

The background of the entire page is a close-up photograph of a flower, likely a lily, with its petals in various shades of teal and dark blue. The lighting creates a soft, ethereal glow, highlighting the texture of the petals.

One molecule can
change
everything

This is Perstorp

Perstorp is a world leading specialty chemicals company. Our products provide essential inputs and properties for many value chains in a wide range of industries. Perstorp's solutions are used every day and everywhere around the world. They are found in the electric cars and in components in mobile phones, but also in towering wind turbines and at the local dairy farm. We improve the quality of everyday life and we do it with a focused sustainability agenda.

A market focused business model

We are developing our current and future market segments with the objective to deliver long term above average market growth and profitability. Growth is primarily driven by our strategic segments through investments in selected specialties, strategic mergers & acquisitions and focused market positioning. Sustainability is at the core of our growth strategy and our activities. This includes exploring business opportunities to create future focus segments.

A key part of our strategy is to be a valued partner for our customers and other business partners, by providing them with extensive application knowledge. Perstorp shall be critical for them to improve their processes, getting closer to their clients and to fulfil both their financial and sustainability ambitions. In the years to come, we will strengthen our focus on how to improve interaction at important touch points along our customers' buying journey and to strengthen the Perstorp brand experience accordingly.

Developing our focus segments directed to specialties

Perstorp's aspiration is to become a leading sustainable solutions provider for four focus segment; Resins & Coatings, Engineered Fluids, Advanced Materials and Animal Nutrition. By 2027 we aim to increase the share of sales from our specialty products portfolio significantly, foremost by further developing in-depth segment expertise, and by focusing our business even more:

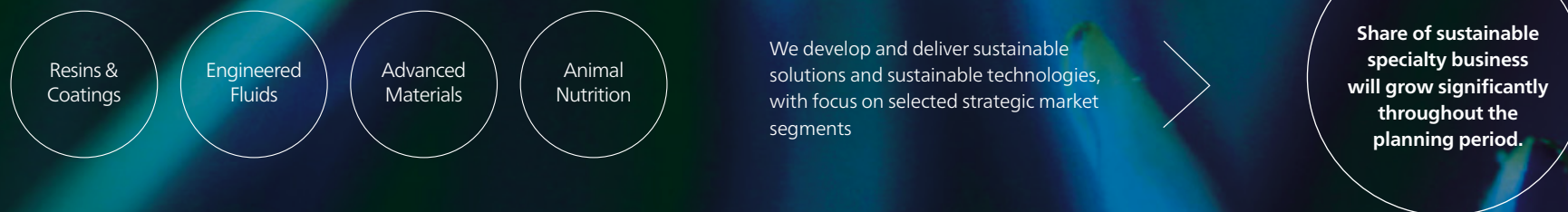
- Increase the overall share of Sustainable Solutions
- Drive specialization of the portfolio incl. M&A
- Increase customer centricity to reinforce market leadership positions

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ESSENCE OF STRATEGY

Transformation of Perstorp towards sustainable specialities with focus on selected strategic segments.



INCREASE SHARE OF SUSTAINABLE SOLUTIONS

- Drive Pro-Environment products switch and keep and develop the position as a player with the largest and most attractive solutions offering
- Focus on sustainable technologies to bring additional innovative sustainable products to market

DRIVE SPECIALIZATION OF THE PORTFOLIO INCL. M&A

- Focus commercial and industrial growth on niche molecules and formulated products
- Expand the portfolio by deployment of new solutions over the longer-term in adjacent (and potentially downstream) applications

INCREASE CUSTOMER CENTRICITY TO REINFORCE LEADERSHIP POSITIONS

- Leverage Customer Excellence capabilities
- Address the customer journey through digitalization for increased easiness and attractiveness
- Develop solutions and applications in close partnerships with stakeholders in the value chain

In 2022, Perstorp was acquired by PETRONAS Chemicals Group Berhad (PCG), Malaysia's leading integrated chemicals producer and part of PETRONAS Group. With the acquisition, Perstorp is now PCG's wholly-owned subsidiary. PCG is one of the Largest Integrated Chemicals Producers in Southeast Asia* with the vision to be the preferred chemical company providing innovative customers solutions. PCG set up its first plant in 1985, in Bintulu, Sarawak and is headquartered in Kuala Lumpur, Malaysia. The company is listed

on the Kuala Lumpur Stock Exchange and consists of more than 80 subsidiaries, joint ventures and associated companies. Perstorp is the main growth platform in PCG's newly formed Specialty Chemicals Division.

