

SUSTAINABILITY

2023 status and progress report

Reporting period
Fiscal year 2022/23 (April 1, 2022 to March 31, 2023)



Content

Executive summary	3
1. Our company	4
2. Sustainability at DELO	6
Sustainability strategy	6
Scope 1, 2, and 3 emissions	8
3. Economy & products	9
Business development	9
Application fields and products	10
4. Environmental protection	11
Energy	11
Water	12
Waste	12
Outlook	13
5. Supply chain	14
6. Employees	15
Apprenticeship	16
Careers and training	16
Occupational safety and health protection	17
Outlook	17
7. Social commitment	18

Executive summary

DELO is a leading manufacturer of industrial adhesives and other functional materials, as well as corresponding dispensing and curing devices. Our products are mainly used in the automotive, semiconductor, and consumer electronics industries. They can be found in almost every cell phone and every other car worldwide, with applications in cameras, loudspeakers, electric motors, and sensors.

In fiscal year 2022 / 23, we saw revenues of just under € 204 million, which translates to a 12% increase from the previous year. As of that report, DELO had just under 1,000 employees on staff.

For us, acting responsibly and sustainably with regard to economic, ecological, and social factors is par for the course. For decades, we have been committed to continuous growth, treating our natural resources with care, and being a reliable partner for both our employees and customers. In addition, we are committed to education and company culture.

A special area of focus for us is environmental sustainability. In addition to our long-standing environmental management system as part of the DIN EN ISO 14001 certification, we have drawn up and further developed a sustainability strategy and intensified our project work surrounding—among other things—sustainable adhesives, packaging and logistics, as well as CO₂-reduced customer processes.

Our goal is to be climate neutral in our scope 1 and scope 2 emissions by fiscal year 2025 / 26. To this end, we rely on 100% green energy and are gradually offsetting our use of fossil fuels by means of certifications. In addition, we are installing solar panels on our existing buildings in Windach so we are able to produce partially our own electricity beginning late 2023.

Our total energy consumption during the reporting period was around 9,300 MWh (previous year: 9,400 MWh), a slight decrease.

Through a variety of measures, we want to continue contributing to global CO₂ emissions reduction, grow sustainably, and remain an attractive and secure employer. In solidarity with our employees, partners, and customers, we want to—and are able to—make an essential contribution.



1. Our company

DELO is a family-run company offering its customers specialty adhesives and corresponding dispensing devices and curing lamps. We are working on innovative, process-reliable, and efficient solutions for users in high-tech industries.

DELO adhesives and device systems are developed and produced at our headquarters in Windach, Germany, near Munich. In addition, DELO has subsidiaries in China, Japan, Malaysia, Singapore, and the United States, as well as representative offices and employees in many other countries.

DELO was founded in 1961 and taken over in a management buyout by Sabine and Wolf-Dietrich Herold in 1998. Since then, the company has been owner-managed and independent, and has become a very successful global market leader.

Our products are mainly used in the automotive, semiconductor, and consumer electronics industries. But this isn't just our core area of expertise; diversifying our

target market is an important step to being able to cushion market fluctuations in individual industries, create optimal stability, and offer secure jobs.

DELO has enthusiastically dedicated itself to the joining technology of adhesive bonding. Only bonding makes trending technologies like e-mobility, lightweight construction, miniaturization, and newer approaches to solar applications possible. In the field of e-mobility, our high-tech adhesives contribute to improve electric motor performance (e.g., magnet bonding and stator bonding). In addition, heat management in battery systems can be improved while at the same time removing a process step using special thermally conductive products. High-tech components, such as camera modules, sensors, RFID labels, and optoelectronic elements can be produced more efficiently to be even smaller using DELO materials. In the case of thin-film solar cells, our adhesives not only serve to secure the protective layer, but also provide an essential barrier against moisture, thereby ensuring reliable module function.

Bonding also enables product innovations and more responsible use of resources throughout the value chain. For more energy-intensive joining methods, such as welding, bonding technology offers valuable alternative solutions. In addition, novel adhesive developments allow curing time and temperature to be reduced so that only a fraction of prior energy requirements is necessary for production.

Company key figures

Revenue in FY 2022 / 2023 € 204 million

Employee count 991

Fig. 1: Sales and employees (as of March 31, 2023)

This is where DELO has played a role for decades. We have made it our goal to strengthen our customers' capabilities through innovations in adhesives, materials, devices, and process technologies. To do this, we identify future requirements and work continuously on developing new, intelligent product and process solutions. Each year, we invest 15% of our revenues in research and development, compared to the industry average of 3–4%. With our solutions, we help our customers plan their new developments, increase the efficiency of their manufacturing processes, and reduce their carbon footprint.

Our more than 2,000 customers include well-known and internationally recognized companies like Bosch, Huawei, Mercedes-Benz, Siemens, and Sony. With most of these companies, we had already been working in close

Investments in R&D

DELO	15%
Industry average	4%

Fig. 2: DELO invests 15% of revenue annually in research and development.

cooperation for many years. Trust and loyalty form the foundation of our relationships with customers, suppliers, dealers, and partners.

