness and cleanliness improved. The increase in scrap and steel waste in the reporting period can be attributed to the strong number of orders and the increased production capacity. In 2018, 5% more room systems were manufactured than in 2017. Continuing optimisation in production procedures and the introduction of new manufacturing technologies, as well as the strict separation of rubbish thanks to well-trained employees, should lead to a sustainable reduction in waste generation. DENIOS has also ceased using sales packaging. As a result, there is no waste from returns inwards. Every customer has the fundamental right to arrange for DENIOS to pick up their transport packaging.





For the reporting period, waste generation for the production locations in Germany, France, Italy and the Czech Republic was as follows:

#### DENIOS Germany

	Scrap/steel	Residual waste	Panels	Wood	Cardboard/paper	Other	Total
2016	277.1 t	134.6 t	79.4 t	63.3 t	39.5 t	67.3 t	661.2 t
2017	284.1 t	126.0 t	72.6 t	90.3 t	39.1 t	55.0 t	667.1 t
2018	441.1 t	122.6 t	79.7 t	93.1 t	42.3 t	86.3 t	865.1 t
2019	439.8 t	68.9 t	76.6 t	87.2 t	51.2 t	60.7 t	784.4 t

#### DENIOS France

	Scrap/steel	Residual waste	Panels	Wood	Cardboard/paper	Other	Total
2016	199.0 t	-.*	-	20.0 t	17.0 t	15.0 t	251.0 t
2017	234.0 t	-.*	-	36.0 t	16.0 t	20.0 t	306.0 t
2018	277.0 t	-.*	-	43.0 t	14.0 t	21.0 t	355.0 t
2019	296.0 t	-.*	-	58.0 t	25.0 t	43.0 t	422.0 t

#### DENIOS Czech Republic

	Scrap/steel	Residual waste	Panels	Wood	Cardboard/paper	Other	Total
2016	289.0 t	2.5 t	-	-	5.0 t	23.9 t	320.4 t
2017	386.9 t	1.7 t	-	-	3.9 t	27.7 t	420.2 t
2018	499.1 t	2.1 t	-	-	3.1 t	28.6 t	532.9 t
2019	339.4 t	1.9 t	3.9 t	0.2 t	7.5 t	26.9 t	379.8 t

#### DENIOS Italy

	Scrap/steel	Residual waste	Panels	Wood	Cardboard/paper	Other	Total
2016	-.**	-.**	-.**	-.**	-.**	-.**	-.**
2017	-.**	-.**	-.**	-.**	-.**	-.**	-.**
2018	43.6 t	-	2.7 t	6.0 t	4.5 t	1.8 t	58.6 t
2019	29.4 t	-	4.2 t	6.5 t	8.0 t	1.0 t	49.1 t

\*No recorded figures available for residual waste.

\*\*No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

## Transportation of hazardous waste

Our production operations generate the usual hazardous waste that is common in our industry. This includes, for example, contaminated metal waste, pressurised containers, and waste varnish and paint generated during the painting work on our room systems. At our Bad Oeynhausen location, these are collected by our disposal partners and thermally recovered in a rubbish combustion plant. The total weight of transported hazardous waste in 2018 was 10.46 t, and in 2019, 7.8 t. We recycle our waste solvents with our in-house solvent recovery plant. Beyond this, no further hazardous waste is imported or exported.

## Consumption of raw materials

The manufacturing process for DENIOS room systems has changed significantly in the last few years. New software systems support the optimal use of steel sheets when trimming, thus ensuring better efficiency. Fire protection panels are also manufactured to size and delivered. The chart below shows the consumption of primary and secondary raw materials for the reporting period.

### DENIOS Germany

	Steel	Fire protection panels	Granulate	Secondary raw material (paint)
2016	1,901,981 kg	707,912 kg	1,217,395 kg	61,080 kg
2017	1,729,560 kg	656,774 kg	1,152,548 kg	64,688 kg
2018	2,630,528 kg	731,114 kg	1,022,295 kg	57,772 kg
2019	2,759,107 kg	722,689 kg	997,593 kg	40,455 kg

### DENIOS France

	Steel	Fire protection panels	Granulate	Secondary raw material (paint)
2016	1,344,085 kg	296,626 kg	-	25,846 kg
2017	1,350,864 kg	310,379 kg	-	25,826 kg
2018	1,511,937 kg	329,400 kg	-	29,141 kg
2019	1,456,615 kg	315,734 kg	-	34,823 kg

### DENIOS Czech Republic

	Steel	Fire protection panels	Granulate	Secondary raw material (paint)
2016	3,149,857 kg	87,752 kg	-	45,123 kg
2017	4,088,496 kg	118,169 kg	-	35,922 kg
2018	4,127,080 kg	104,265 kg	-	33,781 kg
2019	3,422,596 kg	116,818 kg	-	36,373 kg

### DENIOS Italy

	Steel	Fire protection panels	Granulate	Secondary raw material (paint)
2016	-*	-*	-*	-*
2017	-*	-*	-*	-*
2018	224,827 kg	61,775 kg	-	6,430 kg
2019	212,359 kg	100,485 kg	-	6,698 kg

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

Since our plastic products are manufactured exclusively in Germany, there are no granulate consumption figures for sites in other countries. Due to a change in our measuring systems, we determined that the calculated consumption values in the 2016/17 reporting period were inaccurate. That is why the figures for 2016/17 are different to those originally published in the first report. These have now been adjusted for the source of the errors and recalculated using more accurate processes. The significant increase in steel consumption at DENIOS AG between 2017 and 2018 is due to the correspondingly high production output.

## Consumption of vehicle fuels

The DENIOS Group vehicle fleet is still largely made up of diesel vehicles. This is entirely for economic reasons. Electric and hybrid vehicles will be added to the fleet, and the proportion of the fleet made up by these gradually increased. The production locations in France and Italy have no petrol-powered vehicles.

### DENIOS Germany

	Diesel	Petrol
2016	1,902,894 kWh	39,631 kWh
2017	1,850,922 kWh	36,695 kWh
2018	1,903,000 kWh	40,000 kWh
2019	1,936,000 kWh	49,000 kWh

### DENIOS France

	Diesel	Petrol
2016	655,713 kWh	-
2017	656,431 kWh	-
2018	663,174 kWh	-
2019	704,121 kWh	-

### DENIOS Czech Republic

	Diesel	Petrol
2016	194,300 kWh	4,800 kWh
2017	252,000 kWh	5,800 kWh
2018	264,000 kWh	6,100 kWh
2019	215,000 kWh	23,200 kWh

### DENIOS Italy

	Diesel	Petrol
2016	-*	-*
2017	-*	-*
2018	202,813 kWh	-
2019	215,271 kWh	-

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.







## Our goals: economical, efficient, consistent

Our goal is to operate in a way that's as environmentally friendly as possible and that saves as many resources as possible. We want to use digital transformation, technical innovations and energy-saving measures to reduce our ecological footprint step by step.

### What we have achieved

**1. To increase the share of green energy used in Germany to over 45% in the next reporting period.**

In 2018 we increased the share of green energy we used to 48.2%. And, to our great delight, we succeeded in a 100% switch in 2019.



**2. To reduce energy use throughout our whole German site by 2% per year.**

We're pleased to have been able to take decisive steps towards this self-defined goal over the last few years. In 2018, we reduced the total energy consumption at the German site by 5%, and by around 3% in 2019.



**3. To reduce our stock of diesel vehicles and make a contribution to cutting toxic NO<sub>2</sub> pollution.**

DENIOS is increasingly turning to e-mobility in its own vehicle fleet and has acquired electric and hybrid vehicles for the fleet instead of diesel models during the reporting period. We will also be gradually reducing the number of diesel vehicles in our fleet in the future.



**4. To use new production technology to significantly reduce our waste in 2018.**

New production technologies such as the laser edge machine were introduced to our production processes in 2018. The resulting change was only concluded in 2019, so we only saw a significant reduction in waste, especially in residual waste, in 2019.



**5. To have our production sites in France and the Czech Republic also report their CO<sub>2</sub> balances in accordance with the GHG protocol.**

Lack of capacity means we have not been able to create a CO<sub>2</sub> balance for these sites for the reporting periods so far. Nevertheless, this remains one of our goals and we are pursuing it.