* By capacity

~1,500
employees worldwide

15.3
Billion SEK Turnover

1.840
Billion SEK
EBITDA excl. non-
recurring items

50%
No. 1 position of
50% of portfolio

World leader in selected specialty chemicals niches

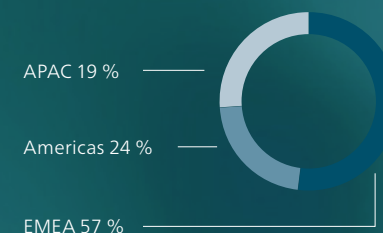
- The sustainable solutions provider for our prioritized segments Resins & Coatings, Engineered Fluids, Advanced Materials and Animal Nutrition
- Integrated Polyols and Oxo platforms enable efficient utilization of side streams
- Focused Innovation for our prioritized segments, closely linked to our customers
- Strongly committed to Sustainability and our Finite Material Neutral ambition
- Globally present with production units in Europe, Asia and North America, with a new state-of-the-art greenfield plant in Gujarat, India to be inaugurated in 2H 2023
- Since May 2022, Perstorp is a wholly-owned subsidiary of PETRONAS Chemicals Group Berhad (PCG), Malaysia's leading integrated chemicals producer and part of PETRONAS Group

Global presence

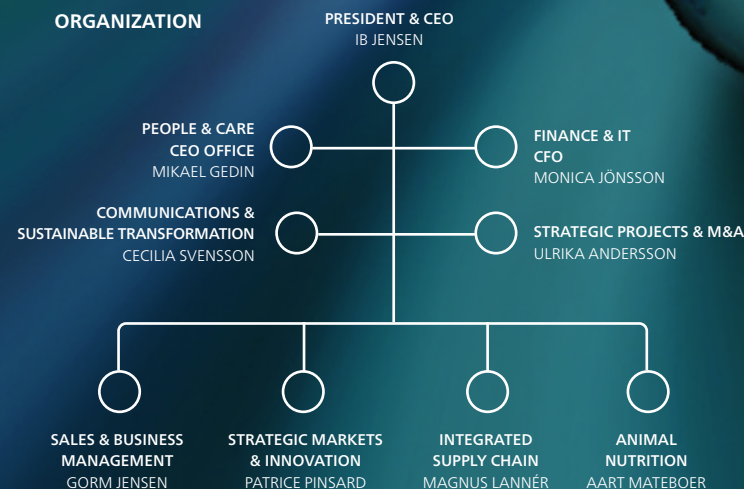
Perstorp is the operator of 7 production units in Europe, Asia and North America with sales representation in all major markets and more than 50 agents.



NET SALES BY GEOGRAPHY, 2022



ORGANIZATION



Towards sustainable chemicals

– our journey continues



Chemicals are essential for modern life, for the health and wellbeing of billions of people and for a prosperous society. Almost all industrial goods – 96 percent – contain ingredients from the chemical industry. Perstorp's products play a key role for mobility, construction work, hygiene and pharmaceuticals to mention just a few examples. With great impact comes great responsibility. And when we change something for the better, we have a wide impact.

The chemical industry has traditionally been dependent on fossil raw materials, and hence a substantial contributor to global greenhouse gas (GHG) emissions. Now, the industry is in rapid transition and wants to be part of the global transformation to tackle climate change. Perstorp has a leading sustainability position, but many of our peers and competitors have also stated their long-term objectives and aspirations. Some are more ambitious than others, but the direction cannot be mistaken.

The challenge for both the industry and for Perstorp is of course to go beyond words. Ambitious targets are important for setting out the direction, to align our organization and to prepare customers and other stakeholders for a challenging journey. Perstorp has ambitious corporate targets in the areas of CO₂-emissions for Scope 1, 2 and 3, water, waste and Eco-toxic impact with the end year of 2030. These targets are underpinned by granular roadmaps in each area, where potential reductions and mitigations have been identified and where all relevant stakeholders are involved. The roadmaps are reviewed and updated on a regular basis according to set processes, which secures direction and progress. We are committed to the Science Based Targets initiative (SBTi) since 2021 with science-based emission reduction targets for Scope 1, 2 and 3 aligned with the Paris Climate Agreement.

In 2022, a new chapter began for Perstorp with the acquisition by PETRONAS Chemicals Group Berhad (PCG). It is clear that our position

and competence when it comes to sustainability was an important driver for the acquisition. Perstorp and PCG share bold and sincere ambitions in this area and together we will be able to achieve an even wider and deeper impact for our products and planet. I am very proud to lead an organization that truly walks the talk with many professional and engaged colleagues who are working with projects and improvements that will be shown in tangible results now and in the future.

A substantial part of Perstorp's transition is directly linked to our commercial strategy, with a portfolio of more than 25 Pro-Environment solutions and products based on renewable or recycled raw materials. They are all ISCC PLUS certified, based on mass balance that is both physically and chemically traceable and ready to "plug in" into existing chemical processes. Dialogues are held with end customers in order to secure that our products truly contribute to the sustainability of their end products. We are also working in partnership with customers in order to share knowledge and make sure that we optimize our contributions to the transition of their industries.

Summarizing 2022, we saw an absolute decrease in our CO₂-emissions, to a large extent due to lower production volumes. However, the intensity was also slightly increased, mainly due to the lower production volumes combined with a lagging effect of sustainability improvement projects and activities. We developed and implemented a new gover-

nance structure with new processes and ways of working and we have initiated a number of projects and activities that will contribute to a positive impact in the years to come. The most significant project is called "Project Air", a first-of-a-kind, large-scale production of sustainable methanol and an important part of Perstorp's transition, which in 2022 was awarded 97 MEUR in support from the EU Innovation Fund.

