

Biobase[®]

SUSTAINABILITY REPORT 2022

Biobase Sweden AB



Introduction

Global population growth, rapid development and fossil resource-driven industrialization have increased our dependency on finite natural resources. The last hundred years of human industrial activity has caused the carbon dioxide content of the atmosphere to increase around 100 ppm, a fact that has been identified as the main cause of the climate change towards warmer weather which in some regions is starting to cause droughts, severe storms and overall changed weather patterns. If the trend continues there is a risk that a dramatic shift in the global climate will cause severe problems for humankind and ultimately for life on Earth.

To counteract the negative trend, on September 25, 2015, the world's heads of state and governments accepted the Agenda 2030 resolution on sustainable development and its 17 sustainable development goals (SDGs) at the United Nations Summit. Countries have pledged to steer the world toward a more sustainable and equitable future by 2030. The last few decades have also witnessed extensive growth in green science and technology which can be utilized to mitigate the climate and sustainability problems of the World. Today, with green technology in an ever-evolving dynamic state, we are hopefully heading towards positive development which needs to happen at an unprecedented pace. Undoubtedly, there is already a dramatically increased focus on sustainability focusing on socioeconomic, political, and not the least, technological development, at least in parts of the world. The sustainable development has increased general environmental awareness and has given rise to a demand for sustainable products and increased energy efficiency. In turn, there is now also an increased financial and legislative focus on sustainability reporting.

Biobase Sweden's own objectives are strongly aligned with the objectives of the SDGs. We provide the industry with efficient biobased products, replacing fossil-based products. We of course also strive to utilize raw materials that have the least environmental and climate impact. We believe when it comes to sustainability, most of our customers want to see concrete data, carefully explained, and illustrated, so they can better understand the impact of our business with respect to their supply chain. We are continuously working on improving our process and system of collecting Data to cover all relevant topics comprehensively as we progress.



We at Biobase Sweden understand the need for a transparent disclosure of our operational practices and how we manage our environmental and social responsibilities, including our own workforce, resource consumption, waste and emissions, policies against corruption, and supply chain to our customers. Our focus is not on producing the sustainability report itself, but on how this reporting process can improve sustainability within our company. With this report we wish to present our corporate values and the way we would like to do business, by demonstrating the link between our strategy and commitment to sustainable development, and publish information about our economic, environmental, and social impact in a transparent manner. We believe being more transparent enables our customers to better understand how we are currently contributing—or will contribute to the near future—to the improvement of economic, environmental, and social conditions at the local, regional, or global level.

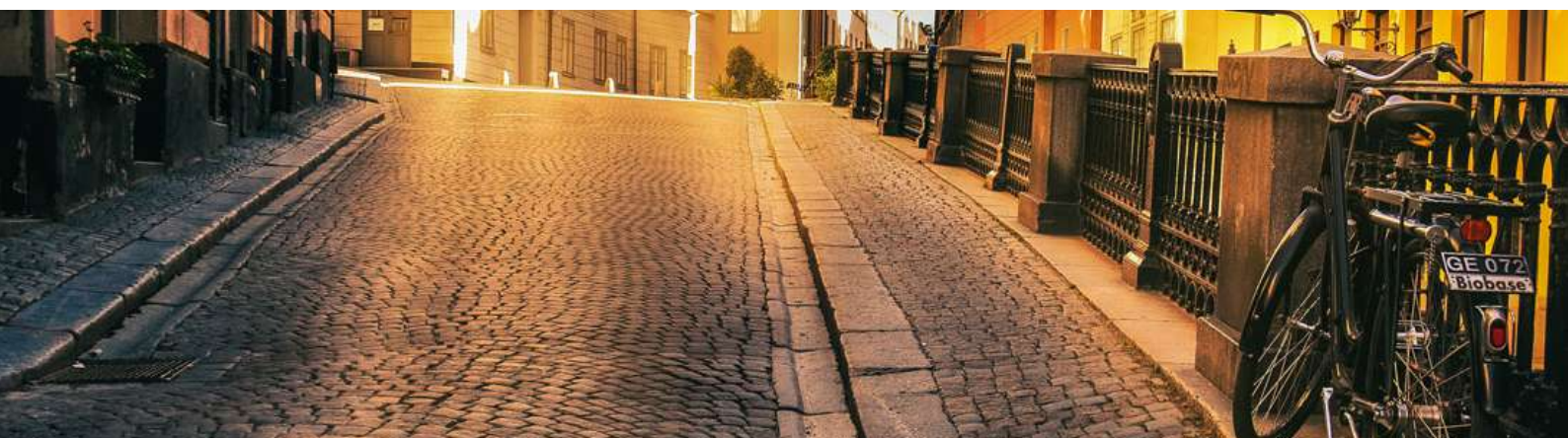
Most of the data is compiled from verifiable data based on our internal documentation and monitoring. The report also details our company's current sustainability activities and charts our progress against each material aspect. The report gives us an opportunity to share and explain our company's efforts towards sustainability in more detail by presenting the progress we have made towards our goals and their impact on the society.