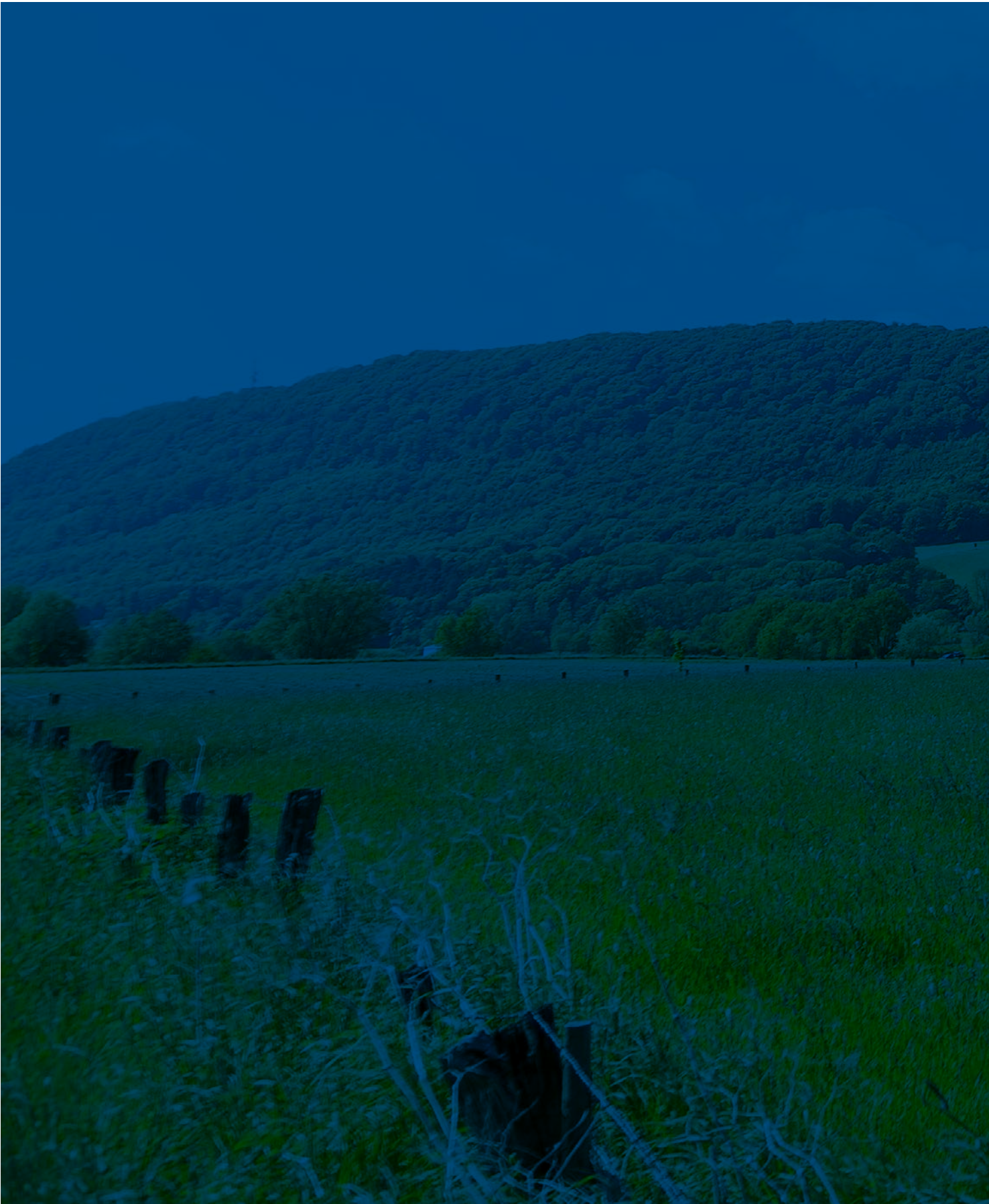


### What we want to achieve

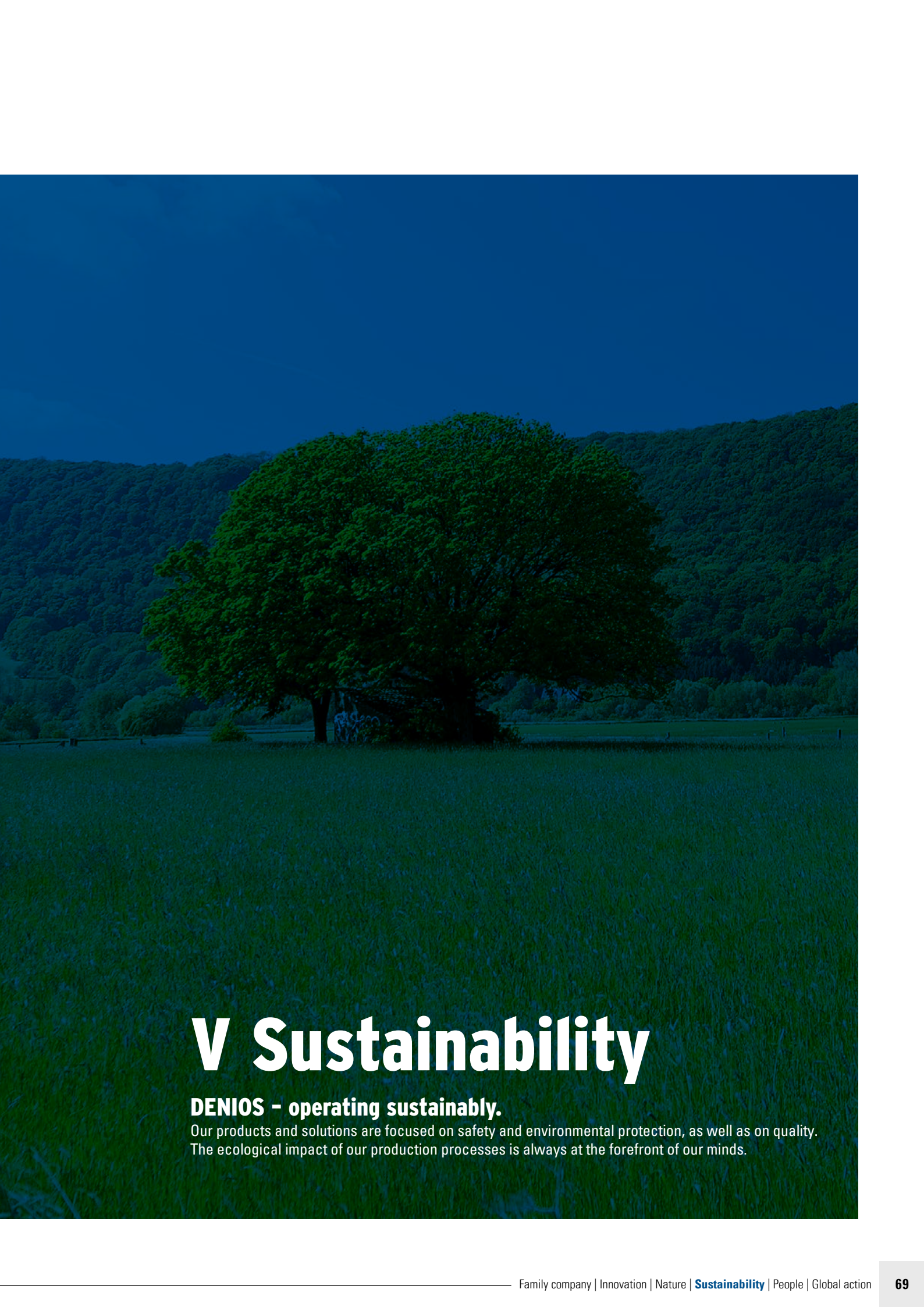
1. We are creating new vehicle guidelines that classify vehicles according to pollutant class and these will be applied to all DENIOS production locations.
2. We are starting a CO<sub>2</sub> competition for the whole group in a bid to reduce the emissions within the DENIOS family. For this, all the European subsidiaries are reporting their CO<sub>2</sub> balance in accordance with the GHG protocol.
3. By the end of 2021, all remaining emissions from the European subsidiaries will be offset by purchasing climate credits.
4. Under the motto, "For the environment, for the next generation", our apprentices have joined forces as Environmental Heroes and are acting as ambassadors for sustainable conduct. They want to make school children aware of environmental issues with presentations at schools and prize draws for home-made insect hotels. In the coming reporting period, at least three further projects from their range of ideas will be implemented.

#Umwelthelden  
by DENIOS 









# V Sustainability

## **DENIOS – operating sustainably.**

Our products and solutions are focused on safety and environmental protection, as well as on quality. The ecological impact of our production processes is always at the forefront of our minds.

*Energetically optimised design and resource-conserving production processes are pivotal not only for the manufacture of DENIOS products but also for the international appeal of our sites. In order to maintain or improve our competitive position, it's crucial that our offer is tailored to current needs. Regular modernisation and maintenance measures ensure we have a reliable infrastructure, which is the basis for modern production processes.*

## Investing in the regional and international infrastructure

In the reporting period, we invested further in the expansion of e-mobility within our vehicle fleet for environmental reasons. At the Bad Oeynhausen location, a publicly subsidised charging station has been installed for charging our in-house electric vehicles. The charging station can also be used by the general public. Our vehicle fleet is also being expanded with further electric and hybrid-powered vehicles, and we are offering additional e-bike leasing options.

DENIOS has been in operation at the Nassandres location in France for 25 years. In 2019, expansion and

maintenance work was carried out on the production buildings to keep them in line with environmental standards.

As well as installing a new hall roof, we also undertook insulation work to help save on power and heating costs. A new, digital heating system ensures optimal heating in different parts of the building. The production lighting was also changed to LED, which further reduces energy consumption.

## DENIOS as a certified supplier

DENIOS meets the high expectations of the world's biggest chemical and pharmaceutical corporations.



In order to provide our business partners with a reliable evaluation regarding responsible business management, DENIOS is regularly assessed by the internationally recognised assessment platform, EcoVadis.