With continued geopolitical uncertainty and macroeconomic volatility, 2023 will be an important test for the long-term willingness in our industry to invest in sustainability and continuous transition. An increased focus on price downstream and challenges to secure "green" raw materials upstream could lead to an undesirable global slowdown towards Perstorp's 2030 targets. At Perstorp we need to strike the balance right, but we are strongly committed to our own 2030 targets and continue to work accordingly. Sustainability drives a big part of our business strategy, it defines how we develop relations with our customers, and it is not least crucial for our ability to attract and retain the best people in our industry.

Perstorp's journey continues.

Malmö, June 2023

Ib Jensen

The sustainable solutions provider

Rooted in our Mission

Being a sustainable solutions provider is part of our corporate mission. As the sustainable solutions provider we drive the sustainable transformation in society, focusing on the global Resins & Coatings, Engineered Fluids, Advanced Materials and Animal Nutrition markets.

Finite Material Neutral

Our long-term ambition is to become Finite Material Neutral. It reflects the areas where Perstorp has the greatest footprint from its operations. It reflects the areas where Perstorp has the greatest footprint from its operations. Becoming Finite Material Neutral means, for example, shifting away from all virgin fossil raw materials and energy, and over to renewable, recycled, or recovered at all our production plants globally.

Perstorp works with the following focus areas to become Finite Material Neutral:

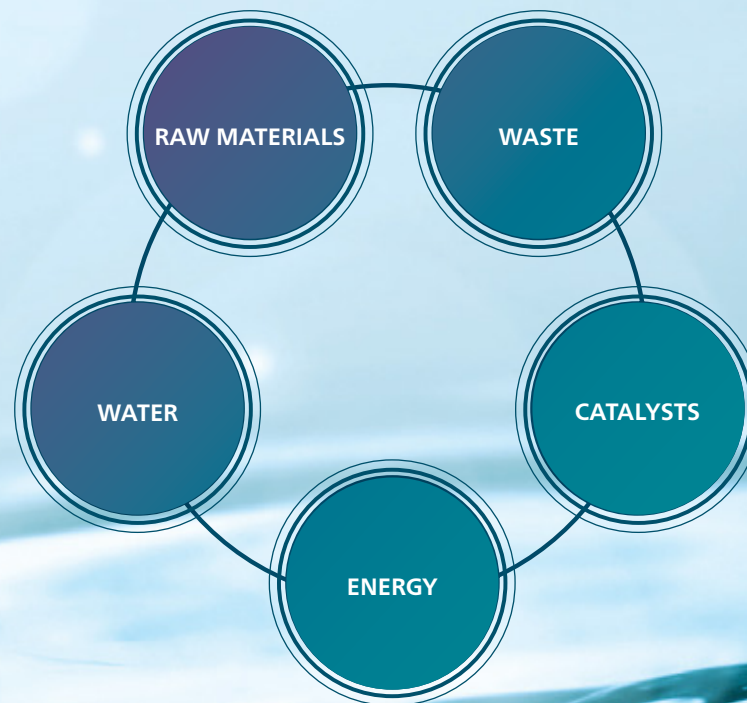
Raw materials – switch to 100 percent renewable, recycled or reclaimed raw materials.

Energy – improve energy efficiency and use only renewable or recovered energy.

Water – reduce our total water footprint and ensure that we do not affect the environment or human health negatively through our water use or water effluents.

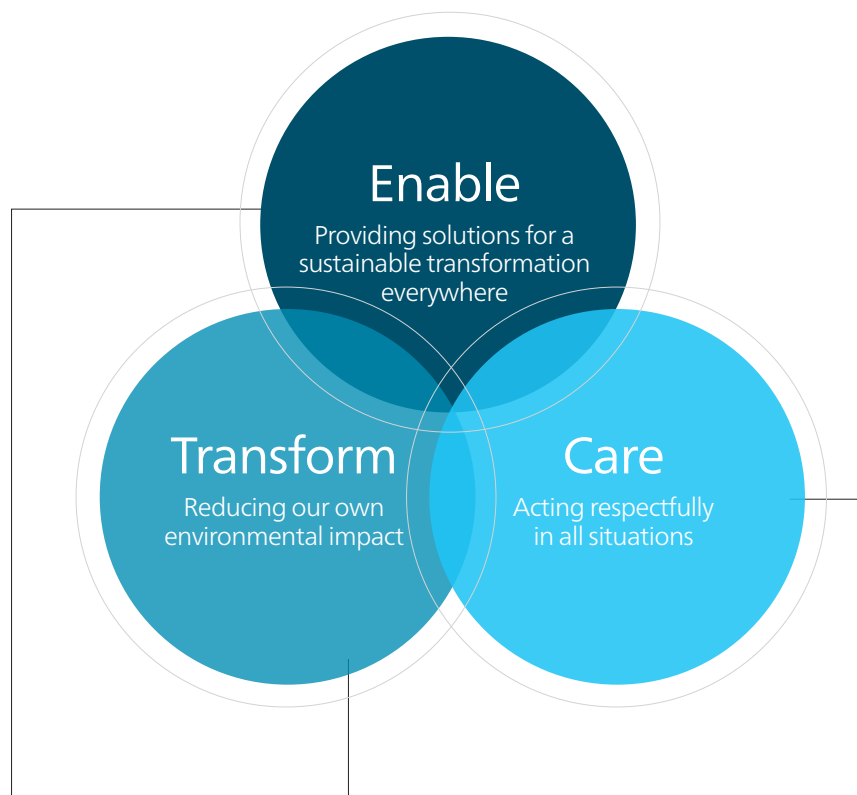
Waste – prevent, reduce, recycle and eliminate waste in all phases of its value chain.