About Biobase Sweden

Biobase Sweden creates and provides the global industry with bio-based functional fluids enabling efficient production of goods and services. We develop and produce novel unique industrial products from renewable streams helping the industry to reach carbon neutrality. We have a goal to offer high-performance Biobased and Biodegradable products with outstanding sustainability profile.

Our sales and marketing efforts are organized around two market segments:

1. **Base Fluid:** In this segment we develop and sell renewable alternatives to conventional fossil-based base oils for the global lubricant industry. The product line BIO-BASE has negative carbon footprint due to the fact that it is produced from agricultural waste and residue not fit for human or animal consumption. Further similar product lines are under development. Common for all present and future product is the combination of bio-based raw materials and biodegradability of the end product.
2. **Industrial Fluid:** This segment currently covers finished products for the construction, mining, forestry, and mechanical industry. All products are technically highly efficient, bio-based and biodegradable. Our aim is to provide the customers with bio-based alternatives which are better performing than currently established fossil-based products.



Words from the CEO and Chairman of the Board

Dear Readers,

Doing what is right for the environment, for the planet, is more than just one small decision – it's billions of them. And making real change happen begins with each of us and the choices we make every day. Biobase Sweden AB's journey began in 2019 when Dr. Per Wiklund founded the company with a clear vision of a future bio-based chemical industry.

Our company Biobase Sweden exists solely for the purpose of providing the market with sustainable products. We believe that the world must cut all its ties with fossil carbon extraction, i.e., all industrial products should be biobased. When we get to the point that only biobased carbon is used in all types of products, we get to a state of natural and complete circularity. This is in essence our long-term vision summed up in the statement "Shaping a climate-friendly industry without the need for fossil-based functional fluids". The year 2022 was our second year of operation and we are hereby summing up our efforts from the sustainability perspective. Late during the year, we opened production in our own facility, something which will enable further optimization and improvement as we continue to develop the company and our market offer.

Our Values and vision guide our decisions and actions. In this first sustainability report, you will read about why we prioritize sustainability, where we are now with our ambitions and where we want to go in the future.

In all of the steps we've taken, acting ethically and with integrity while respecting people and caring for the planet was at the heart of our decisions. Because it is both the right thing to do and it is how we make an impact that matters for our people, clients and society.

Thank you for reading our sustainability report.



Erik Josephson
CEO Biobase Sweden AB



Dr. Per Wiklund
Founder Biobase Sweden AB



Sustainability Strategy

The company policies are an extension of our vision, mission and values that defines our approach to doing business. Guided by our vision we aim to develop our sustainability strategy. We are now working to formally integrate sustainability performance in our operations and processes. The company has a vision to shape a climate friendly industry without the need for fossil based functional fluids. The goal of the company is to conduct business in a way that minimises the environmental impact of our operations while providing excellent value for money for our customers. Going forward we also aim to make our packaging waste Zero. We have updated our Miljö policy and code of conduct this year taking the latest regulations and commitments into consideration. We have also committed to report better on our initiative towards Environment, Social and Governance activities (ESG).

