

ARTECO SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT





UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

History of SDGs

We did not have a global convention acknowledging that our resources are limited until 2015, when the 193 member states of the UN adopted the 2030 Agenda for Sustainable Development.

In January 2015, the General Assembly of United Nations began the negotiation process on the post-2015 development agenda.

The process culminated in the subsequent adoption of the “2030 Agenda for Sustainable Development”, which has 17 SDGs at its core, at the UN Sustainable Development Summit in September 2015.

Today, the Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA) is a source of substantive support and capacity-building for the SDGs and their related thematic issues, including water, energy, climate, oceans, urbanisation, transport, science and technology.

What are SDGs?

The 17 SDGs set out our vision on how we wish to share the Earth's resources among what will soon be 9 to 10 billion people, all of whom have a right to development. This makes the SDGs relevant to every person, country, and company on Earth.

Arteco and the SDGs

Corporate social responsibility plays an important role in Arteco's strategic positioning. At Arteco we put the 17 SDGs at the heart of everything we do. Each SDG is equally important, but we particularly focus on taking action to combat climate change.



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PEOPLE

Stakeholder analyses



We conducted a formal materiality analysis to identify the issues that are of most interest to our stakeholders and of most importance to our business.

We gathered information on what our stakeholders find most important based on a survey of that included customers,

suppliers and local residents in Schoten and Ghent. That led to the creation of a materiality matrix to enable Arteco to identify the key stakeholder issues.

Last year we revisited the matrix and took action on some key issues.

Materiality map

● Environmental issues
 ● Social issues
 ● Governance issues

Importance to stakeholders

10	<ul style="list-style-type: none"> Customer safety Human rights 	<ul style="list-style-type: none"> Ethics Diversity & Equality Renewables 	<ul style="list-style-type: none"> Climate action Sustainability Circular economy Emissions Energy
<ul style="list-style-type: none"> Reporting 	<ul style="list-style-type: none"> Risk Economic performance 	<ul style="list-style-type: none"> Waste Water Compliance 	<ul style="list-style-type: none"> Employee health & safety Innovation Product
	<ul style="list-style-type: none"> Biodiversity Governance 	<ul style="list-style-type: none"> Training & Development 	<ul style="list-style-type: none"> Operations
<ul style="list-style-type: none"> Community 	<ul style="list-style-type: none"> Responsibility Stakeholder 	<ul style="list-style-type: none"> Employee engagement 	
0			10

Importance to Arteco

Social gatherings

1 NO
POVERTY



2 ZERO
HUNGER



We invited the family and friends of our employees, our neighbours, local authorities and our suppliers to take a look inside the Schoten plant. We gave them a rundown of the plant and explained the ins and outs of coolants.

Arteco staff are highly motivated and highly skilled. They are also passionate about their community, as shown by their charity fund-raising efforts in 2019.

Working with students

4 QUALITY
EDUCATION



Every year, the production plant works with Acta (Antwerp Centre for Applied Automation) / Meta (Mechanical Talents) students who provide a unique alternation between practical knowledge acquisition and immersion in on-the-job training.

We offer internships to students at our Ghent head office. Despite the pandemic, all trainees completed their internships at various departments.



Extension of working from home policy

3 GOOD HEALTH AND WELL-BEING



13 CLIMATE ACTION



Our people play a key role in our success at Arteco. We endeavour to support people throughout the employee life cycle.

Working from home proved a success during the pandemic, which led us to extend this policy when it ended.

Interactive safety instructions

3 GOOD HEALTH AND WELL-BEING



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



By law, everyone working at and visiting the production facility in Schoten must be fully informed of the main risks, safety measures and emergency procedures.

This is now done as part of an interactive registration procedure when people arrive at our site, so we can be sure everyone has received the instructions and understands them.

Depending on the type of visitor, specific scenarios are addressed, consisting of the instruction, a multiple-choice question and feedback.

An inclusive and diverse working environment

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



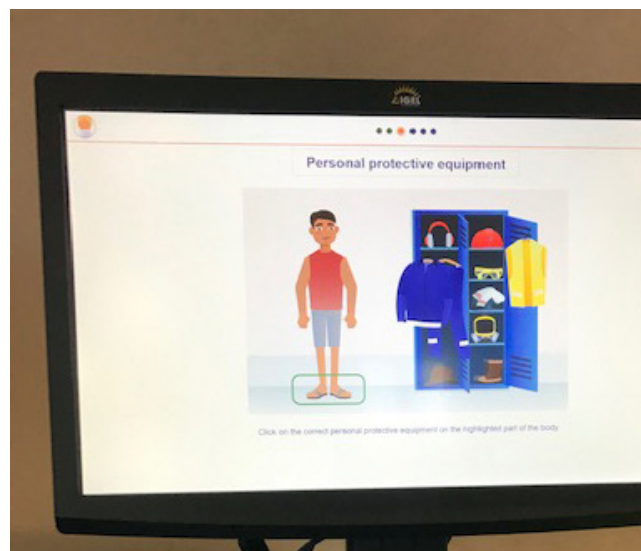
We foster an inclusive and diverse working environment for our employees. Equal treatment in all areas is non-negotiable.