Catalysts – reduce our use of catalysts, and only use reclaimed or recycled catalysts.



Our sustainability approach

We have the opportunity to make a great positive impact; by driving change, transforming our production and enable new solutions that will help industries and products everywhere become more sustainable. We are fully committed to do so and to always act respectfully with regards to people, environment and society.



Enable

Our products are used by and required for the sustainable transformation of many industries and end products. This gives us the opportunity to drive change within entire global value chains by enabling and supporting new sustainable solutions.

Transform

As the chemical industry has a large environmental footprint, the sustainability transformation in our industry will have a significant positive impact. This is our responsibility and a prerequisite for society's ability to survive and thrive in the long-term.

Care

We operate in an industry where accidents can have severe consequences and where our business and decisions impact many people. Therefore, health and safety is a top priority, and acting respectfully and fair with regards to people, environment and society are deeply rooted in our values and how we do business.

An evolving policy and regulatory landscape for the chemicals industry

With 96 percent* of manufactured goods relying on chemicals, the chemical industry greatly influences, and is influenced by, the rapid developments in sustainability. The European Union is paving the way, but similar developments are also expected in the Americas and Asia. The below initiatives are expected to shape Perstorp's and the industry's future. Being part of the solution and able to influence such policies will be crucial to long-term success.

EU Green Deal – a coordinated set of policies and legislation aiming for decoupled economic growth and net-zero emissions in the EU by 2050. Perstorp will contribute to the ambition of achieving climate neutrality by improving our own as well as our customers' climate performance. An important theme is circular economy, where Perstorp is developing solutions that help ensure the end products where our chemicals are used can be reused or recycled. The Green Deal also includes a zero-pollution ambition for a toxic-free environment to which we are aligning and contributing.

Fit for 55' – covers key EU climate legislative proposals and policy initiatives. The aim is to achieve the EU Green Deal and reduce emissions by 55 percent by 2030. Perstorp has excellent opportunities to contribute, for example by working towards our Finite Material Neutral ambition and reaching our Science Based Targets for 2030, aligned with the Paris Climate Agreement 1.5 °C scenario.










EU Chemicals strategy for sustainability – a part of the Green Deal package, that works toward the EU zero-pollution ambition and is closely linked to REACH by prohibiting hazardous substances from consumer products. As REACH addresses the production and use of chemical substances, and their potential impacts on both human health and the environment, Perstorp has a key role to play by bringing more safe and sustainable products to the market. Our (eco) toxic impact targets are a first and important step to align our business with this ambition.

** Cefic position paper on Chemical Strategy for Sustainability 2020.*

Our 2030 targets and progress 2022

During 2022, Perstorp continued its work to define corporate sustainability targets for the areas where we have the largest impact. New 2030 targets were set for freshwater consumption and for hazardous and non-hazardous waste. Perstorp will continue to define sustainability targets that ensure we are an enabler of the sustainable transformation and to ensure we don't stop caring for fundamental rights and responsibilities.

All targets and progress are compared to a 2019 base year

	Target area	Indicator	Target	Status 2022 against target	Note
  	Greenhouse gases	Absolute reduction of CO ₂ equivalents in scope 1&2	-46%	-19%	Corresponds to -3 % in intensity
		Intensity reduction of CO ₂ equivalents in scope 3	-27.8%	-3%	Corresponds to -19 % in absolute
 	Water	Absolute reduction of fresh water consumption	-30%	-10%	Corresponds to +7 % in intensity
 	Waste	Absolute reduction of Hazardous waste	-30%	-9%	Corresponds to +9 % in intensity
		Absolute reduction of non-hazardous waste	-30%	-28%	Corresponds to -14 % in intensity
 	Toxicity	Products reaching the consumer or professional market that are chemicals of concern	0	25 % of substances fully assessed	
		New developed products that are safe and sustainable chemicals	100%		

2022 was a year with reduced production volumes. The absolute reductions in GHG emissions, water use and waste generation were mainly connected to the production volumes and only to a low degree to realized reduction projects. Hence, when the production volume increases, the absolute numbers will also increase.

To understand how Perstorp is so far progressing towards our 2030 targets, it is more relevant to look at the intensity within each target area. During 2022 we saw the intensity increase for both energy and water consumption as well as generation of waste, a consequence

of our production sites running on low production capacities due to decreased volumes.