Materiality

The material topics for this reporting year have been finalised basis the goals set forward by the company as well as the impact of a particular topic on the company’s performance. These Material issues have significant implications for our company’s risks and opportunities, making them critical elements for decision making and strategy setting.

At Biobase Sweden we have used a well round- data driven approach to identify and address highest priority aspects for our operations. This materiality analysis includes both internal and external aspects that are vital to our customers and factors in our impacts. These material topics have been mapped to the SDG targets that it caters to in the grid below. This materiality analysis will be the key mechanism that links material issues mapped to their SDG targets with the company’s sustainability strategy. It forms the very basis of our company’s strategy to transform the business to be more sustainable from all aspects. The analysis acts as a starting point that enables our company to work more strategically and proactively with certain challenges that we are equipped to tackle.

Material Topics	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Energy							●					●	●				
Emissions			●									●	●	●	●		
Waste Management			●					●				●		●	●		
Transport & Packaging												●	●				
Labor Management			●					●									
Occupational Health & Safety			●					●									
Employee Wellbeing			●					●		●							
Non-Discrimination					●					●							●
Risk Management												●	●				
Anti-Corruption								●									●
Economic Performance								●									
Good Governance & Ethics																	●

Materiality denotes the sustainability reporting priority for the reporting year. This materiality analysis helped us to identify focal points for this sustainability report and help in prioritising areas of interest for the company to work on. The result of this materiality analysis will help the company prioritise and ensure we use internal resources where they are needed the most.

Materiality Grid

In the future, Biobase Sweden aims to complement our own Materiality analysis with a benchmark on what peers within the industry work with and report on to serve as a source of inspiration while giving a valuable view of how the scope we as a company have defined looks in comparison to the industry best practice.

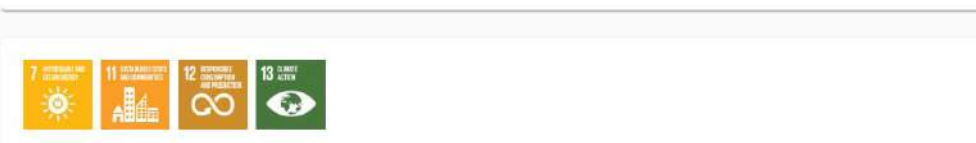
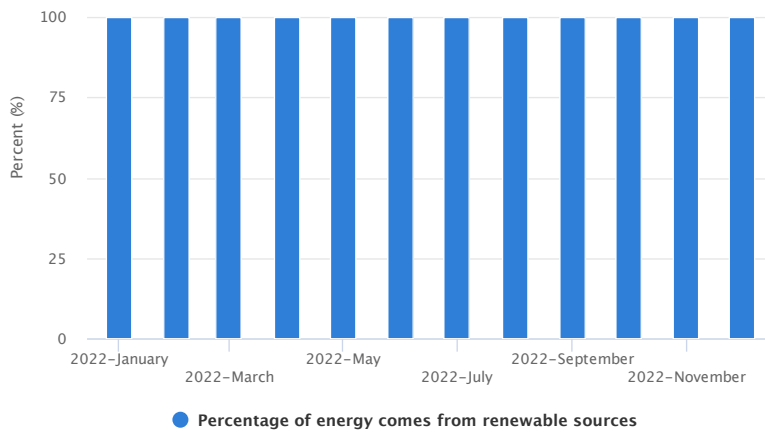