Application examples for DELO adhesives

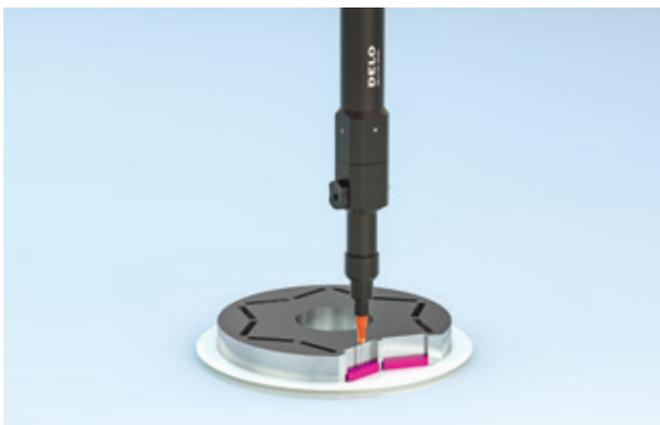


Fig. 3: Electric motor magnet bonding

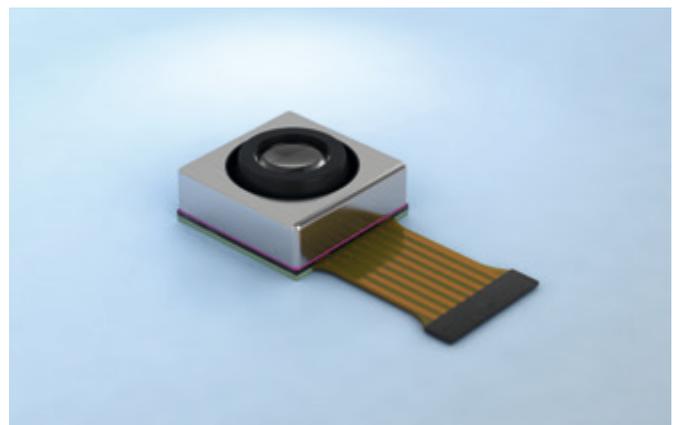


Fig. 4: Smartphone camera bonding

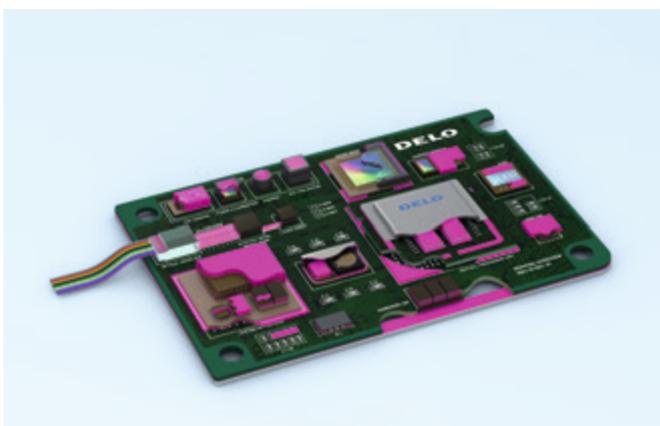


Fig. 5: Potting and fixing applications on a printed circuit board

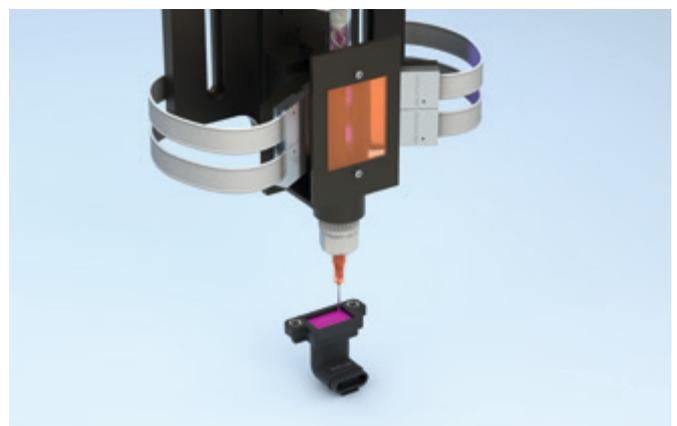


Fig. 6: Activation on the flow



2. Sustainability at DELO

For us, operating responsibly and sustainably with regard to ecological, economic, and social factors is par for the course. Our operations are based upon our three strategic pillars, which we use to guide our activities and corporate strategy. They include innovation, application focus, and being a premium partner. In terms of ecological sustainability, this means:

- › We develop sustainable product and process solutions for our customers in the form of innovative alternatives to energy-intensive heat curing processes.
- › We support our customers with well-founded application and adhesive technology expertise to reduce their carbon footprint.
- › We are a reliable partner to our stakeholders, working closely with them to find the best possible solutions.

Since its management buyout in 1998, DELO has been growing steadily, independently, and sustainably. We act thoughtfully and proactively, investing an above-average amount in research and development every year (15%). As a result, we continue to create new products which offer users added value while also ensuring the future of our company. Thanks to our extensive expertise, we are able to be a partner to our customers at eye level. We consult them with comprehensive technical knowledge and impress with optimal product quality.

Thanks to our sustainable growth, we create new jobs each year and are able to offer our employees optimal job security and a wide range of further training and education opportunities. Even in difficult economic times like the

Great Recession and the COVID pandemic, DELO remained a reliable and secure employer for its staff. We have always followed the mantra: "If you start your career with DELO, you should be able to stay and continue developing professionally with us."

Sustainability strategy

As a manufacturing company, we are aware of our responsibility towards the environment and can contribute in particular to Sustainable Development Goals (SDGs) 7 (affordable and clean energy), 12 (sustainable consumption and production) and 13 (climate protection measures).

The central point of contact for matters pertaining to sustainability at DELO is a cross-departmental Technology



We produce 30 % of our own electricity (beginning late 2023) and develop bonding solutions for the renewable energy sector (› page 4 & 7)



We operate with the lowest possible use of resources and create efficient process solutions for our customers (› pg. 7 & 11f)



We make our contribution to reducing carbon emissions and minimizing global warming (› pg. 7 & 11f)



Fig. 7: Project structure - Five core projects and numerous sub-projects

Roadmap Team, which works together with management to dovetail several aspects of sustainability into the overall strategy, initiate projects, compile measurements and information, and regularly inform the DELO team about planned and ongoing sustainability projects.