Worth noting is that despite increased intensity in energy consumption in 2022, the Scope 1&2 emission intensity declined. This was achieved by the ongoing phaseout of fossil energy sources. By executing our roadmap until 2030 and realizing reduction projects like Project Air and waste water recycling projects, reductions in both intensity and absolute numbers are expected over the years to come.

Roadmaps for reaching targets

Perstorp has during 2022 been developing and implementing the internal practices needed for realizing our 2030 targets, including clear ownership and involvement throughout the organization. New governance processes have been developed, new roles appointed, corporate environmental targets broken down to production site targets and first bottom-up transition roadmaps with concrete actions developed for all sites (Scope 1&2, Water and Waste) as well as for Scope 3 on group level. These roadmaps outline the actions needed to fulfil our 2030 targets within these areas and enable sustainable transformation throughout value chains.

Contributing to the UN Sustainable Development Goals (SDGs)

Perstorp is committed to the SDGs and Agenda 2030. By providing more sustainable solutions that enable innovation in virtually all industries and through most value chains, the chemical industry can contribute to a more sustainable society. Our industry is critical for the global sustainability transformation. We have the ability to provide solutions that can directly support many of the SDGs. Our business has significant potential to make a meaningful positive contribution to SDGs 3, 6, 7, 12 and 13, which is explained below.



Target 3.9

What we do

By working actively with our production processes and products, we substantially contribute to reducing the number of deaths and illnesses from hazardous chemicals, as well as air, water and soil pollution. We have recently set new (eco) toxic impact targets on our products to ensure that our employees, customers and end-users are not negatively affected by the chemicals we use and produce. Comprehensive occupational and environmental safety measures at all production sites (and similar requirements on our suppliers) also reduce the risk of both handling hazardous chemicals and causing human harm through pollution.



Targets 6.3 and 6.4

What we do

We proactively limit all kinds of pollution to water, from our production as well as our products. We work to increase water-use efficiency and water recycling across all production sites and ensure that our freshwater withdrawals do not interfere with the need for safe and affordable drinking water and food production. None of our sites are based in areas of water scarcity.



Targets 7.2 and 7.3

What we do

Much of the transition to a low-carbon society relies on a major switch to renewable energy within all sectors to ensure accessible and affordable clean energy for all. Perstorp contributes to this shift by switching the energy sources at its sites to renewable alternatives, which will be accelerated in the coming years. A large proportion of our procured electricity also comes from renewable sources.

Another way to meet the future increased demand for clean energy is to improve energy efficiency, which we continuously work with in our operations. In addition, many of our products, such as synthetic lubricants and engineered fluids, are directly geared to reduce energy consumption further down the value chain.



Targets 12.2, 12.4, 12.5 and 12.6

What we do

To ensure sustainable and responsible production, Perstorp needs to transform production processes as well as natural resources used throughout the value chain. Therefore, we have set an ambition to be Finite Material Neutral. We proactively work to improve resource efficiency in our own operations and place requirements on our suppliers. We constantly innovate to promote resource efficiency, waste minimization and the use of renewable or recycled materials and sustainable technologies. With our targets on (eco) toxic impact we are also stepping up our management of chemicals and minimizing their adverse impacts on human health and the environment. The products we develop shall have a lower environmental impact and be based on renewable or recycled resources. We increasingly offer products to customers that promote recyclability and circularity.



Targets 13.1 and 13.3

What we do

As a leading chemicals company, we have a responsibility to take action on climate change. We have set comprehensive and ambitious Science Based Targets to reduce the climate impact of our operations and our value chain in line with the Paris Climate Agreement 1.5 °C scenario. We also raise customer awareness on how our products can help them to reduce their carbon footprint.

Sustainability highlights 2022



Targets for waste and water – Perstorp has added new corporate sustainability targets, for water and waste, to its sustainability strategy.



Freshwater recycling – investing in a technique to recycle wastewater in Stenungsund, Sweden which will save 1.1 billion liters of fresh water per year.



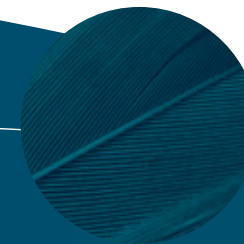
PCF values – aligning with the new industry standard for product carbon footprint (PCF) and making PCF-values available for large majority of product volume.



Project Air received EUR 97 million in support from EU Innovation Fund.



Roadmaps developed: actionable plans for reaching sustainability targets for greenhouse gas emissions (Scope 1, 2 and 3), as well as for water and waste, were developed.



Introducing the world's first 2-Ethylhexanol partly based on renewables.

Innovation drives our sustainability work

Innovation is a major driver for the development of more sustainable products and processes. Perstorp is a part of various R&D collaborations with academia, Subject Matter Experts, research institutes and other partners to develop more sustainable solutions. New products are developed in line with a safe and sustainable by design approach and are often based on renewable or recycled materials that enable circularity.

Innovation also focuses on developing more efficient production processes that reduce our own environmental impact. All of our current external research collaborations, including 16 consortia and over 160 partners and with a total R&D budget of over 500 MSEK, are executed in line with our sustainability strategy. This includes topics such as bio-based raw materials and de-fossilization, chemical recycling, CO₂/carbon capture and utilization (CCU), process intensification (electrochemistry, heterogeneous catalysis) as well as industrial biotechnology.