Sustainability Performance; Key Performance Indicators

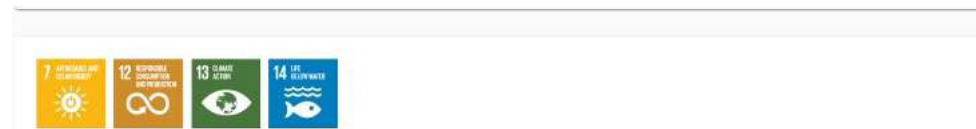
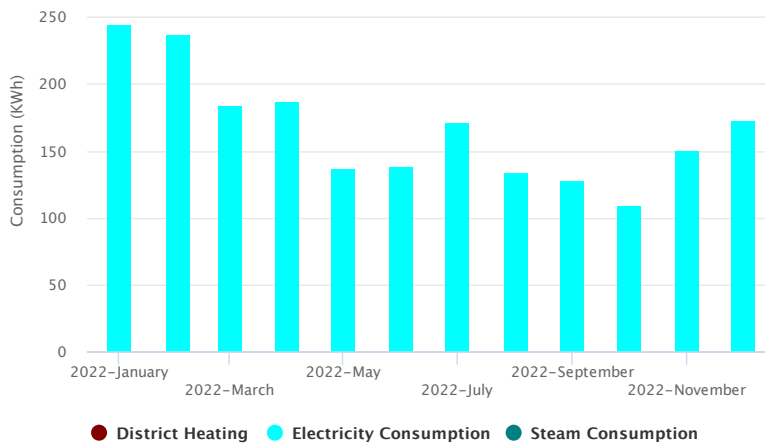
We have categorised the areas of interest in the following areas:

Environment:

1. Carbon emissions from Energy consumption and Transportation
 - a. **Scope 1:** Emission from Company owned/ Leased vehicles.
 - b. **Scope 2:** Emissions from purchased electricity and Heating.



The above graph denotes the energy mix pattern (100% renewable energy)



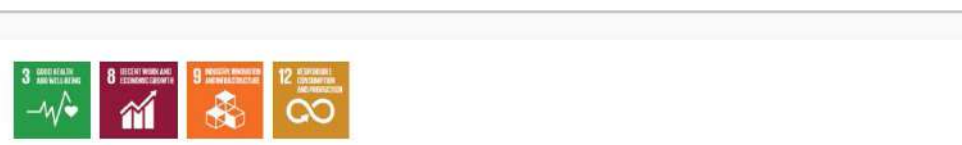
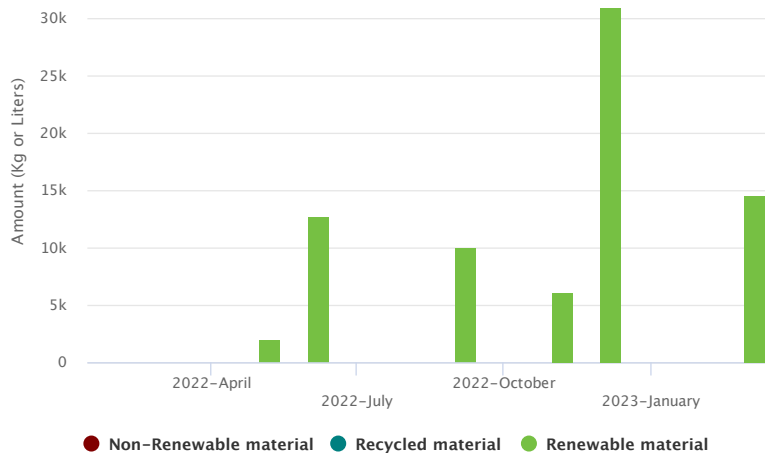
The above graph denotes the electricity consumption at the Biobase Sweden office.

c. **Scope 3**

- i. Emissions from upstream and downstream transportation
- ii. Emissions from purchase of raw material
- iii. Emissions from purchase of packaging material