Continuous improvement by learning culture

4 QUALITY EDUCATION



Arteco is continuously exploring innovative ways to deal with new realities. As we learn, we are able to reinvent ourselves as an organisation and as individuals. "We explore and learn" is one of Arteco's values. We conduct various self-assessments to help us identify where we can improve. Examples include our Silver Ecovadis rating, our Achilles certification and our NQC supplier assurance assessment.



People play a key role in the success of our company



PLANET



Water disconnection and retention: Schoten plant



Water quality and water scarcity have become increasingly important issues in recent years. We have invested in water management at our Schoten plant to reduce the risk of wastage:

- Reconstruction of the industrial wastewater drainage system
- Construction of a separate rainwater drainage system
- Discharge of rainwater directly into the Albert Canal
- Reconstruction of impermeable slopes at loading and unloading stations
- Reconstruction of liquid-tight floors at the storage locations
- Construction of bunds for packaged goods storage areas

Arteco is looking to treat water from the Albert Canal for use in the production process instead of municipal water.



Paper consumption



Over the past two years, Arteco's head office has worked hard to optimise its shift to a paperless environment. Consumption was slashed by 30% between 2018 and 2021, mainly due to the automatic conversion of purchase orders to PDFs in our ERP system.



Car policy



We launched a new car policy in 2020 to drive the move to a greener fleet. We are currently replacing all combustion engine vehicles in our fleet with plug-in-hybrid or a full electric vehicles. This will cut the carbon footprint of our fleet in half.





Replacement of plastic cups and bottles for drinking water



Based on a suggestion from employees, we have installed water dispensers to replace plastic water bottles. This has resulted in less plastic waste, lower costs and less wastage due to unfinished bottles. Each employee has also been given a reusable water bottle, making plastic cups superfluous.

Electrification of our forklifts from 2015



In 2015 we implemented a new policy to replace end-of-lease forklifts with electric models. These have lots of major benefits in terms of staff wellbeing, including lower noise emissions, lower particulate matter emissions in a densely populated area and lower exhaust emissions in the production halls.



FOCUS ON
SAFETY & QUALITY

Temperature control in the production area

3 GOOD HEALTH AND WELL-BEING



7 AFFORDABLE AND CLEAN ENERGY



Summer temperatures are rising year after year. Fans have been installed to control the temperature in the production area. The heat created by the fans is discharged to the outside air through specially positioned hatches.

e-CMR project

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



Arteco has started to work on implementing e-CMR* to address several issues with the paper versions. Digitisation has various potential advantages for Arteco, logistic partners, supplier and customers, including real-time data, optimised accounting flows, less paperwork and CMRs that are filled out more completely and are easier to read.

*CMR = Convention on the Contract of the International Carriage of Goods by Road

Optimising tank farm and pigged pipes to minimise internal traffic and improve flexibility



We needed to upgrade our production facilities and capabilities to deal with higher volumes and a wider range of (packed) products. We have integrated several existing standalone tanks into our production, achieving various benefits in the process. These include higher base fluid storage capacity (enabling higher

transport volumes), better quality control due to automated transfers, less flushing and reduced internal transport (freeing up in-house and third-party capacity and ensuring better capacity utilisation).



Supplier management



Arteco has always valued suppliers as important stakeholders. However, in the current circumstances a more holistic approach to supplier relationships is demanded. As Arteco continues to target sustainable development, we are taking supplier feedback more seriously than ever and taking careful note of the challenges they face.

The supplier-purchaser relationship has evolved – and will continue to evolve – as we streamline our supply chain to further improve customer satisfaction and set ourselves apart from our competitors.

Arteco has developed a strategic supplier qualification and relationship management process. We target the improvement

of overall performance through collaboration. This strategic approach helps us manage suppliers more systematically, based on an insightful analysis of their background, performance and credibility. And sustainability has emerged as a key factor in building resilient working relationships.