In fiscal year 2022/23, DELO's sustainability strategy was further developed, with a new project structure introduced. All new and existing projects are divided into five categories: Corporate Carbon Footprint, Product Carbon Footprint, DELO Customer Focus, Environmental Aspects, and Reporting/Controlling.

In **DELO Corporate Carbon Footprint**, we have set up projects aimed at reducing our Scope 1, 2, and 3 emissions. One core project in this category is our path to climate neutrality (related to Scope 1 and 2). Since 2022, we have been using 100% green energy and are gradually offsetting our fossil fuel emissions by purchasing environmental certificates through ClimatePartner. In addition, we expect to be able to account for around 30% of our energy requirements with our own solar power starting late 2023.

With regard to Scope 3, we are working intensively on raw materials and sustainable packaging and logistics solutions as part of various sub-projects. More than 80 DELO products already contain bio-based materials (e.g. with cashew shell oil), and we are continuously analyzing the raw materials we use for sustainable components. In addition, we are working on the development of our own sustainable raw materials.

From cartridges to shipping containers, we rely on sustainable packaging solutions wherever possible. Our trays, as well as our product and shipping cartons are made from 80–100% recycled materials. We optimize each type of packaging so that they each achieve the utmost sustainability while meeting the strict technical requirements for stability.

In addition, DELO uses temperature-controlled shipping containers that can be used many times, do not require dry ice, and therefore emit less CO₂ emissions. Since being given these shipping containers in 2018 by World Courier, we have saved more than 1,700 tons of CO₂. For these shipping solutions, we were honored with the Responsible Care Award by the German Chemical Industry Association (VCI) in 2021.

In regard to cartridges, we have changed the plastic end caps to thin foil seals and are working on developing of our own DELO cartridge. Here, we are also conducting feasibility studies on the use of bio-based / recycled raw materials in order to fill our adhesives in our own cartridges in the future, which will leave a low carbon footprint.

In shipping, we rely on the use of carbon-neutral paper and eco-stitching and use a winding machine with pre-stretching (less film consumption as films are stretched). The films used for this purpose consist of 30% recycled material. Tests with bio-based film materials are planned for fiscal year 2023/24.

DELO Product Carbon Footprint currently includes the performance of life cycle assessments (LCAs) to determine the cradle-to-gate environmental impact (e.g., water consumption, carbon emissions) of our products. The cradle-to-gate time frame includes the following stages: resources used, raw material production, transport to DELO, and the manufacturing of our adhesives. Not included are transport to the customer and customer use and disposal of our products. We will start with the LCAs in fiscal year 2023/24 with select preactivated adhesives and potting materials for electronics applications.

In the future, we will integrate the information obtained from the LCAs into our own database in order to use it for subsequent analyses and to deduce the potential for minimizing our products' carbon footprint.

We also work on **Customer Focus** projects, developing energy-efficient adhesive bonding and process solutions and subsequent process improvements for our customers. For example, by using light-curing technologies instead of energy-intensive heat-curing processes, large amounts of CO₂ can be saved. We are also working on strategic projects in debonding on-demand, in order to be able to offer our customers additional innovative solutions to our customers in the future.

Since the previous fiscal year, we have also been developing the **Environmental Aspects** in our sustainability strategy and are pursuing several projects to create a better, more reliable database. By carrying out comprehensive analyses of energy and water consumption and of our hazardous waste in chemical production, we want to record a detailed status quo and afterwards deduce possible savings potential.

In addition, we explicitly deal with the **Reporting** of our sustainability projects and measures. For example, we have been participating in the Carbon Disclosure Project (CDP) since 2022 in order to make our sustainability data and progress accessible to all. We are also following developments with regard to the forthcoming sustainability reporting obligation with great interest and intend to gradually convert our previously voluntary Sustainability report step by step in the corresponding direction.

Scope 1, 2, and 3 emissions

Scope 1 comprises of gases released directly into the atmosphere by, for example, heating oil. Scope 2 refers to the indirect emissions caused by electricity consumption. Scope 3, on the other hand, refers to the indirect release of climate-damaging gases throughout the entire supply chain of a company. This division into different scopes comes from the Greenhouse Gas Protocol (GHG), a globally recognized standard for the measurement and

management of greenhouse gas emissions. According to a preliminary assessment (based on an evaluation of chemical companies within the Carbon Disclosure Project), 80–85 % of DELO’s emissions fall under Scope 3, while 15–20 % account for Scopes 1 and 2. In one of our sub-projects, we are working on determining the contents of DELO’s Scope 3 emissions in detail.