2. Raw material management:

The choice of raw material for our product and the way the product is used in everyday life affects the environment. We purchase our feedstock from local sources where possible and if not available locally we try to purchase from sustainably certified sources. All our raw materials are certified by Hållbar enligt HBL (Lag 2010:598)

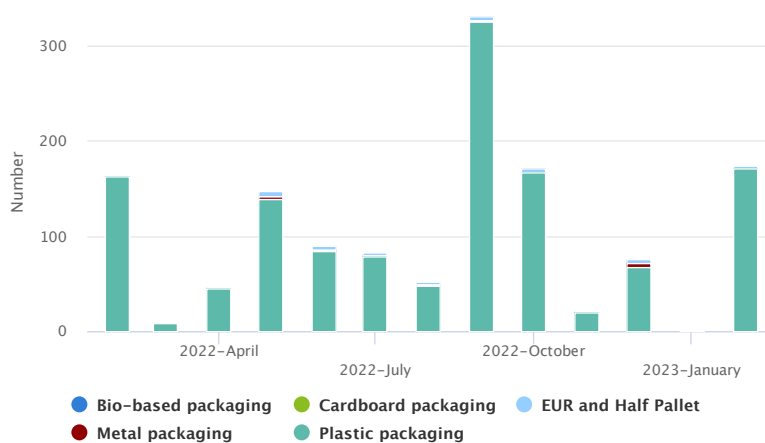


The above graph denotes the raw material consumption at Biobase Sweden.

3. Packaging

a. Different Packaging materials used.

b. Total amount of packaging waste produced- No packaging waste is produced. The company purchases reused packaging, and the packaging sent to the customers is also reusable. All packaging procured is circular in nature i.e., reusable or recyclable.

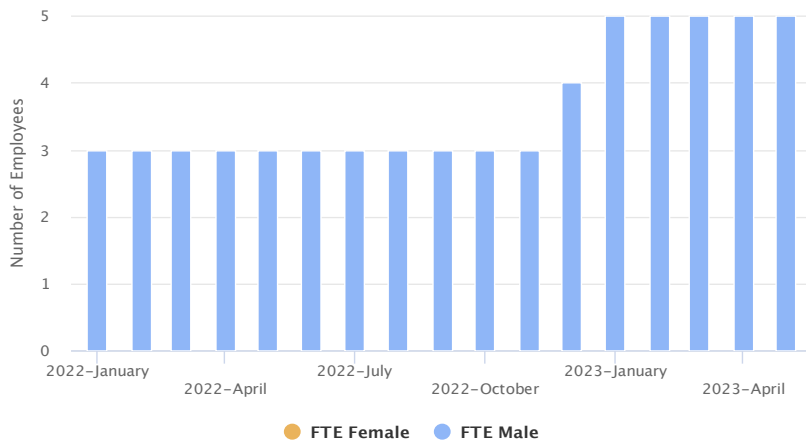


The above graph denotes the packaging units purchased.

4. Waste Management
 - a. Total amount of waste produced.
 - b. Amount of waste taken care of by a recycler

Social

1. Gender equality



The above graph denotes the number of full-time employees at work.

Apart from these KPIs we also have an anti-corruption, anti-discriminatory policy along with a supplier code of conduct.

Economic and Governance

1. Regulatory compliance- % of product compliant with REACH.
2. Products are CLP compliant.
3. ISO 9001 and 14001 certifications.



Responsible Business

Code of Conduct

1. Zero-Tolerance for corruption

We are focused on operating our company in an ethical and effective manner. No matter whether it is carried out directly or through one of our partners, employees, or suppliers, we forbid any form of bribery or corruption.

2. Operate Safely and Securely

We place a high priority on the health and safety of all stakeholders, our clients, employees, and customers. This involves developing a secure and healthy working environment, establishing a culture of safety, and complying to all applicable health and safety laws.