EcoVadis-CSR rating contributes to increased transparency between business partners and acknowledges special efforts for more sustainability and social responsibility within the supply chain. Among other things, the

rating assesses the environment, work practices and sustainable procurement. DENIOS has now been awarded the EcoVadis Silver certification for the fifth time, and thereby fulfils the high requirements as a supplier of large chemical and pharmaceutical companies such as Bayer.





## Reducing energy consumption and requirements in production

In 2018, we were able to achieve a reduction of 521,299 kWh in the total energy consumption at our German sites. The insulation in the roofs of the production halls contributed to this, achieving a saving of 133,615 kWh. An agreement was also signed with the suppliers carrying out work on our premises stating that they would only use energy-efficient tools. It has also been possible to replace the welding required in production by riveting, saving 10,242 kWh of electricity in 2018.

Introducing photovoltaic systems and CHP allowed DENIOS to produce energy within the company, resulting in a decreased dependency on the energy market and a reduction in the emissions and energy consumption. In 2018, the energy consumption amounted to 123,500 kWh from photovoltaic and 144,562 kWh from CHP.

### DENIOS France

Further measures to reduce energy consumption were implemented in France in 2019 as part of renovation works in the production facility. The whole roof in the production facility was re-insulated. The entire heating system was replaced with a more energy-efficient one, with units optimally positioned for energy conservation. All the lighting was also replaced with energy-saving LED lights to further reduce energy consumption.

### DENIOS Italy

To reduce the energy consumption in production, DENIOS Italy has replaced all its lighting with low-energy LED lights. The office building has also been insulated.

### DENIOS Czech Republic

Through significant investment in its new production and administration building, our Czech Republic site had already made great strides forward in terms of energy-optimised design and resource-saving production processes during the previous reporting period. As a result, no additional methods were required during the current reporting period.

In 2018 we were able to reduce the total energy consumption in Germany by

**5%**



## Reduction and compensation of greenhouse gas emissions

In cooperation with an external service provider, DENIOS AG fulfils its responsibility to operate sustainably, and regularly reports on the CO<sub>2</sub> emissions from the company business. To offset the remaining emissions, amounting to 3102 tonnes, climate credits were bought, which help support the Ciudad Juarez Landfill Gas to Energy Project, a project converting gas from a landfill site in Mexico into energy.

Promoting e-mobility helped reduce CO<sub>2</sub> emissions during the reporting period. Firstly, an electric vehicle charging station was installed on the site in Bad Oeynhausen. Two further electric vehicles were procured, as were

more pedelec electric bikes for employees. Using green energy also helped reduce our carbon footprint. In 2018, green energy use accounted for 48.2% of consumption and in 2019 the company was able to fully switch to 100% green energy.

### DENIOS France

Alongside the renovations to the production building already described, the French branch also utilises low-CO<sub>2</sub> and state-of-the-art models for its entire fleet of lifting trucks. Their vehicle fleet is also being expanded with hybrid vehicles.

As a climate-neutral company, we support projects that reduce the global CO<sub>2</sub> balance.





## Social responsibility - a driving force for the local community

4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



15 LIFE ON LAND



Accepting responsibility for society and future generations is a part of our mission at DENIOS. Combining economic goals with social and ecological ones is very important

to us. We are aware that our business must be in tune with the interests of society. DENIOS is socially engaged in numerous ways beyond our business capacity.

### Memberships of societies and associations

Only companies who conduct themselves responsibly can be successful in the long term. That's why DENIOS' social and regional engagement, through participation in clubs and organisations, is so important, helping us design a sustainable future together.

On the business side, DENIOS Germany is a member of the employers' association Minden-Lübbecke e.V., the German Association for Safety, Health and Environmental Protection at Work (VDSI), the Association of Family Businesses, the German Fire Protection Association (GFPA) and the Association of German Fire Protection Officers (VBD).

On a social level, DENIOS AG supports the Development Fund of the FH Bielefeld University of Applied Sciences, and is also a member of the Child Protection Agency.

The Business Club Bad Oeynhausen, where CEO Helmut Dennig is also a very active member, is the patron of the "Aktion Bildungspartner" initiative for partnerships in education. This initiative supports talented school students from socially, culturally or financially disadvantaged backgrounds through the final years of their school education to ensure that they can make a successful transition into the world of work.

#### **DENIOS France**

DENIOS France is a member of UIMM (Union of Metallurgies Industries).

#### **DENIOS Czech Republic and Italy**

Our branches in the Czech Republic and Italy are not active in any societies or organisations.



## Donating to non-profit organisations

DENIOS regularly takes part in carefully chosen charitable projects that are active in the region of Ostwestfalen-Lippe, especially those working in the fields of social support, environmental protection, education, culture and sport.

DENIOS has been supporting the work of the Bergkirchen parish in Bad Oeynhausen for years, with two projects. DENIOS and its employees take part in the "Parcels for Moldova" initiative. Children in need, people with disabilities and people living in poverty in Moldova receive parcels with small, everyday necessities or are supported by financial donations from DENIOS employees. As well as packing and sending parcels from the headquarters in Bad Oeynhausen, the employees' donation is generously rounded up by DENIOS.

Another project DENIOS participated in during the reporting period helped to improve the water infrastructure in Tanzania. The Mlessa-Dule partner community received financial aid to create a nine-kilometre network of pipes, with 13 places to extract water in the village that were previously not within walking distance.

Education is an investment in the future – and it bears the best fruit when it conveys as much practical and relevant knowledge as possible. As one of the largest employers in the Ostwestfalen-Lippe region, promoting and recruiting future employees is a key focus for us. That is why DENIOS supports the regional education

system, in particular via the Development Fund of the FH Bielefeld University of Applied Sciences.

Through its support for sporting activities, DENIOS also contributes to the communication of values and provides motivation for positive social development. We are intensively involved in, and support, the GWD Minden handball team and we also sponsor many local professional and amateur sports activities.

Many other projects are also financially supported by DENIOS, such as the modernisation of a children's playground in Löhne, support for a conservation society for the protection of white storks, the Emperor William Monument Society ("Verein zur Förderung des Kaiser-Wilhelm-Denkmal") and the German Red Cross.

In total, DENIOS donated around €7,904 to non-profit organisations in the current reporting period. DENIOS Czech Republic has increased its donations by 71% compared to the previous reporting period, and supported local youth sporting activities in Strakonice with a total of €5283. Our French subsidiary did not make any donations during the reporting period. DENIOS Italy donated a total of €400 to local organisations and charities over the 2018/19 period.





## Our goals: Sustainable action

As a producer of pioneering environmental technology, sustainability and environmental protection are more than just words to DENIOS – they're values we live by. They are deeply rooted in our company culture and guide us in our sense of social responsibility. We are engaged far beyond the limits of our company, both financially and through the active work of our employees.

### What we have achieved

#### 1. We want to keep on funding and supporting social and community projects and initiatives.

With the Environmental Heroes project, our apprentices are actively engaging with environmental protection. They have presented lively lectures to school students, created home-made insect hotels, cultivated their own social media presence with the hashtag #umweltheldenbydenios, and initiated many more projects.



#### 2. Our CO<sub>2</sub> footprint indicates potential for further improvement. We want to unlock this potential and use it to implement specific measures to reduce our carbon footprint.

During the reporting period, various measures were implemented to reduce our CO<sub>2</sub> balance. For example, an electric vehicle charging station was installed at our Bad Oeynhausen base, to supply our electric vehicles with power. Other measures include expanding our e-bike leasing offer to make it easier for employees to commute to work by bike, and increasing the number of electric and hybrid vehicles in our existing vehicle fleet. Nevertheless, we still see much more potential, for example with our employees' daily commute, and we will initiate further measures in the future.



#### 3. We also want to increase our support for social projects at our international production sites by means of donations and personal involvement.

Our base in the Czech Republic has boosted its financial support for local youth sport and donated a significantly higher amount in 2018/19. We see yet more potential here for further engagement, and at our other production locations.