ADVANCING EVERYDAY LIFE

Perstorp's products and solutions advance everyday life almost everywhere – in the pockets, homes, offices and communities of practically every human being on the planet.

Enable

Providing solutions for a sustainable transformation everywhere

Our products are used by and required for the sustainable transformation of many industries and end products. This gives us the opportunity to drive change within entire global value chains, bringing sustainable solutions to end consumers of about eighty percent of all day to day products used.

We enable sustainable solutions throughout the value chain in two ways:

1 Pro-Environment solutions

Our unique portfolio of Pro-Environment products reduce CO₂ emissions throughout the whole value chain of a broad variety of products and solutions. Ideally, we provide products that both contribute toward sustainability downstream and that have a lower environmental impact. An example of this is our product Pevalen™ Pro, which is a non-phthalate plasticizer made from mass balanced renewable material.

2 Downstream sustainability contributions

Innovative sustainable solutions are key enablers for products or processes of our customers, bringing benefits further down the value chain. If we enable recyclability of the products along the value chain, improve durability of the end products, provide safe materials, support development of systems/processes with lower impact etc, it all contributes to sustainability down stream.

1

Pro-Environment solutions

Our Pro-Environment products range enables our customers to bring renewable based products with reduced carbon footprint to their respective end markets. The Pro-Environment product portfolio also contributes to Perstorp achieving Finite Material Neutral and aligning with the Paris Agreement by driving the shift toward renewable raw materials and energy.

Our criteria for a Pro-Environment product are:

- Partly or fully renewable or recycled origin
- Carbon footprint reduction
- ISCC PLUS certified
- Based on an ISCC certified mass balance concept applying chemical and physical traceability

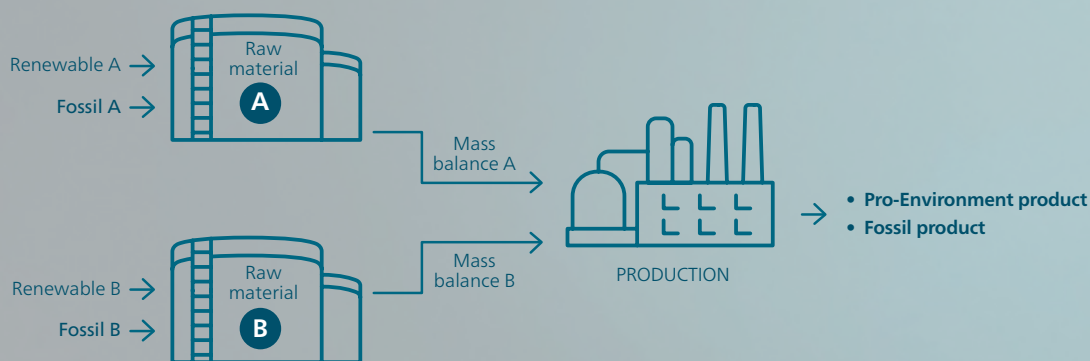
Perstorp's portfolio today consists of Polyols, Specialty products, Alcohols, Acids, Aldehydes and Plasticizers

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THE MASS BALANCE CONCEPT

Pro-Environment products are produced according to a traceable mass balance concept. Mass balance involves mixing fossil and recycled or renewable materials in our existing systems and processes. An important part of the process is to keep track of their quantities and allocating them to specific products. We apply traceable mass balance which acknowledges the basic principles of mass balance but applies chemical and physical traceability. Applying chemical and physical traceability means that it is theoretically possible to find

renewable or recycled material in the product and that the real transition of that product is gradually taking place from fossil to fully renewable or recycled. Our mass balance is certified according to the sustainability certification ISCC PLUS (ISCC – International Sustainability & Carbon Certification). Furthermore, our Pro-Environment products are drop-in, meaning that they are chemically identical, to the fossil-based products they substitute. This avoids the need for customers to alter their products, equipment or processes when switching to more sustainable solutions.



Raw materials transported to the site where they are used. No transfer of credits within the company.

The raw materials can only replace their own share of the product.

The raw materials are used in the process unit where the product is being produced.

There is a theoretical possibility of finding sustainable molecules in the end-product.

ISCC PLUS

The International Sustainability and Carbon Certification (ISCC) is a leading certification system supporting sustainable, fully traceable, deforestation-free and climate-friendly supply chains. ISCC is an independent multi-stakeholder initiative, and as a member we are an active part in setting a higher standard for sustainability within our industry.

All our Pro-Environment Products are ISCC PLUS certified, as well as our mass balance method and GHG (Green House Gas) calculations. Being ISCC PLUS certified means that all our sustainable raw materials are ISCC PLUS or ISCC EU certified in all parts of the value chain all the way back to the point of origin.