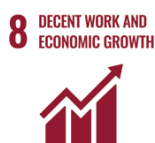
We ask our suppliers to draw up such sustainability KPIs as greenhouse gas (GHG) emissions, water consumption, protection of human rights and local community support alongside their standard business metrics. This helps us reduce our carbon footprint and improve our resilience.





PROSPERITY

High-performance safety and environmental KPIs



2020 & 2021 safety and environmental KPIs	2021 results	2020 results	Remarks
TRIR*	0	1	Accident with no long-term impact for the employee involved, corrective and preventive action has been implemented
Process safety events (PSE)	0	0	
Spills	0	2	Local retention without environmental impact

*TRIR: Total Recordable Incident Rate

High-performance management systems



Arteco is accredited against the following international standards: ISO 45001 (safety; successful transition from OHSAS in 2019), ISO 14001 (environmental management systems) and IATF 16949 (automotive quality management systems; Internal Automotive Task Force standard, successful transition from ISO/TS in 2018).

Arteco is working towards ISO 50001 (energy management systems) certification by the end of 2022.

Pioneer in sustainability



Three years ago Arteco ramped up its sustainability efforts by joining the VOKA Charter for Sustainable Entrepreneurship, a Belgian initiative to achieve sustainable development goals. Thanks to the efforts of the entire company, Arteco has been granted VOKA certification for three consecutive years. On 27 October 2020 Arteco was rewarded for its commitment with the 'UNITAR SDG Pioneer' certificate of the United Nations Institute for Training and Research (UNITAR).



Greener energy since 2017

7 AFFORDABLE AND CLEAN ENERGY



We have switched from grey to green electricity.

As part of our investment plan and our goal of reducing our carbon footprint, we have replaced diesel with natural gas, which emits less CO₂, to generate the steam required in our production process. We also incorporated a more efficient burner based on the latest technology. Natural gas has also a much lower SO₂ impact, an important environmental advantage in the Antwerp region given the density of traffic and industry.

At the same time, we installed more efficient equipment to provide direct heating in the production halls, reducing losses by approximately 15%.

Improved energy monitoring system

7 AFFORDABLE AND CLEAN ENERGY



Arteco has launched a new environmental monitoring system to keep track of water, gas and electricity consumption at its plant. An action plan has been drafted to optimise consumption based on an analysis of the data collected by this system. One action was adding a clock and timer function to compressed air units and air conditioners, which achieved a reduction of approximately 822kWh per week. This is the equivalent to the power consumption of twelve households in a year.

We introduced a new KPI to help drive down electricity consumption in 2021.

Looking forward: Arteco is preparing for ISO 50001 certification in 2022 and the installation of solar panels at the production plant.



Replacement of laboratory exhaust systems

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



We replaced the exhaust systems in the quality control laboratory after a preventive inspection, resulting in improved safety and ergonomics for technicians.





Partnership with WOTR

1 NO POVERTY



2 ZERO HUNGER



6 CLEAN WATER AND SANITATION



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



In 2018 Artec committed to a long-term partnership with the Watershed Organisation Trust (WOTR), an NGO in India.

As part of our corporate social responsibility (CSR) strategy, we promote sustainable water consumption in the drought-prone region around Sangamner in Ahmednagar District, Maharashtra. The aim of the project is to improve access to water, especially through public wells and a reservoir, raise awareness of climate and non-climate risks and impacts in the local community, and build adaptive capacities to address these risks.

A new well was dug as part of the project, which is used to irrigate the area, as well as providing drinking water.

In 2021, efforts were focused on water resource development for the tribal hamlet Manuswadi by Rankhamwadi in Ahmednagar District. The hamlet is home to 69 people spread over twelve households and a livestock population of 75.

Warehouse optimisation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



The shipping department in the production plant of Schoten is running a project to optimise warehouse management. The warehouse management system tracks stocks of finished products and registers pallet movements based on scans. Its advantages include increased efficiency through faster searches for pallets of finished products, set locations for specific products, automated completion of the traceability table (every pallet movement is registered based on scanning an SSCC pallet label) and fewer loading errors as product code and quantity are checked.



Replacement of filling lines

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



One of the biggest investments at the Schoten plant was the replacement of some small (1-5l) package filling lines.

Due to their age, spare parts were not always easy to find. Staff now work on modern lines.



Move to new office and R&D laboratory

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



Arteco moved to a new office and a new state-of-the-art laboratory in November 2018.

The workplaces have been equipped with a strong focus on ergonomics and the screening of environmental factors, such as indoor climate and lighting.