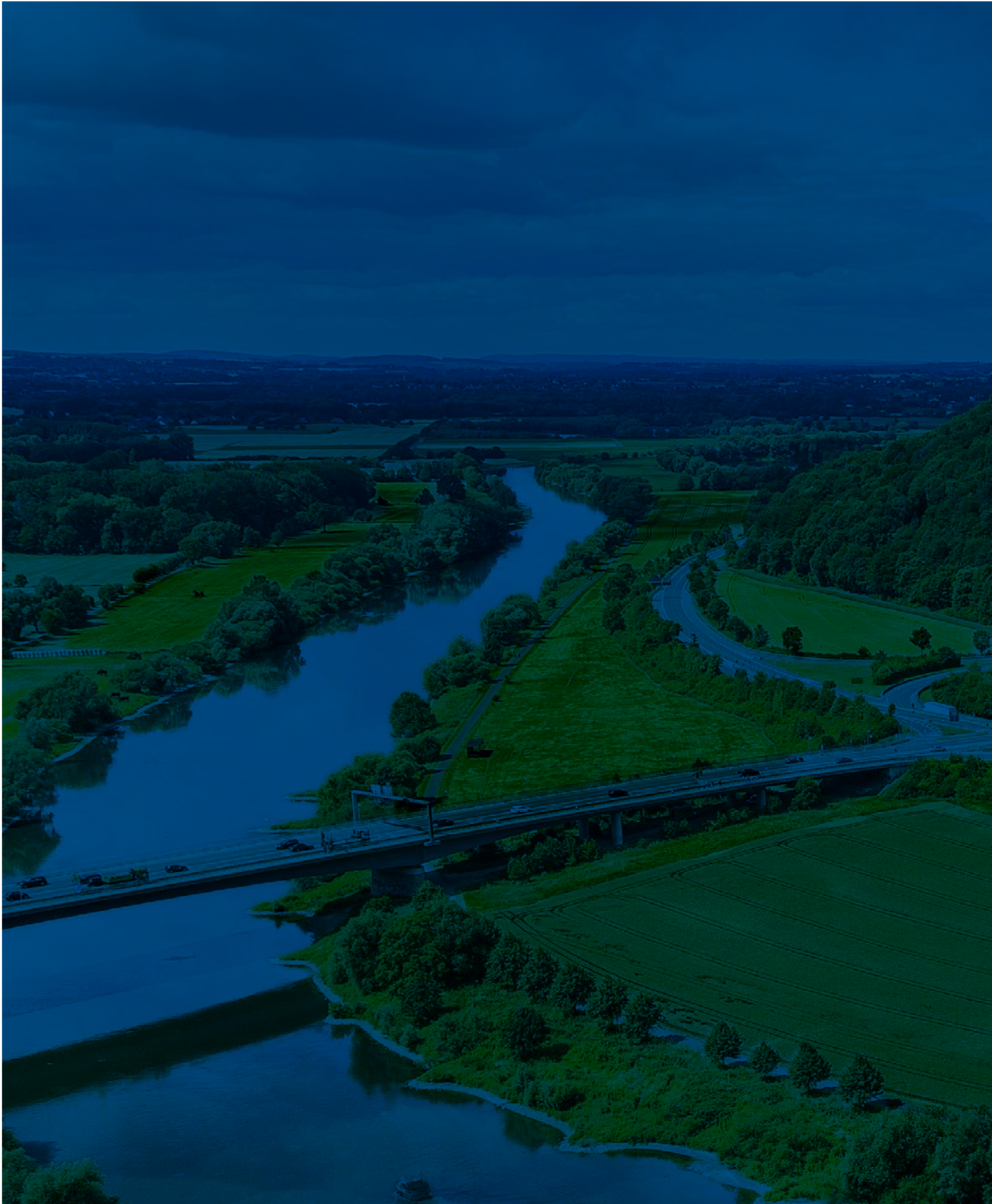




### What we want to achieve

1. During the next reporting period, we want to organise the first-ever DENIOS Sustainability Week, engaging all employees.
2. We have removed PE protective wrappers from our product catalogues when we send them out. We are also simultaneously reducing our consumption of paper by increasingly transferring to digital billing and expanding our online procurement solutions.
3. We're increasing the proportion of power we generate in-house by expanding our photovoltaic installation when extending the production halls.
4. We're promoting community engagement at our European subsidiaries and want to fulfil our social responsibility as the DENIOS Group.









# VI People

**DENIOS - putting people front and centre.**

A good environment is key to good performance. We continually encourage our employees in their personal and professional development.



*Employees are one of our most important pillars of success here at DENIOS. Their technical knowledge, skills and engagement continually help ensure the further development of the company and contribute significantly to our success now, and in the future. In everybody's interest, the DENIOS Group supports the professional development of its employees, from apprentices to skilled employees and management. We ensure that there are effective occupational health and safety provisions in place and promote constructive cooperation within the workforce.*

## Employee figures and personnel structure

The majority of the DENIOS Group workforce works at the production sites in Germany, France, the Czech Republic and Italy.

	DENIOS DE	DENIOS FR	DENIOS CZ	DENIOS IT	Group total
2016	343	79	104	..*	760
2017	349	79	107	..*	801
2018	402	89	111	28	860
2019	408	93	110	30	908

Contract workers were also taken on for peak production periods in Germany, France and the Czech Republic in the reporting period. This supports the flexibility of production and its ability to deal with fluctuating workloads. In Germany in 2018, there was a deliberate cutback in the number of contract workers, and many of these colleagues were taken on by DENIOS on a long-term basis. In this way, DENIOS is contributing to a sustainable business policy in this area.

	DENIOS DE	DENIOS FR	DENIOS CZ	DENIOS IT	Group total
2016	19	18	0	..*	38
2017	16	16	0	..*	42
2018	2	17	4	0	27
2019	4	13	0	0	34

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

In Germany, all our employees except for the Executive Board and the management are covered by company agreements. They are negotiated, made legally binding and ratified by the Works Council and the Executive Board. These company agreements form part of the employment contracts, and can be viewed at any time on the Intranet.



### DENIOS France

In France, all employees are also subject to works agreements. Only the CEO, Mr André, is exempt from this agreement.

### DENIOS Czech Republic

There were no works agreements, or a works council, at DENIOS Czech Republic during the reporting period.

### DENIOS Italy

In Italy during the reporting period, there were works agreements for all employees, and these regulate issues such as overtime and travel subsidies. There was also a works council.

## Wage and salary structure

Although DENIOS Germany is not bound by a collective agreement, the wage-setting policy adheres closely to the wage agreement of IG Metall (metalworkers union). This also applies to wage rises. We have internal wage and salary groups in which all employees at the DENIOS sites in Bad Oeynhausen, Löhne and Stuttgart (DENIOS AG's main business locations) are grouped. Assuming a 38.5-hour week, the lowest wage group (No. 2) in the 2018 business year had an hourly rate of €11.15/hour, rising to €11.63/hour from 1 April 2018, which is significantly above the German minimum wage of €8.84/hour. The wage and salary tables can be viewed by any employee in Germany on the Intranet. In addition to this, DENIOS Germany also employs staff on individual contracts.

**8** DECENT WORK AND  
ECONOMIC GROWTH



### **DENIOS France**

Salaries at DENIOS France are also grouped in pay scale levels, which apply for all employees across both French locations. Assuming a 35-hour week, the average pay of a DENIOS employee in 2018 was equivalent to €15.04/hour, rising to €15.48/hour in 2019, which is significantly above the French legal minimum wage of €9.88/hour (2018) and €10.03/hour (2019).

### **DENIOS Czech Republic**

Assuming a 37.5-hour week, the hourly pay of the lowest wage group at DENIOS Czech Republic in 2018 was €3.27/hour and €3.69/hour in 2019. DENIOS thereby pays significantly more than the Czech legal minimum wage of €2.81/hour (2018) and €2.96/hour (2019).

### **DENIOS Italy**

Assuming a 40-hour week, the hourly pay of the lowest wage group at DENIOS Italy in 2018 was €7.60/hour and €7.70/hour in 2019. Since there is no legal minimum wage in Italy, we cannot make any further calculations.



## The demographic structure at DENIOS

The table below shows the demographic change and the challenges with long-term personnel recruitment at the DENIOS Group. The proportion of employees under 30 years old is gradually decreasing, and the proportion of employees over 50 is increasing. The number of trainees in Germany is also decreasing. One of the key challenges in coming years will be the acquisition and retention of apprentices and skilled technical employees. DENIOS is therefore looking to introduce measures relating to all age groups. For example, long-term employees over the retirement age will be offered the chance to stay on.

### DENIOS Germany

	Under 30	30 – 50	Over 50	Ø time at company	Share of trainees	People with disabilities
2016	23%	53%	24%	9.0 years	9.4%	2.6%
2017	24%	44%	32%	8.6 years	10.0%	2.6%
2018	23%	43%	34%	9.0 years	6.3%	4.4%
2019	23%	44%	33%	8.8 years	7.4%	4.6%

### DENIOS France

	Under 30	30 – 50	Over 50	Ø time at company	Share of trainees	People with disabilities
2016	36%	56%	8%	7.0 years	2.4%	0%
2017	15%	68%	16%	7.3 years	2.5%	0%
2018	16%	67%	17%	8.4 years	2.3%	1.1%
2019	17%	61%	22%	8.3 years	1.0%	2.2%

### DENIOS Czech Republic

	Under 30	30 – 50	Over 50	Ø time at company	Share of trainees	People with disabilities
2016	11%	64%	25%	6.8 years	0%	0%
2017	11%	64%	25%	6.7 years	0%	0%
2018	17%	48%	35%	7.9 years	0%	0%
2019	17%	41%	42%	7.8 years	0%	0%

### DENIOS Italy

	Under 30	30 – 50	Over 50	Ø time at company	Share of trainees	People with disabilities
2016	..*	..*	..*	..*	..*	..*
2017	..*	..*	..*	..*	..*	..*
2018	13%	57%	30%	10.5 years	7.0%	4.0%
2019	12%	62%	26%	9.6 years	5.0%	3.0%

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.





## New employees and staff turnover at DENIOS

Due to the ongoing growth of the company, DENIOS will continue to expand its workforce in the future. In 2018/19, we were pleased to fill all vacant positions. The HR department employs various measures to ensure that this is the case, one example being the "Employees recruiting employees" initiative.