Environmental Policy

At Biobase Sweden AB, we recognize that environmental protection is a critical responsibility and that our operations can have both positive and negative impacts on the environment. As a result, we are committed to minimizing our environmental footprint and continuously improving our environmental performance. The purpose of the environmental policy is to provide guidance to everyone within the company on how environmental work should be conducted and what values we stand for.

- The choice of raw materials for our products and the way the products are used in everyday life affects the environment. We purchase our raw materials from local sources where possible and if they are not available locally, we try to purchase from sustainably certified sources.
- We aim to reduce our GHG emission from electricity and district heating by purchasing from renewable sources.
- Our travel affects the environment and the climate in a decisive way. We aim to measure GHG emissions that are linked to how we consume and travel environmentally friendly transport (see Traveling policy).
- We strive for zero production waste and that all packaging used in our operations and for shipping of our products can be recycled or reused.
- While developing our products, resource management, chemical labeling and circular thinking are at the forefront.
- We are committed to encouraging sustainable behaviors by raising awareness to our employees and customers.
- We are currently in the process of obtaining ISO 9001 and ISO 14001 certifications and work accordingly with continuous improvement.
- All our products for the EU market are fully REACH-compliant and come with MSDS (Material safety datasheets) in accordance with CLP.

Environmental policy for suppliers

1. Environmental Management

We expect our suppliers to have an environmental management system in place that involves policies, procedures, and controls to manage their environmental impacts.

2. Compliance with laws and regulations

In respect to any applicable industry standards and directives, for chemicals and other raw materials, we expect that our suppliers comply with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) with the EU or similar legislation in other jurisdictions.

3. Chemical Management

Suppliers must implement safe chemical management practices to minimize the use of hazardous chemicals and reduce their potential impact on the environment and human health. We expect our suppliers to have certification and compliance with international environmental standards, such as ISO 14001, to demonstrate their commitment to sustainability.

4. Responsible sourcing and Packaging

We expect our suppliers to source their raw materials to limit high indirect land use change and chemicals in compliance with external bodies such as RSPO or similar. Also, labeling and packaging of chemicals should be in compliance with the Classification, Labeling and Packaging (CLP) Regulation.

All the supplies and products would be sourced responsibly by evaluating the environmental effect of their supply chain and selecting suppliers that share our commitment to sustainable practices.

5. Transparency and reporting

We require full disclosure from our suppliers regarding their environmental policies and frequent reports on their environmental performance, which should include figures for energy use, greenhouse gas emissions, and waste in their production.

6. Continuous improvement

We expect our suppliers to constantly improve their environmental performance by setting and achieving environmental goals, applying the best methods, and participating in sustainable technologies and practices.



Conclusion

We understand that advances in a company's sustainability goals is insufficient by itself. The presence of verifiable data is of significance as data is an effective means of communication. Demonstrating our efforts in the sustainability sphere is vital for us to show our customers that we take sustainable development very seriously.

At Biobase Sweden we have realised that with the advent of the data revolution, the sustainability challenges within the industry can be measured, monitored and addressed through digitalisation in the sustainability domain. The emergence of big data and Industry 4.0 has increased the digital connectivity between products and the system and development has been closely linked to reduction in waste, resource, and energy. The digital economy is upending processes and revolutionising the industry, where we as a company are leveraging this technology to monitor our energy consumption and track our carbon footprint.

Our learning from this process of sustainability reporting is that it requires a lot of data sharing and collaboration. Data is getting generated constantly so it is important to understand the data and what it enables in order to manage it efficiently. We believe these KPIs chosen will also help us in visualising our consumption pattern and highlight the scope for us to do better. Using a sustainability management software helped us to maximise the intelligent use of technology from data analytics to manage and make sense of sustainability data. The platform also guided us as a company on what to measure and how to measure using simple KPIs and further aided the company to benchmark itself with industry peers.

The report helps us monitor our performance and continuously improve our operational performances. The report also presents the data behind our performance claims for easy understanding.



Appendix