2 Downstream sustainability contribution

As a remarkable 96 percent of all manufactured goods rely on chemical products, sustainable building blocks have a huge impact throughout entire value chains. We are constantly innovating in order to support the sustainable transformation of our customers and their value chains. In fact, a clear sustainability driver is a prerequisite for all Perstorp innovation projects. Often we do this in close partnership with our customers or partners. The result are products that often contribute to sustainability in many ways for our customers' – by for example improving durability, recyclability, substitution and material safety.



Substitution of toxic substances.



New alternative solutions for replacement of products in the value chain which are based on scarce resources.



Enable recyclability of products along the value chain.



Improved durability/prolonged life-time of end-product.



Support/enabling systems with lower impact: e.g. shift from solvent borne to waterborne resins/coatings systems.



Resource efficiency improvements in the value chain (e.g. at our customer and customers' customers).

Enabling sustainable coatings with building blocks for alkyd emulsions

Alkyd emulsions are a novel technology used in sustainable paints and coatings that are based on water instead of solvents. They are composed of small alkyd droplets, which are oil-like and are dispersed in water with the help of a surfactant molecule. This results in lower VOC emissions and reduced dependence on fossil raw materials, improving the sustainability, health, and safety credentials of the paint.

Using alkyd emulsions in a coating not only results in VOC-free paint but also allows the coating to be based on resin where the majority of the chemical substituents come from natural and renewable resources. This includes mass balanced renewable polyols such as Voxstar™ and Evyron™, Perstorp's renewable versions of Pentaerythritol and TMP (trimethylolpropane). Just like the rest of Perstorp's Pro-Environment portfolio, these products are designed to reduce the carbon footprint and support sustainable sourcing of renewable raw material, and they come with an ISCC PLUS certification. Alkyds is the only binder that can be 100% free from fossil raw materials, making it a preferred binder in numerous sustainable coating applications such as wood coatings for both exterior and interior use.

Akestra™ – Enhance recycled PET, adding heat resistance performance

Akestra™ improves the heat resistance properties of recycled PET, making it suitable for hot food packaging applications without the need for virgin plastics like polystyrene. By using Akestra™, customers can increase the recycled material content in their packaging and meet sustainability targets throughout their value chain. Akestra™ offers a glass-like appearance and complies with FDA and EU regulations for direct food contact, making it a sustainable and safe solution for circular packaging.

Perstorp develops sustainable paint for Gothenburg City

Through collaboration with the paint manufacturer Gjöco, Perstorp has developed a more sustainable alkyd paint for the Gothenburg City's fossil-free, low-climate impact buildings initiative. Perstorp drew on its extensive experience from alkyd resins, including for paint companies such as Gjöco, to develop a more sustainable wood coating for outdoor applications.

Unlike typical products on the market that contain a high proportion of fossil-based materials, this next-generation paint contains an extraordinarily high proportion of non-fossil material. Perstorp achieves this through the use of alkyd emulsion, which is based on our Pro-Environment polyols Voxstar™ and Evyron™. Thorough tests by the Danish Technological Institute has shown outstanding results in extreme weather condition for both warm and cold climates.

"This paint is a great example of how industry can support larger sustainability initiatives such as Gothenburg's fossil-free, low-climate impact buildings initiative,"

says Anna Berggren, Vice President Sustainability.

Sustainable building blocks for engineered fluids

The majority of Perstorp's building blocks for polyol ester base oils come in Pro-Environment grades. These provide downstream sustainability benefits, such as reduced CO₂ emissions. Polyol ester based synthetic lubricants can be used as high-efficiency coolants, as lubricants to reduce friction between machine parts and in the thermal management of electric vehicle batteries.



Transform

Reducing our own environmental impact

The chemical industry has a large environmental footprint and therefor transforming our industry will have a great impact. It is our responsibility and a prerequisite for long-term survival.

Our sustainability targets 2030

We have a holistic way of working with reducing our environmental footprint and has set 2030 targets for our four Transform focus areas – Climate, Water, Waste and (Eco) Toxic impact. The chemical industry has for a long time been dependent on fossil feedstock and linear production processes, often with large environmental impact as a consequence. If we develop new sustainable ways of producing the

necessary chemical products, the impact will be extensive. We have set ambitious targets for the areas where we can make the largest positive contributions. We are fully committed to significantly reducing our impact, and are turning every stone to find new ways of working to reach our corporate sustainability targets, and eventually become Finite Material Neutral.



Climate

Water

Waste

(Eco) toxic
impact

Greenhouse gas emissions

As a chemical industry we have a large footprint when it comes to greenhouse gas emissions. Our production processes are often energy intensive and our feedstocks are traditionally fossil based. Therefore reducing greenhouse gas emissions is one of our top priorities. Perstorp's emission reduction targets for scope 1, 2 and 3 emissions are approved by the Science Based Targets initiative (SBTi), and aligned with the Paris Agreement 1.5 °C scenario.

What are Perstorp's scope 1, 2 and 3 emissions?

Scope 1 emissions – Direct emissions from production sites. Scope 2 emissions – Indirect emissions from purchased energy. Scope 3 emissions – Indirect emissions mainly related to raw materials, transport, waste and end of life of products.