### Newly recruited employees

	DENIOS DE		DENIOS FR		DENIOS CZ		DENIOS IT	
	2018	2019	2018	2019	2018	2019	2018	2019
Total new hires*	77	39	15	11	18	8	3	6
Of which								
Under 30	37	20	5	4	6	1	2	2
30 – 50	28	17	9	5	10	3	0	4
Over 50	12	2	1	2	2	4	1	0
Salaried employees	50	34	11	7	0	2	0	5
Wage earners	27	5	4	4	18	6	3	1
Men	57	27	15	9	18	8	3	5
Women	20	12	0	2	0	0	0	1
New hire rate %	19.1%	9.5%	16.8%	11.8%	16.2%	7.2%	10.7%	20.0%

\*New-hire figures were not explicitly stated in the previous reporting period so comparative figures are not available for the 2016/17 period.

## Staff turnover rate

Long periods of employment and a low turnover rate indicate high employee satisfaction at DENIOS. During the reporting period, we are pleased to say that the number of employees who left the company – and therefore also the turnover rate – dropped: DENIOS is considered an attractive employer. The HR department is working on appropriate measures to ensure that the company continues to be an attractive long-term employer in the future.

### DENIOS Germany

	Salaried employees	Wage earners	Turnover rate
2016	12	12	7.0%
2017	33	8	10.1%
2018	23	14	9.1%
2019	17	14	7.1%

### DENIOS France

	Salaried employees	Wage earners	Turnover rate
2016	4	8	15.0%
2017	4	8	15.0%
2018	6	0	8.3%
2019	4	4	8.7%

### DENIOS Czech Republic

	Salaried employees	Wage earners	Turnover rate
2016	0	11	15.5%
2017	0	8	9.8%
2018	1	10	9.8%
2019	2	10	10.5%

### DENIOS Italy

	Salaried employees	Wage earners	Turnover rate
2016	-*	-*	-*
2017	-*	-*	-*
2018	-	2	7.1%
2019	3	0	10.0%

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

## Management recruitment

The managers at our subsidiaries are usually the CEOs of the respective companies. There are also additional department managers in the larger subsidiaries such as the Czech Republic, USA, the United Kingdom, Italy and France. A new HR manager and Head of International Operations were appointed at the Bad Oeynhausen site in the 2018 business year. In 2019, a new CEO was

appointed for the US subsidiary. As a matter of principle, managers are predominantly recruited and found locally. In this context, the term “local” means that managers are recruited from the country in which the subsidiary in question is based.



## Further education and life long learning with the DENIOS Academy

The professional and systematic further qualification and support of employees is incredibly important for DENIOS, and is part of our staff retention measures. 2019 saw the launch of the new DENIOS Academy. With a programme of professional seminars on specialist training and further development topics, DENIOS offers its employees and management teams opportunities for further development and a chance to deepen their subject knowledge, and to expand on their methodological and social competencies. The section below lists the average number of hours of further and advanced training, sorted by employment type and gender:

### DENIOS Germany

	Salaried employees	Wage earners	Male	Female
2016	9	7	10	8
2017	34	5	32	7
2018	3	7	5	3
2019	4	13	8	7

### DENIOS France

	Salaried employees	Wage earners	Male	Female
2016	20	20	22	20
2017	17	8	15	8
2018	28	23	30	6
2019	19	14	34	7

### DENIOS Czech Republic

	Salaried employees	Wage earners	Male	Female
2016	80	11	49	42
2017	80	12	50	42
2018	70	14	39	45
2019	64	15	38	41

### DENIOS Italy

	Salaried employees	Wage earners	Male	Female
2016	.*	.*	.*	.*
2017	.*	.*	.*	.*
2018	0	38	23	0
2019	22	37	30	23

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

## Workplace safety

In the DENIOS Group production facilities, regular training sessions on workplace safety are held throughout the year. In addition to this, weekly safety walks are conducted at the production halls, the results of which are then documented and used to define specific measures. These findings are regularly communicated between all the Group's production companies. However, it's impossible to completely eradicate workplace accidents.

### DENIOS Germany

	Reportable workplace accidents	Missed work days
2016	15	205
2017	15	286
2018	21	215
2019	16	154

### DENIOS France

	Reportable workplace accidents	Missed work days
2016	10	364
2017	3	39
2018	2	6
2019	3	31

### DENIOS Czech Republic

	Reportable workplace accidents	Missed work days
2016	4	115
2017	4	84
2018	8	250
2019	5	254

### DENIOS Italy

	Reportable workplace accidents	Missed work days
2016	.*	.*
2017	.*	.*
2018	1	3
2019	13	37

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

The accident statistics include workplace accidents and the related days of downtime, or days lost. In Germany, the number of reportable workplace accidents increased slightly during the reporting period compared to 2016/17, while the number of days lost has significantly decreased. Considering the increased number of employees over the reporting period, the slight increase in workplace accidents levels out compared to the previous reporting period. In Germany, the number of reportable workplace accidents for 2018/19 is above the sector average. DENIOS has taken various measures to address this. An occupational safety committee (in German, ASA), now comprising 10 people, has been formed and meets once per quarter to work out and initiate further measures for preventing accidents. Every accident is also discussed at the "shop floor management" meetings to create awareness among employees about potential danger points and to avoid recurring accidents.





## Company pension schemes

### 4 QUALITY EDUCATION



### 3 GOOD HEALTH AND WELL-BEING



DENIOS Germany makes a contribution to the pension scheme, which is available to all full-time employees after their probationary period. In accordance with a company agreement, this money can be converted into the company pension scheme. For this, the employer makes a maximum contribution of €80 per month, which means a total annual contribution of €150,000 across all employees.

The plan was designed so that neither a financial contribution nor a contribution to the shareholder structure is required on the part of the government.

#### **DENIOS France**

Like every French company with more than 50 employees, DENIOS France offers an employee participation programme. A contract with banks, arranged by the company, allows employees to invest the money accordingly. There are two options to choose from, a fixed placement for five years or an investment which is paid out on retirement. The amount can also be immediately withdrawn but is then subject to income tax.

#### **DENIOS Czech Republic**

At DENIOS Czech Republic, employees receive a company contribution to their pension scheme. After six months at the company, each employee receives CZK 600 (approx. €23) each month. These sums are transferred to their pension accounts.

#### **DENIOS Italy**

DENIOS Italy provides the legally required pension contributions. Beyond this, the company makes additional contributions for specific investment funds, both for wage earners and for salaried employees.

Employees can choose between a fund set up by the collective agreement or a private fund.







## “We are family”: DENIOS KidsCamp

As a family company, DENIOS actively supports its employees with the compatibility of work and family life. It's clear from our many new projects during the reporting period that family is very important to us. “Family and Friends Days” were organised in Germany and Spain, with great success. Our Czech Republic location organised a family celebration for its 20-year anniversary. The Bad Oeynhausen DENIOS KidsCamp, which took place at the site for the first time in 2019, is particularly worthy of mention. The theme for our full-day summer KidsCamp for employees' children was “Ready, get set ... go!” The summer camp looked after children from three to ten years old for full days during the summer holidays, giving them the chance to take part in lots of exciting indoor and outdoor activities.



As well as the many initiatives already mentioned, the kids camp is another example of designing the company around the motto “We are family”.

## Helping our employees grow with the DENIOS Academy

The various skills and competencies of our employees make a significant contribution to our company success. That's why their further training and education are extremely valuable to us as a company. To allow our employees to keep improving their expertise, our DENIOS Academy offers access to a varied programme of further training and education, which we're continually developing and expanding upon. Under the motto “Where experts grow”, the academy offers employees and

management from all areas of the business various opportunities for personal development. The Academy encompasses valuable expertise, for example in the areas of fire protection, dangerous substances and workplace safety, as well as individual language courses. There are also various seminars for developing methodological knowledge and social competencies, for example management skills development, time management and telephone training.





## Returning and staying after parental leave

As a family company, it's particularly important to DENIOS that we enable and actively promote good compatibility between career and family life. The company is always open to individually tailored solutions. This boosts employee satisfaction and loyalty to the company, both nationally and internationally. In the reporting period, the total number of employees who returned to their positions after parental leave and were still at the company 12 months after their return, was as follows:

	DENIOS DE		DENIOS FR		DENIOS CZ		DENIOS IT	
	Male	Female	Male	Female	Male	Female	Male	Female
2016	9	2	0	0	0	1	.*	.*
2017	5	2	0	0	0	1	.*	.*
2018	4	4	2	0	0	1	0	0
2019	11	4	3	0	0	1	0	0

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

A particularly positive trend can be observed at our German site. While in the past it was usually mothers who took a long period of maternity leave and then usually returned to their positions only part-time, the number of male colleagues making use of paternity leave almost tripled from 2018 to 2019. No parental leave was requested at the Italy production site during the reporting period, and no employees returned from parental leave. One employee took special leave in April 2018 to support a sick relative.

**3** GOOD HEALTH AND WELL-BEING



**5** GENDER EQUALITY



## Our employees' opinions count

The well-being of our employees is extremely important to DENIOS. The regular employee survey, carried out by the HR department, is an important tool for measuring employee satisfaction. Every completed questionnaire helps us to work more effectively to meet the needs of our employees. Alongside questions on general satisfaction, leadership and how valued employees feel, there are also categories asking about the organisation of work and the working environment. We analyse the results, split by salaried employees and wage earners, and use them to determine the direction for our actions in the future. The DENIOS Academy is a great example: it was established as a direct result of questionnaire responses.