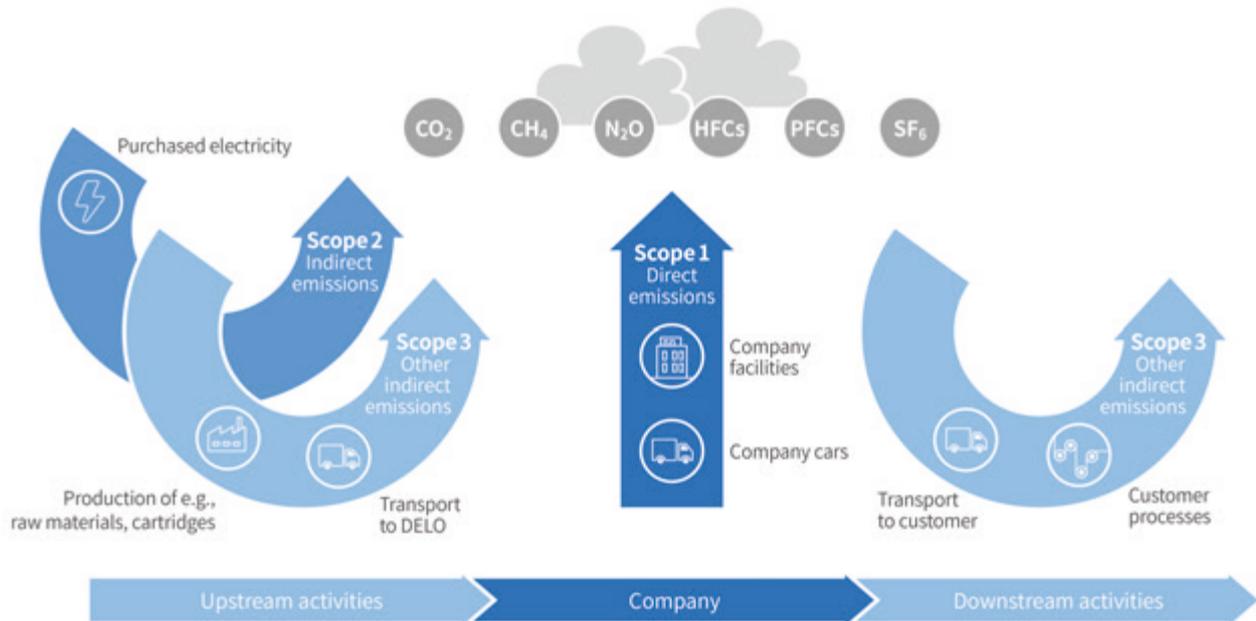
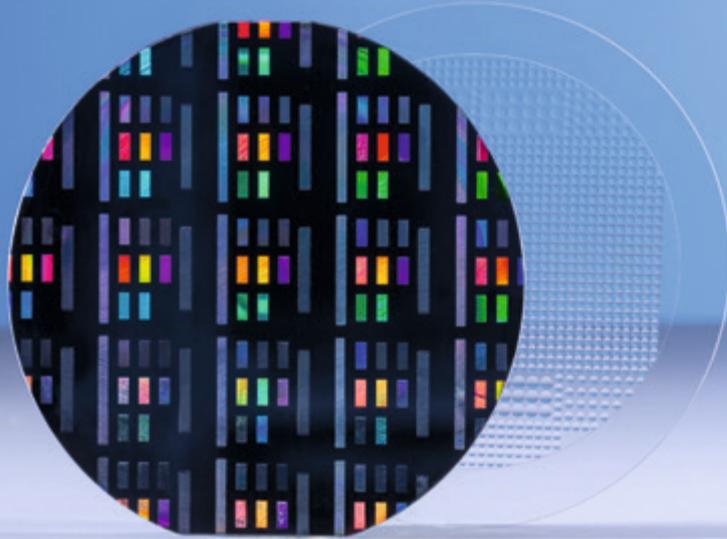


Fig. 8: Schematic of the different scopes.



3. Economy & products

DELO places particular emphasis on sustainable growth. The basis for this is innovative and high-quality products manufactured onsite in Windach in accordance with the highest quality standards.

Business development

DELO has been growing steadily for decades. In fiscal year 2022 / 2023, revenue reached € 204 million, which translates to growth of 12 % compared to the previous year. Japan and the USA in particular proved to be growth drivers.

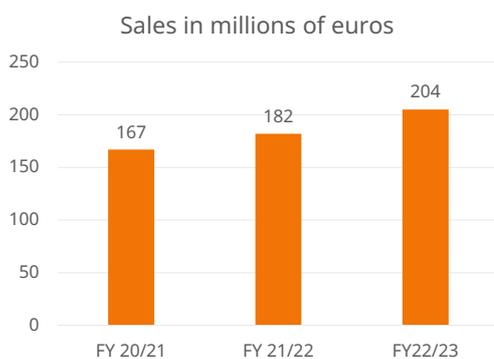


Fig. 10: DELO is still growing as planned.

Total sales in our market share in the Americas rose to 18%. Total sales in Asia, our most significant market share, reduced to 48%. The remaining 34% of revenues recorded came from Europe. Overall, DELO generated 83% of its total annual sales abroad.

Internationalization has also moved greatly forward in the past fiscal year. Plans are underway to establish a production site in Asia in order to supply our customers there more quickly and strengthen our supply security.

As in previous years, employees received a bonus at the end of the year; this year it was an inflation compensation bonus of € 2,000 per person. At the end of the fiscal year, DELO employed just under 1,000 people, 100 more than last year. For the new fiscal year, the company is planning to create 200 additional positions.

At DELO, the future is already being planned today. We want to continue growing by expanding upon our existing application fields whilst opening up new areas. With this economic growth, DELO is also creating new jobs in the region.

Application fields and products

DELO adhesives are always used when requirements are especially demanding and adhesives have to reliably join more than "just" two components together. They are the multi-functional materials which can conduct heat or electricity, exhibit acoustic properties, or function as lenses. The multi-functionality of our products, coupled with a focus on materials that enable automated mass production, along with the use of a large range of chemical substance classes and mechanisms, is our USP.

We cater our products primarily to the automotive, semiconductor, and consumer electronics industries. Each has their own set of various application fields, including cameras, electric motors, sensors, advanced packaging, and RFID. Our teams of application specialists work closely together in a network of chemists, product managers, engineers, and salespeople to develop future-proof ideas and innovations through interdisciplinary discussion. In the past fiscal year, we introduced a new application field—medical technology—which we had previously evaluated in fiscal year 2021 / 22.