Telescopic conveyor

3 GOOD HEALTH AND WELL-BEING



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



A telescopic conveyor was installed for the unloading of empty drums in partnership with one of Arteco's suppliers. This reduces the ergonomic load and so the risk of serious accidents.



Vacuum lifters

3 GOOD HEALTH AND WELL-BEING



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Production operators sometimes have to repack small packages by hand. To reduce their ergonomic load, we installed a vacuum lifter to move boxes to where they are needed.



Process safety

8 DECENT WORK AND
ECONOMIC GROWTH



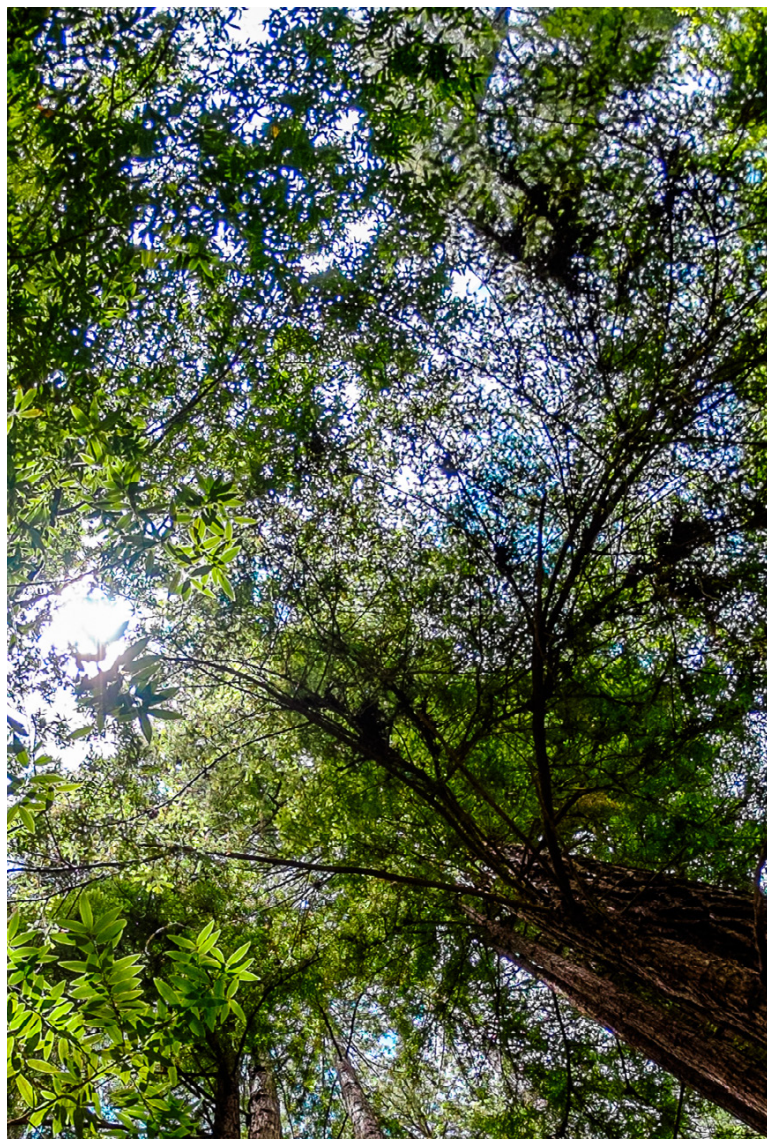
A process safety study was conducted on all installations in 2018. We drew up an action plan and set aside €100k to be invested over the next few years. At Arteco we have adopted the methodology and approach for Hazard and Operability Analysis (HAZOP) studies used in the chemicals and petrochemicals industry to ensure the reliability of our installations. In the first phase, all protections were switched to an independent control system. In the second phase, the focus was shifted to providing additional protection at critical points, such as pumps and safety valves.

Purchase of personalised clothing

17 PARTNERSHIPS
FOR THE GOALS



Arteco bought clothing manufactured with respect for people and planet from Merchandise Essentials. With our purchase, GoForest was able to plant a tree and contribute to a better place.





LOOKING FORWARD

In 2022 we are working on developing a sustainability strategy to identify the priority actions across our environmental, social and governance (ESG) focus areas. This will include a list of relevant measurable sustainability goals with a clear roadmap for achieving them.

We are also working on establishing a robust methodology for calculating CO₂ emissions, setting ambitious but achievable CO₂ emissions reduction targets, and creating a comprehensive pathway towards a net-zero Arteco.



2020 & 2021 SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT



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