### This is what our employees thought in 2018:

Salaried employees	Wage earners
<ul style="list-style-type: none"> <li>Everyone in my team is incredibly motivated. → <b>Score: 1.7</b></li> <li>Everyone in my team sticks together and we all support each other: → <b>Score: 1.7</b></li> <li>I am able to work on my own initiative. → <b>Score: 1.8</b></li> </ul>	<ul style="list-style-type: none"> <li>I possess the necessary skills and abilities to perform my work to a good level. → <b>Score: 1.5</b></li> <li>I like to take responsibility for my own work. → <b>Score: 1.5</b></li> <li>I get on well with my colleagues. → <b>Score: 1.6</b></li> </ul>



## Our goals as an employer: Staying safe and healthy at work

We need motivated and qualified employees in order to offer innovative solutions for environmental protection and workplace safety. That's why it's important to DENIOS to create a working environment in which employees feel comfortable and can develop their potential. Only if we are successful in that respect can we retain our workforce in the long term and attract new employees.

### What we have achieved

#### 1. To reduce the number of reportable accidents at our German site.

In the reporting period we succeeded in reducing the number of days lost due to accidents. This means that the degree of injury as a result of accidents has decreased. Although the number of reportable accidents has not significantly reduced in Germany, when measured against the increased number of employees during the reporting period, the relative figure is at a satisfactory level.

[ ]  
Goal not quite achieved

#### 2. To combat the change in the demographics of our skilled workforce using targeted HR strategies.

In the most recent reporting period almost all trainee and open positions in the company were filled. We achieved this through measures such as an increased presence at job fairs for trainees and apprentices. Our "Employees recruiting employees" initiative also proved successful.

[✓]  
Goal achieved

#### 3. Further benefits were developed to boost employee loyalty to the company.

Alongside numerous existing benefits, posture training courses were offered to the wage earners among our employees as part of our occupational health management. As a result of the positive response, we will be offering this to all employees in the next reporting period. In 2019, employees could access the DENIOS Academy training platform for the first time, with an extensive selection of free programmes of advanced training and further education.

[✓]  
Goal achieved

#### 4. To offer regular training courses in ergonomics and workplace safety for the ever-increasing number of computer workstations.

We were not able to implement this target in the previous reporting period. However, we are keen to include this training within the new DENIOS Academy programme in 2020.

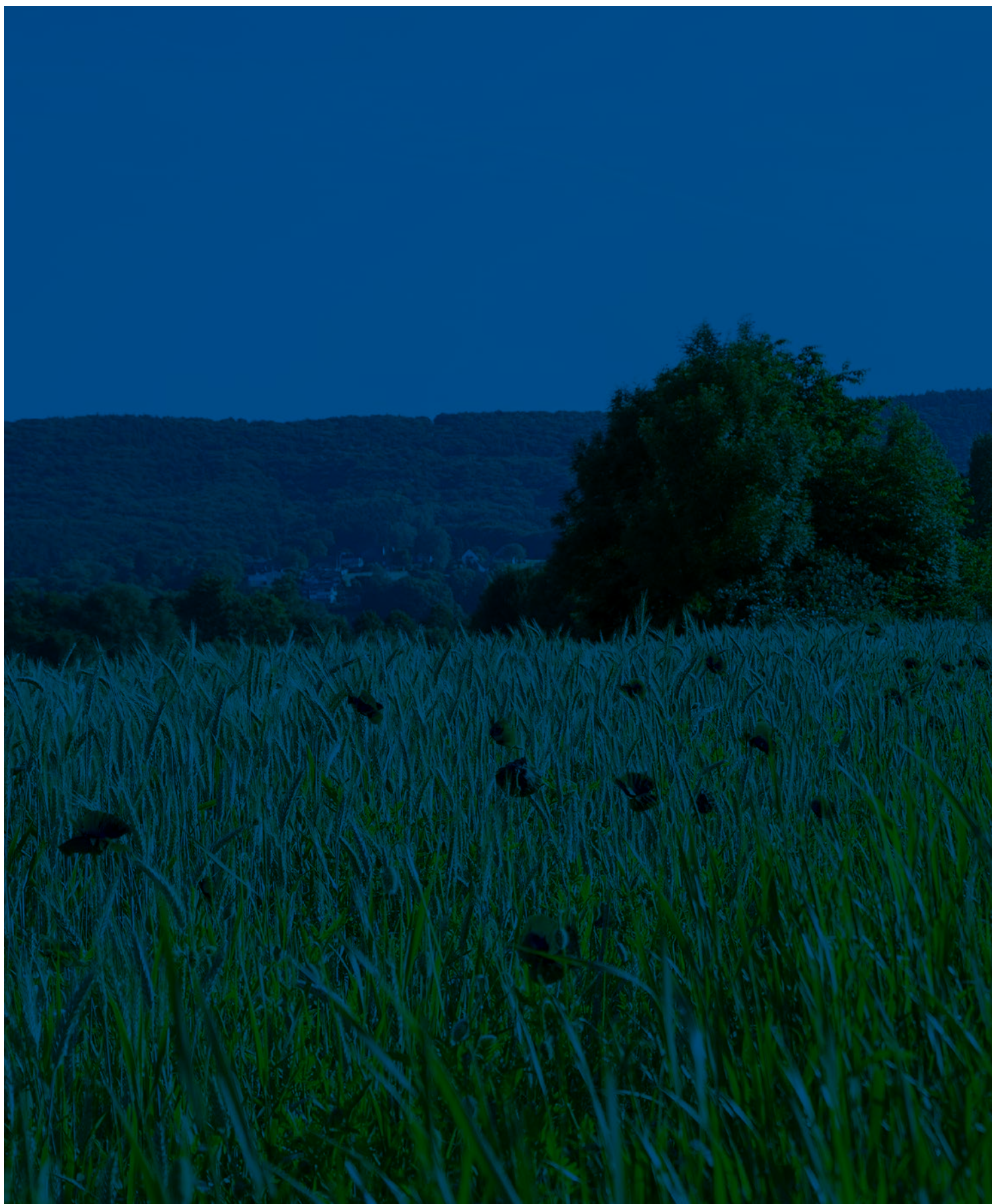
[X]  
Target not achieved

### What we want to achieve

1. Through the expansion of the 3rd floor at the Bad Oeynhausen location, we're creating more workspace for the growing number of employees. At the same time, we are keen to create a more pleasant working atmosphere with new furnishings.
2. With the DENIOS Academy, we're increasing our employees' level of qualification by offering varied training and further education programmes.
3. In the future, DENIOS wants to better promote and support the environmentally friendly achievements and activities of individual employees.
4. Posture training was offered to our employees in production for the first time in 2019. In the new reporting period, this will be further expanded and made available to salaried employees too.











# VII Global action

**DENIOS – occupational safety and environmental protection  
know no boundaries.**

Wherever we're serving our customers, DENIOS stands for quality and reliability.

*Compliance and sustainable business practice are of ever-increasing importance, especially considering the increasing legal demands. At the same time, the scope of corporate responsibility is expanding to include the supply chain. In this regard, DENIOS relies on open dialogue and strong partnerships with its suppliers. DENIOS is committed – both within the company and in the supply chain – to maintaining human rights, fair working conditions and environmental protection. We consider information on compliance right at the start of the supplier selection process. In order to consider our own production processes and products as “sustainable”, the suppliers also need to meet the relevant requirements.*

**5 GENDER  
EQUALITY**



**8 DECENT WORK AND  
ECONOMIC GROWTH**



## Compliance in Supplier Management

As a large company, we have business relationships with a wide range of suppliers and service providers, with long-term contracts. In accordance with ISO 9001, DENIOS has initiated, and is using, a supplier rating system. Within the reporting period, numerous Tier-A suppliers, with whom a framework purchase agreement

was concluded, confirmed their compliance with ecologically and socially responsible practices (e.g. in relation to human rights violations and child labour). In 2018/19, no suppliers were identified as having recognisable indications of child labour or forced labour.

## Our suppliers in constant focus

The selection and qualification of new suppliers follows defined processes involving close cooperation between Product Management and Sales, Research and Development, Quality Management, and Logistics. In all contracts with our external suppliers there are binding requirements regarding energy and the environment, which the contract partners have to follow. If there are violations, the cooperation with that contract partner is terminated. Our supplier and framework contracts are regularly checked for areas where additions are neces-

sary on sustainability or social criteria, and then adjusted accordingly. All our suppliers are evaluated at regular intervals in supplier audits, and framework contracts are continually checked. Our overseas companies and suppliers recognise and uphold employees' rights. We can rule out the risk of child labour on both sides.





## Supply chain: Purchase volumes by region

We usually have long-term business relationships with our suppliers. In order to minimise transport distances and strengthen the regional economy, we prioritise suppliers in the regions close to our locations.