When developing our products, on top of exceptional mechanical properties, we also make sure our customers will be able to increase efficiency and conserve their resources in production. This is why the majority of our adhesives feature a light-curing mechanism. Thanks to new technologies like flow activation, light curing can be used even with opaque components and complex geometries. This makes it possible to use energy-intensive heat-curing processes with component-friendly, efficient light-curing processes.

Our product portfolio consists of over 400 different high-tech adhesives and other multi-functional materials. All DELO adhesives are solvent-free and can therefore be used without generating VOC emissions. A large number of our products also contain bio-based raw materials with cashew shell oil. Oftentimes, just a tiny drop of our high-tech material is enough to bond components together reliably. For example, 40 million RFID chips can be attached with just one liter of DELO adhesive.

DELO adhesives are designed to be durable so as to perform their function without interruption through the entire product life cycle. In addition to high-tech adhesives, corresponding equipment systems such as energy-efficient LED lamps and micro-dispensing valves for safe dispensing are another important area of expertise at DELO. When it comes to our lamps, we rely on the latest in LED technology, enabling energy-saving processes with a service life 20 times longer than that of conventional lamps.

All DELO products are made in Germany. To ensure optimal quality, we combine our development, production, technical inspection and testing (e. g. including process simulation) at our headquarters in Windach.

Outlook

With regard to the development of sustainable products, we are advancing two particular facets. One is the examination of bio-based raw materials, which would allow us to offer our customers additional sustainable products. The other is the special attention we are giving to detachable adhesives. We plan to examine additional options and find solutions which benefit our customers.



4. Environmental protection

DELO recognizes its responsibility in environmental protection and occupational health & safety. We see continuous improvements in these areas as an integral part of our company goals.

For our continued environmental protection efforts, we use a system which we have had certified since 2016 (DIN EN ISO 14001:2015). Our environmental goals are systematically monitored and evaluated in an annual management review. To us, compliance with relevant environmental legislation is a crucial step.

On each environmental issue, we work together with our contract partners and environmental authorities. For environmentally harmful activities and processes, which cannot be avoided due to their limitations, such as the handling of hazardous substances and the temporary storage and disposal of hazardous waste, contingency plans have been developed and the required organizational and technical measures are taken. This means that, in the unlikely event of an accident, the release of substances or radiation can be prevented or reduced to a minimum. Thanks to consistent adherence to our company guidelines, we ensure that contractual partners working on our company grounds meet the same environmental requirements as we do.

When it comes to construction management, DELO believes in durability and high quality. Our buildings and building components, like heating and air conditioning, are always constructed according to the state of the art. Just like in all our facilities, the materials used by DELO are of especially high quality and designed to have a life cycle of several decades.

Our employees are encouraged to use natural resources appropriately and sparingly. They are regularly trained in occupational safety and are encouraged to complete their tasks in an environmentally conscious manner. They can also contribute to our ongoing commitment to sustainability with their ideas and are encouraged to actively participate.

Energy

We have committed ourselves to reducing our carbon emissions to the lowest our operations allow whilst also achieving a 1.5°C target per the Paris Climate Agreement.

In the past fiscal year, our total energy consumption fell slightly from just under 9,400 to around 9,300 MWh, despite company growth. DELO uses electricity and oil (for heating)

as sources of energy. In fiscal year 2022/23, approximately 3,700 MWh of oil and 5,400 MWh of electricity were used.

In general, we use energy as sparingly as possible. Examples of our environmentally conscious energy use include: 75% of our buildings already being fully equipped with efficient LED technology, intelligent sensors in our stairwells ensure that the motion sensors are only activated in low-light conditions, all lights switching off automatically if the alarm system is activated, parking lots that are not illuminated after working hours, and a need-optimized compressed air system and modern switch-off management for our ventilation.

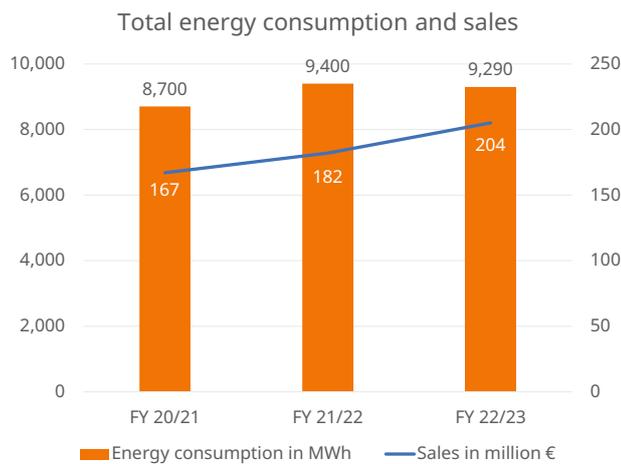


Fig. 11: Comparison of energy consumption and revenue trends

The final item refers to a function in which the ventilation level in the production area is automatically reduced to 50% if no employees are in the room.

In the last fiscal year, our carbon emissions totaled to about 4.69 tons per € 1 million of revenue. This also includes emissions from our service vehicles. Since the beginning of 2021, we have been compensating for emissions from our oil use with certificates. Our goal is for our scope 1 and 2 emissions to be climate neutral by 2025/2026.

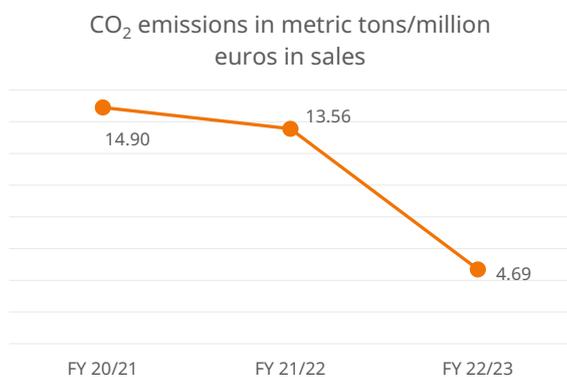


Fig. 12: Reducing carbon emissions

Water

Water is a valuable resource which we use with care. In fiscal year 2022/23, our absolute consumption increased slightly compared to last year, but decreased in relative terms from 6.2 l/MAh to 5.9 l/MAh. Our water use includes both our administration building and our laboratories and production facilities.

Neither cooling nor process water is used in our production. In our production processes, we use refrigeration units in closed circuits. We also water our green spaces, saplings, and fresh plantings with rain water collected in cisterns. To further reduce our water usage, we are evaluating all of our processes where water is used for cooling, such as in our laboratories.

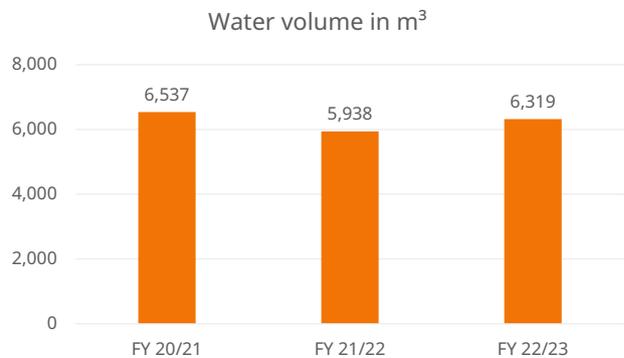


Fig. 13: Three-year comparison of water usage by DELO

Waste

When it comes to waste, DELO's general rule is: If you can't avoid it, reduce it. If you can't reduce it, recycle it. If you can't recycle it, dispose of it. Our commercial mixed waste and hazardous waste has increased year after year due to our growth. Commercial mixed waste totaled around 37 tons, up one ton from last year. The volume of hazardous waste also increased, accounting for 164 tons compared to 156 last year. At 35%, the largest share of our chemical hazardous waste includes adhesives and raw material waste, which is disposed of separately by pollutant class (e. g., containing acrylics, epoxies). Added to this are around 30% cleaning cloths from the laboratory, production and chemical synthesis, as well as 20% solvent waste.

We use solvents required for cleaning as sparingly as possible. Our chemical synthesis facilities are cleaned before and after each use, where the solvent for pre-cleaning is used in the subsequent cleaning process and then disposed of. The boiler cleaning system in the production area pumps the solvent through the circuit and loses about 70 liters per day due to accumulating solids (7% of the total amount). For manual cleaning work, an epoxy resin with around 5% acetone is used.

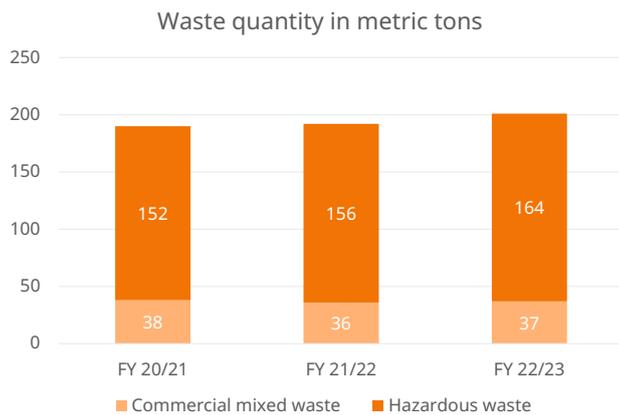


Fig. 14: Waste generation at DELO

The remaining 15% of our hazardous waste is wastewater from the boiler cleaning plant and empty containers (smaller than 200 liters) with adhesive residue. All empty 200 and 1,000-liter containers are cleaned and reconditioned by a specialized company and are thus excluded from our waste balance. Of course, we dispose of our waste carefully, properly, and in accordance with the legal requirements.

In one of our sustainability projects, we are examine in detail whether DELO can reduce the volume of hazardous waste, despite company growth, and how. In addition, in our continuous efforts to improve, we try to use the largest possible raw material containers to avoid producing unnecessary waste. In this, we have been able to produce less waste repeatedly over the past few years.

Outlook

To compensate the emissions caused by our heating oil consumption, we will continue to use emission certificates in the coming years and support various environmental projects via ClimatePartner.

In most of our facilities, we are already using intelligent energy management systems. This is to be implemented into all our facilities and, in the future, reduce both electricity and oil consumption. This way, we can efficiently monitor our overall consumption for each facility and take measures to reduce it.

In addition, one ongoing project is an effort to reduce mixed commercial waste. To that end, we decided to collect our organic waste separately based on an analysis carried out in fiscal year 2021/22 by two students from the University of Augsburg to collect and dispose of our organic waste separately.



5. Supply chain

DELO procures goods and services from a total of 3,000 suppliers, with around 1,200 being classified as active main suppliers. 97% of our suppliers are in Europe, with over 90% being in Germany. We are also keen to work with local companies wherever possible to promote the local economy. We have had a cooperative relationship with most of our suppliers for decades. Loyalty and trust form the basis of our close, solid relationships.

In fiscal year 2022/23, DELO continued to focus intensively on risk management within the supply chain. A risk matrix was used to evaluate all suppliers according to their risk potential. The analysis revealed low-to-medium risk for less than 1% of our suppliers. For this group of suppliers in particular, DELO introduced a comprehensive code covering ESG (environment, social, and governance) criteria. No risk was found for more than 99% of suppliers.