### DENIOS Germany

Region	Total invoice value for 2016	Total invoice value for 2017	Total invoice value for 2018	Total invoice value for 2019
Asia	€1,820,637.12	€1,936,762.58	€2,998,065.15	€2,865,515.54
Germany	€25,560,497.11	€29,203,514.55	€32,897,379.69	€30,864,581.24
Europe	€8,016,509.67	€8,863,378.24	€10,412,201.41	€9,953,982.18
North America	€793,433.27	€553,631.91	€711,056.54	€657,022.67
Total	€36,191,077.17	€40,557,287.28	€47,018,702.79	€44,341,101.63

### DENIOS France

Region	Total invoice value for 2016	Total invoice value for 2017	Total invoice value for 2018	Total invoice value for 2019
Asia	€81,576.25	€138,974.60	€125,867.39	€116,049.94
Germany	€2,363,185.32	€2,599,476.30	€2,946,490.82	€5,359,521.03
Europe	€4,660,710.41	€4,371,738.93	€5,444,981.77	€5,263,460.27
North America	€1,877.88	€49,587.26	€21,410.87	€31,611.15
Total	€7,107,349.86	€7,159,777.09	€8,538,750.85	€10,770,642.39

### DENIOS Czech Republic

Region	Total invoice value for 2016	Total invoice value for 2017	Total invoice value for 2018	Total invoice value for 2019
Asia	€39,567.71	€37,507.54	€15,318.71	€50,829.70
Germany	€1,965,296.44	€2,048,633.83	€2,342,239.81	€2,824,758.44
Europe	€2,638,260.27	€3,810,955.39	€4,070,551.78	€2,725,034.88
North America	-	-	-	-
Total	€4,643,124.42	€5,897,096.76	€6,428,110.30	€5,600,623.02

### DENIOS Italy

Region	Total invoice value for 2016	Total invoice value for 2017	Total invoice value for 2018	Total invoice value for 2019
Asia	.*	.*	€24,500.00	€20,500.00
Germany	.*	.*	€2,180,400.00	€2,425,300.00
Europe	.*	.*	€1,868,400.00	€2,104,700.00
North America	.*	.*	€8,800.00	-
Total	.*	.*	€4,082,100.00 €	€4,550,500.00

\* No results listed because DENIOS Italy was not included in the 2016/17 reporting period.

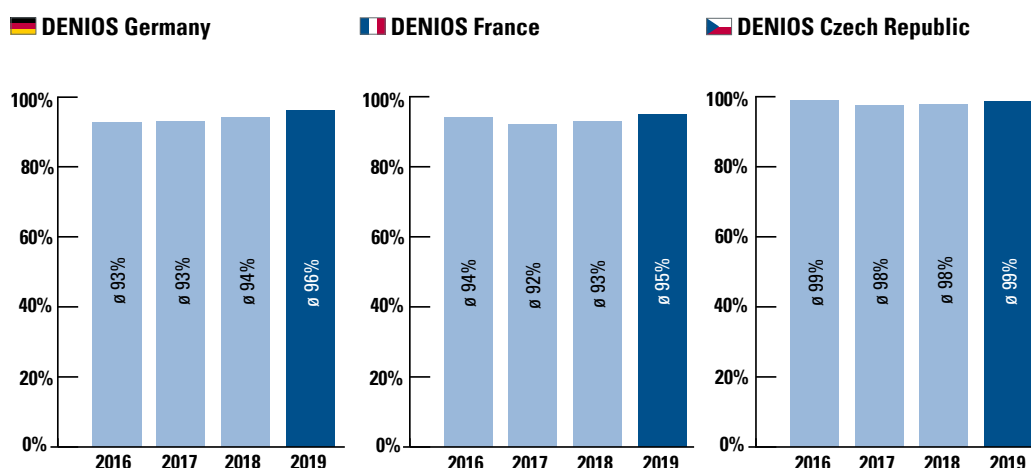
## Established practice: Fighting against corruption

At DENIOS, we have always actively implemented anti-corruption measures, and they are a part of our general code of conduct and internal education programme. To ensure ethical business conduct, the code prohibits accepting any form of gift or contribution that could potentially influence a decision. No DENIOS employee

may use their business position to demand or accept unfair advantages. In the reporting period there were no confirmed corruption cases within the DENIOS Group or within the four organisations in focus here.

## Top priority: Satisfied customers

Customer satisfaction is a crucial part of DENIOS' strategy. The degree of customer satisfaction is therefore a key indicator that we'll enjoy a long-term customer relationship. Alongside many other key figures, this is calculated and evaluated on a monthly basis by the Quality Management team. The relationship between the number of orders and the number of complaints functions as a direct reflection of our customers' degree of satisfaction in their day-to-day business. Complaints are divided into three categories: mechanical, internal or delivery-based. The following table shows that we were able to further increase customer satisfaction in the 18/19 reporting period. In December 2019, we achieved a DENIOS AG record: 97.7%. DENIOS Czech Republic also achieved a new record with 99.8% in June 2019. Our annual management programmes certainly contributed to these fantastic results. For example, under the motto #make\_them\_fans, the focus on customer satisfaction was intensified even further in all departments in 2019. The table below gives an overview of the average annual customer satisfaction values. DENIOS Italy is not included in this review because no comparable analysis was carried out there.



## Data protection equals employee and customer protection

The DENIOS Group companies handle personal data confidentially. DENIOS ensures the protection of this data in accordance with the applicable legal requirements. Internally and externally employed data protection officers work to ensure the legally compliant handling of personal data and of the processing programme used. They also oversee the further development of company-specific data protection and data security measures, and advise colleagues on such topics.

During the switch to GDPR, there were only isolated customer complaints over the reporting period, all of which were amicably resolved. There were no legal procedures and no fines to be paid. Every individual employee also has the right to access, to obtain information about, and to lodge a complaint regarding their data, as well as the right to be notified and to have their data corrected or deleted.

## We take responsibility - with our ISO certifications

Sustainability and environmental protection are not only a central part of our business strategy, they're also guiding principles in our daily work. It's more important today than ever, especially in the eyes of our customers.

Our goal is to harmonise economic progress with social and environmental responsibility. We have introduced and implemented various measures to help reduce polluting emissions and to lead to sustainable management of our raw materials. We provide tangible proof of our sustainable business for our customers, partners and suppliers across the globe in the form of our ISO 9001 (Quality management systems), ISO 14001 (Environmental management systems) and ISO 50001 (Energy management) certifications. In the medium term, all DENIOS production locations should operate to the same international standards. We're actively working on applying these certifications at those locations too.



### Environmental management

This standard regulates the company's environmental management and makes it cost-effective and efficient.



### Energy management

This standard relates to the systematic introduction and continual operation of an energy management system. The aim here is to support organisations in building systems and processes to improve their energy efficiency. This standard is only legally required in Germany.



### Quality management

The ISO 9001 is the most widespread quality management standard internationally. Our certified quality management ensures that our products and services always fulfil the highest quality requirements.





## DENIOS is part of the United Nations Global Compact (UNGC)

By joining the UNGC, DENIOS also successfully implemented one of the goals we set ourselves in the 2016/17 sustainability report.

### WE SUPPORT



Since 2019, DENIOS has been part of the United Nations' sustainability network, the UNGC. The largest global initiative for sustainable and responsible business management is supported by the United Nations. The participating companies undertake to base their business principles and strategies on ten principles in the areas of human rights, labour standards, environmental protection and anti-corruption.

#### Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

#### Labour standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

#### Environment

7. Businesses should adopt a precautionary approach to environmental challenges,
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

#### Preventing corruption

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





## Our goals: Sustainable and global action

DENIOS is an international company in a global world. We are aware of the effects of our actions on our environment. Maintaining high quality standards and ethical values helps us in fulfilling the expectations of our stakeholders.

### What we have achieved

#### 1. To sign extended agreements with all our A-list suppliers.

In the previous reporting period, we began the process of extended agreements for our Tier-A suppliers. We are currently still in the implementation phase for all Tier-A suppliers.

[ ]  
Goal not quite achieved

#### 2. DENIOS would like to join the UN Global Compact. To this end we are expanding all existing policies (for example, in supplier management), training employees and harmonising our internal Quality Assurance Agreement documentation.

We were delighted to be accepted into the United Nations' sustainability network in 2019. Due to our very recent accession, we have not yet been able to modify our internal policies accordingly. We would like to implement this in the coming reporting period.

[ ]  
Goal not quite achieved

#### 3. To increase our customers' satisfaction while also achieving our internal objectives.

Our Quality Management team calculates the degree of customer satisfaction every month. In both reporting years we were able to record a positive development in customer satisfaction across all subsidiaries. Our internal target at DENIOS AG for 2018 was 96%, and we were able to achieve that almost every month.

[✓]  
Goal achieved

#### 4. To have all our production companies achieve ISO 9001, ISO 14001 and ISO 50001 certification.

Currently, only DENIOS Germany has the ISO 9001, ISO 14001 and 50001 certifications. We are keen to check for further opportunities for certification in the future, to ensure that all DENIOS companies with production facilities operate to the same production standards.