Though we are not yet affected by the implementation of the new supply chain law, we will continue to expand our compliance and risk management. We take a clear position against inhumane working conditions, child labor, and corruption, and expect the same from our suppliers. If we identify violations of the UN Global Compact, the Supply Chain Act, or the Supply Chain Code by our suppliers, we will take exhaustive measures to help them comply with these requirements. If this fails, we terminate our relationship with them.

Compliance with applicable laws and European standards such as REACH and RoHS is to be expected of DELO. We demand the same from our suppliers.

Every year, we evaluate our waste management service providers and check if their certificates are up to date so as to best monitor the strict regulations of this industry. Audits also take place at intervals of three to five years.

Outlook

The goal for fiscal year 2023/24 is to conclude agreements with additional suppliers to work in accordance with our Supplier Code and the associated ESG criteria. We are also working on measures to make our supply chain more sustainable, for example, by switching to environmentally friendly packaging and efficient transport services to customers.



6. Employees

DELO is constantly growing. By the end of the last fiscal year, we had just under 900 employees worldwide. Colleagues from 29 different countries work closely across national borders on our international team.

DELO provides its employees, both in Windach and around the world, with a modern and secure workplace, even in difficult economic times. Never in our history have there been any mass layoffs or short-time work. We always follow the motto, "If you start your career with us, you should be able to stay with us."

We see our employees as co-owners who are expected to actively play a part in continuing to write DELO's success story through their considerable creative freedom. Regular bonuses are a token of gratitude to our employees and have come to be expected over the years.

Our corporate culture is characterized by cohesion, openness, and appreciation, with all three aspects forming an important basis for sustained employee satisfaction. The extensive social benefits we offer our employees also contribute to this. They include subsidized sports classes, discounted participation in the EGYM Wellpass program, fresh fruit, free drinks, and a meal & travel allowance.

Our employee satisfaction and view of us as an attractive employer is reflected in the results of the anonymous, biennial Great Place to Work survey. The next participation will take place in Summer 2023.

We offer our employees flexible working hours and give them plenty of freedom to structure their activities and achieve a healthy work-life balance. To also ensure a high level of availability and responsiveness for our customers and team members, as well as to maintain informal communication, we opted for a hybrid form of in-person and home office work.

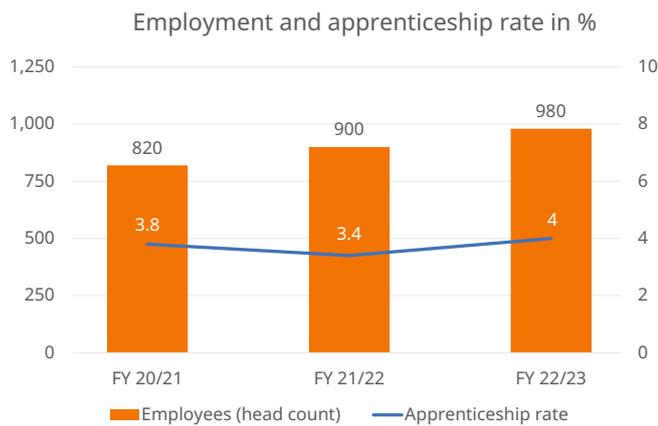


Fig. 15: Continuous employee growth and relatively stable apprenticeship rate.

Apprenticeship

DELO has offered apprenticeships since 2000, with the number of apprentices continually growing since then. We employed a total of 39 apprentices in eleven different professions in the last fiscal year, 19 of whom were in their first year of training. The training ratio increased slightly from the previous year from 3.8% to 4%.

From day one, our trainees are an integral part of the team. They receive comprehensive professional support from their respective apprenticeship officer and—like all new employees—are also assigned a mentor. What’s also special about an apprenticeship with us is the ability to study during working hours. For all future industrial managers from DELO and other companies in our region, we also organize annual exam preparation with the Chamber of Industry and Commerce. The success of our apprenticeship program is demonstrated in several ways. Firstly, almost every trainee stays with DELO after successfully completing their training and continues their careers here. Also, trainees in certain fields, such as plastic technology materials testing, are regularly among the best in their class. With us, they get the necessary help and associated leeway for these kinds of achievements.

Careers and training

Thanks to our company growth, new career opportunities appear regularly. We differentiate between specialist and management careers to address the different development needs and strengths of our employees. In the case of specialist careers, our focus lies on developing technical and methodological skills. A management career is what many consider to be the "classic" career path, going hand-in-hand with disciplinary and technical team leadership.

All managers are supported in their activities by a variety of training courses and handouts.

We are also able to offer our employees both temporary and long-term global career paths, especially those in sales, engineering, and product management fields. Currently, three employees from Germany are working at our offices in the US, one employee from Windach is further expanding global engineering in China, another has managed our branch office in Singapore for many years, and, since 2022, a longtime sales engineer from South Korea has been enriching our engineering team in Windach with his sales experience.

To meet the future development needs of our employees as well as the increasingly complex requirements of our customers, we offer our employees a comprehensive training program. DELO invests around 7% of its personnel costs in training each year.

A major contribution is made by the 180 seminars organized and conducted by our eight-person DELO Academy, including in-person training and a growing number of e-learning courses. In fiscal year 2021 / 2022, 123 different external seminars were utilized by employees. In addition, around 1,236 internal training courses were held. In terms of content, focal points ranged from bonding technology, to methodical skills and management training, to regular safety training. The subject of digitalization in particular is to be expanded with additional offerings in the future.

In addition to training courses for current employees, DELO Academy offers all new employees up to three months of bonding training at the start of their employment with the company. This means that every employee receives precisely the knowledge they need to perform their tasks.

DELO Academy

	Count
Trained internally	1,236
Now in training (since FY 2021 / 2022)	30
Trained externally	192

Fig. 16: Large number of people trained

Occupational safety and health protection

DELO associates great importance with a high level of occupational safety. In addition to department-specific risk assessments and operating instructions, our safety training and the personal consulting services, offered by safety specialists and our company physician, represent an important component of employment with DELO.

Mandatory occupational safety training is held once a year for all employees. Course content ranges from safety and workplace ergonomics to fire response, to the handling of chemicals.

The DELO internal Occupational Safety Committee also organizes a variety of safety training courses each year in cooperation with the appropriate departments. Examples of these courses include a fire extinguishing exercise, forklift training, and how to handle hazardous materials. Training courses for our nearly 200 first aid personnel, fire safety personnel, and floor officers are also held on an annual basis.

We also provide our employees with high-quality protective clothing. This includes individual safety goggles with prescription lenses and insoles for safety shoes.

We maintain regular contact with organizations such as the Employers' Liability Insurance Association and the Trade Supervisory Board, as well as with two local fire departments, with which exercises are held at onsite every year.

In the last calendar year, three reportable occupational accidents occurred at DELO. This translates to 3.3 per every 1,000 people. In the chemical industry, according to BG RCI (Berufsgenossenschaft Rohstoffe und chemische Industrie), there were 13.97 accidents per 1,000 employees.

As a preventive health measure, DELO covers more than half of the monthly fees under the EGYM Wellpass program. For a small contribution, employees can take advantage of a wide range of sports and fitness facilities throughout Germany. Employees also have access to a fitness studio at the Windach office and, during the winter months, sports classes organized and subsidized by DELO. In addition, we are planning to establish a company sports club to offer even more wellness opportunities for our employees and to further foster our company culture.

Outlook

Our ongoing goal is to remain an attractive and secure employer, where appreciation and cohesion form the basis of cooperative collaboration. Rather than resting on our laurels, we aim to further strengthen and expand our attractiveness as an employer in the coming years as well. In-depth dialogue with our employees across multiple formats is particularly important to us and will remain a key component of our culture in fiscal year 2022 / 23.

With regard to occupational safety at DELO, we plan to maintain our proven measures so we can remain a very safe place to work.

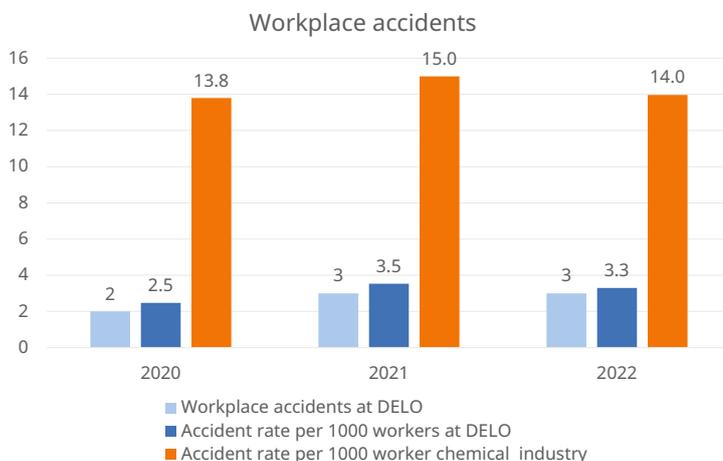


Fig. 17: DELO puts great emphasis to a high level of occupational safety



7. Social commitment

DELO prides itself on promoting both education & culture. We do this by, for example, sponsoring the annual Apprenticeship Fair at the Landsberg Municipal Theater, as well as various cultural events in the region several years running. In the last fiscal year, for example, DELO was a sponsor of "Kultur am See," an open-air event at Lake Ammersee, as well as the Puls Festival. By supporting regional events, we hope to contribute to greater cultural diversity. We provide employees with free tickets to cultural events they can attend together, allowing them to benefit from these sponsorships as well.

Each year, DELO supports several racing teams from different technical colleges. Students design and build race cars with electric motors or autonomous driving systems and receive various adhesives and technical advice and support from DELO for their bonding tasks.

For many years, DELO has also organized an annual blood drive onsite in Windach together with the Bavarian Red Cross. Employees can donate blood and do a good deed during their working hours.

Another long-standing tradition at DELO is the Christmas donation drive. This also took place in fiscal year 2022 / 2023. In this charity campaign, employees grant the Christmas wishes of children from the St. Alban Children's Home in Dießen. Just before Christmas Eve, the gifts plus a monetary donation are presented to the children's home. Last fiscal year, we donated € 850.

Outlook

We intend to further expand our existing commitments in the coming years. To this end, we are constantly open to ideas and testing them for feasibility. Plans include education-oriented cooperation with the newly emerging Technology Transfer Center in Landsberg am Lech.

About this report

With this report, we would like to inform DELO's stakeholders, including customers, employees, business partners, and local residents, about the company's sustainability performance, and promote discourse with them.

Contents of the report

The format of the report is based on the Chemistry³ guide to sustainability reporting for medium-sized companies in the chemical industry. The content and structure of this report take into account the three dimensions of sustainability: economy, environment, and society.

Reporting period and scope

The 2023 sustainability report is based on fiscal year 2022/23 and covers the period from April 1, 2022 to March 31, 2023. Unless otherwise stated, the facts, figures, and information reported here apply to the company's main headquarters. There were no changes with regard to corporate structure or ownership during the reporting period.

Collection and comparability of data and information

In the case of key figures for which a trend cannot yet be specified, attempts will be made to do so in the future. As a result of new basis of calculation, higher data quality, and updated information, figures from past periods may be corrected in individual cases. When adding up numbers, discrepancies may occur due to rounding.

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