[X]  
Target not achieved

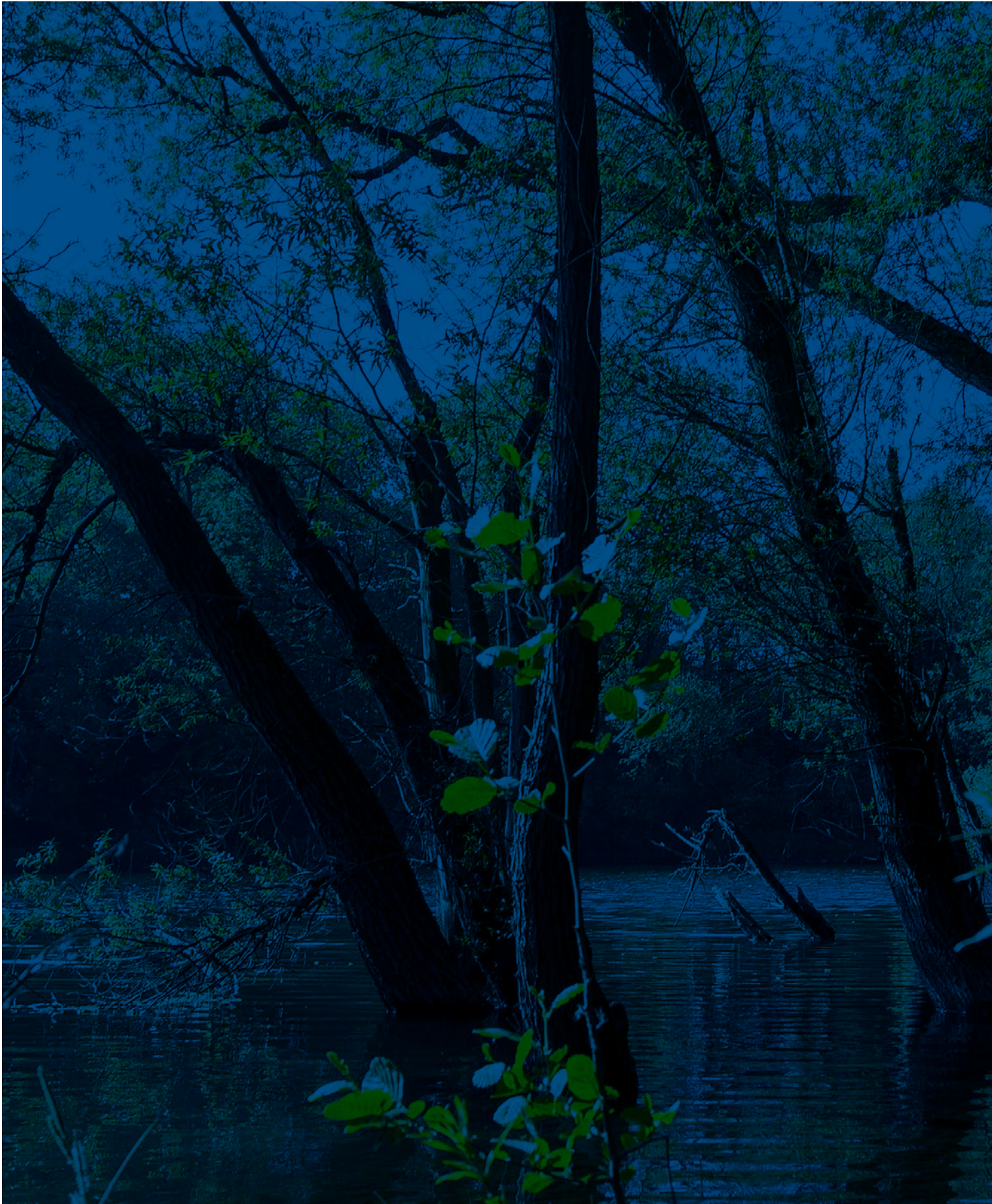


### What we want to achieve

1. As a new member of the UN Global Compact, we are introducing the regulations and principles into our company and our day-to-day business.
2. DENIOS is creating a code of conduct and defining modified criteria for the selection of suppliers.
3. We will conclude our extended agreements with all Tier-A suppliers in the coming reporting period.











# VIII Annex

## **Sustainable business, step by step.**

Sustainability encompasses many facets, which affect all areas of the business.



## GRI Index

*This report was created in accordance with the international standards of the Global Reporting Initiative (GRI) using the “Core” option. All of the GRI standards listed in the following GRI index were published in 2016.*

### General information

**GRI 102-1** Name of the organisation ..... 4, 10

### Key aspect: “Customer satisfaction”

**GRI 102-2** Activities, brands, products, and services .... 7, 22

**GRI 102-3** Location of headquarters ..... 12, 18

**GRI 102-4** Location of operations ..... 18, 19

**GRI 102-5** Ownership and legal form ..... 18, 19

**GRI 102-6** Markets served ..... 22, 23

**GRI 102-7** Scale of the organization ..... 18, 19

**GRI 102-8** Information on employees and other workers ..... 78

**GRI 102-9** Supply chain ..... 92

**GRI 102-10** Significant changes to the organization and its supply chain ..... 92

**GRI 102-11** Precautionary principle or approach ..... 84

**GRI 102-12** External initiatives ..... 72, 73

**GRI 102-13** Membership of associations ..... 72

**GRI 102-14** Statement from senior decision-maker ..... 4

**GRI 102-15** Key impacts, risks, and opportunities ..... 34, 35, 36

**GRI 102-16** Values, principles, standards, and norms of behavior ..... 26, 27

**GRI 102-18** Governance structure ..... 26, 27, 28

**GRI 102-40** List of stakeholder groups ..... 31, 32, 33

**GRI 102-41** Percentage of total employees covered by collective bargaining agreements ..... 78, 79, 84

**GRI 102-42** Identifying and selecting stakeholders ..... 31, 32, 33

**GRI 102-43** Approach to stakeholder engagement ..... 31, 32, 33, 94

**GRI 102-44** Key topics and concerns raised through stakeholder engagement ..... 31

**GRI 102-45** Entities included in the consolidated financial statements ..... 18, 19, 20

**GRI 102-46** Defining report content and topic boundaries ..... 10

**GRI 102-47** List of material topics ..... 10

**GRI 102-48** Restatements of information ..... 10, 12

**GRI 102-49** Changes in reporting ..... 10

**GRI 102-50** Reporting period ..... 12

**GRI 102-51** Date of most recent report ..... 12

**GRI 102-52** Reporting cycle ..... 12

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**GRI 102-54** Claims of reporting in accordance with the GRI Standards ..... 12

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**GRI 103-2** The management approach and its components ..... 10, 31, 32, 33

**GRI 103-3** Evaluation of the management approach ..... 10, 26, 27, 29, 34, 35, 36

### Specific standard information: Economics category

### Key aspect: “Innovation”

**GRI 201-1** Direct economic value generated and distributed ..... 42, 43

**GRI 201-2** Financial implications and other risks and opportunities due to climate change ..... 37

**GRI 201-3** Defined benefit plan obligations and other retirement plans ..... 84

**GRI 201-4** Financial assistance received from government ..... 84

**GRI 202-1** Ratios of standard entry level wage by gender compared to local minimum wage ..... 79

**GRI 202-2** Proportion of senior management hired from the local community ..... 82

**GRI 203-1** Infrastructure investments and services supported ..... 70

**GRI 203-2** Significant indirect economic impacts ..... 70

### Key aspect: “Sustainability in the supply chain”

**GRI 204-1** Proportion of spending on local suppliers ..... 92, 93

**GRI 205-1** Operations assessed for risks related to corruption ..... 92, 93

**GRI 205-2** Communication and training about anti-corruption policies and procedures ..... 92, 93

## Specific standard information: Category Environment

<b>GRI 301-1</b>	Materials used by weight or volume .....64, 65
<b>GRI 301-2</b>	Recycled input materials used .....64
<b>GRI 302-1</b>	Energy consumption within the organization .....58, 65
<b>GRI 302-4</b>	Reduction of energy consumption .....71
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<b>GRI 303-1</b>	Interactions with water as a shared resource ..59
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### Key aspect: "Corporate environmental protection"

<b>GRI 306-1</b>	Water discharge by quality and destination.....59
<b>GRI 306-2</b>	Waste by type and disposal method .....62, 63
<b>GRI 306-3</b>	Significant spills: This index is not listed since we can rule out leakages of damaging substances.
<b>GRI 306-4</b>	Transport of hazardous waste.....63
<b>GRI 306-5</b>	Water bodies affected by water discharges and/or runoff  This index is not listed since we do not have any wastewater discharge or surface run-off into bodies of water.
<b>GRI 308-2</b>	Negative environmental impacts in the supply chain and actions taken.....92, 93, 95

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### Key aspect: "DENIOS as an employer"

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<b>GRI 401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees ..... 78, 84
<b>GRI 401-3</b>	Return to work and retention rates of employees that took parental leave, by gender ..... 87

<b>GRI 404-1</b>	Average hours of training per year per employee .....82
<b>GRI 404-3</b>	Percentage of employees receiving regular per- formance and career development reviews: All DENIOS employees regularly get an evaluation of their performance and career development .....29
<b>GRI 405-1</b>	Diversity of governance bodies and employees .....78, 79, 80
<b>GRI 408-1</b>	Operations and suppliers at significant risk for incidents of child labor .....92, 93
<b>GRI 415-1</b>	Political contributions: None of the DENIOS companies donated to political parties or organisations in the reporting period.

### Key aspect: "Customer satisfaction"

<b>GRI 418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data .....94
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