TARGETS 2030

- Scope 1 & 2 emissions – absolute CO₂ reduction of 46.2 percent between 2019 and 2030.
- Scope 3 emissions – CO₂ reduction of 27.8 percent per ton product sold between 2019 and 2030.

Water

Perstorp's production sites all use water to some extent – as a solvent for chemical reactions, a carrier for products, a heat-transfer medium or for cooling. Water is part of our overall Finite Material Neutral ambition and we work to reduce our water footprint through efficiency and reuse technologies. Our water reduction target was launched in 2022.

TARGETS 2030

- 30% absolute reduction of freshwater consumption

Waste

Minimizing waste in all phases of production remains a priority at Perstorp and waste is one of the focus areas of our Finite Material Neutral ambition. We strive to avoid the generation of waste by focusing on quality management at all our production sites as well as finding new, circular ways of using our residues. When waste cannot be avoided, we strive to divert it from disposal in landfill and incineration by recycling it or preparing it for reuse. Our waste reduction targets were launched in 2022.

TARGETS 2030

- 30% absolute reduction of hazardous waste directed to disposal
- 30% absolute reduction of non-hazardous waste directed to disposal

(Eco) toxic impact

We work continuously to ensure that all the chemicals we launch on the market are safe for humans and the environment. We also want to future proof Perstorp by making sure we have safe and sustainable products that meet increasing demands from brand owners as well as adhering to the EU Chemicals Strategy for Sustainability (part of EU Green Deal). Safe chemicals in the market also facilitates circularity as they are easier to process and recycle.

TARGETS 2030

- No chemicals of concern should reach the consumer or professional market.
- Newly developed products should be safe and sustainable by design.

What is Perstorp's (eco) toxic impact?

The (eco) toxic impact is the impact that chemicals produced by Perstorp have on human health and the environment. (Eco) toxic is derived from both eco-toxicology and toxicology. Eco-toxicology refers to the impact chemicals have on the environment, and toxicology to the impact they have on humans.

What is chemicals of concern?

At Perstorp, we use the 'chemicals of concern' concept, which is wider than substances of very high concern (SVHC). If we produce a chemical of concern, we ensure it is only used as an intermediate. We always ensure the safe use of all the chemicals we put on the market throughout the value chain and continuously drive the development of minimizing hazards in our product portfolio. Any new intermediate products that are of concern will only be marketed if they can accelerate the sustainable transformation.

Project Air – Breaking fossil dependence

Project Air is a ground breaking initiative to break the fossil dependence of the chemical industry, with far reaching benefits throughout numerous industrial value chains. Together with our partner Uniper and through the use of innovative circular production methods, we will produce 200,000 tons of sustainable methanol for chemical manufacturing. This will reduce global carbon dioxide emissions in various value chains by up to 500,000 tons per year, corresponding to the annual emissions of around 340,000 new cars running on fossil fuel.

During 2022 Project Air had a break through when The European Union Innovation Fund selected it as one of 17 large-scale green tech projects to be granted in total more than EUR 1.8 billion. Project Air received the MEUR 97 that it applied for.

“We are demonstrating that it is possible to break our industry’s fossil dependence. We hope that more will follow our lead with similar technologies, enabling circular production processes that utilize residue streams and captured carbon. We are happy and grateful that the EU and the Innovation Fund recognize the importance of the chemical industry and its sustainable transformation with this support, which will enable the sustainable transformation of thousands of end products and value chains.”

Ib Jensen, CEO of Perstorp Group.

Purifying wastewater – Saving more than one billion liters of fresh water every year

Perstorp is investing in a unique project in Stenungsund, Sweden, that will enable wastewater from the water treatment plant run by the municipality to be further purified and reused at the Perstorp Oxo production plant. This will save 1.1 billion liters of fresh water per year.

“This is an important development of core technology for Perstorp. We plan to implement it at more sites around the world in the future in our drive to reduce freshwater consumption. Fresh water scarcity is already a fact around the world. The chemical industry has a responsibility to reduce its use and find new solutions that support society as a whole.”

Anna Berggren, Vice President Sustainability



Care

Acting respectfully in all situations

We operate in an industry where accidents can have severe consequences and where our business and decisions impact many people. Therefore, health and safety is a top priority, and acting respectfully and fair with regards to people, environment and society are deeply rooted in our values, who we are as a company, our purpose and how we do business.

Purpose

It is important that all our employees understand Perstorp's reason for being, our 'why', and that they feel inspired in their everyday at work. **We believe that one molecule can change everything. So, we are here to lead change towards chemistry that advances everyday life for the better.** Our purpose is what we believe about the world, leading us to be the change we want to see.

We have been in business for over 140 years and we have always strived to be in sync with the world around us and reinvented ourselves several times to anticipate and meet the needs around us.

Our vision

Perstorp's vision is **to become the first choice for companies seeking a competitive edge from chemistry that advances everyday life.** This involves focused innovation in our product portfolio and processes, as well as in how we approach and respond to our customers.

As the world is changing at an increasing pace. What is 'best' today might be acceptable tomorrow and inadequate next year. This is why it is important to have a vision to strive towards and to constantly develop as a company.

Our mission

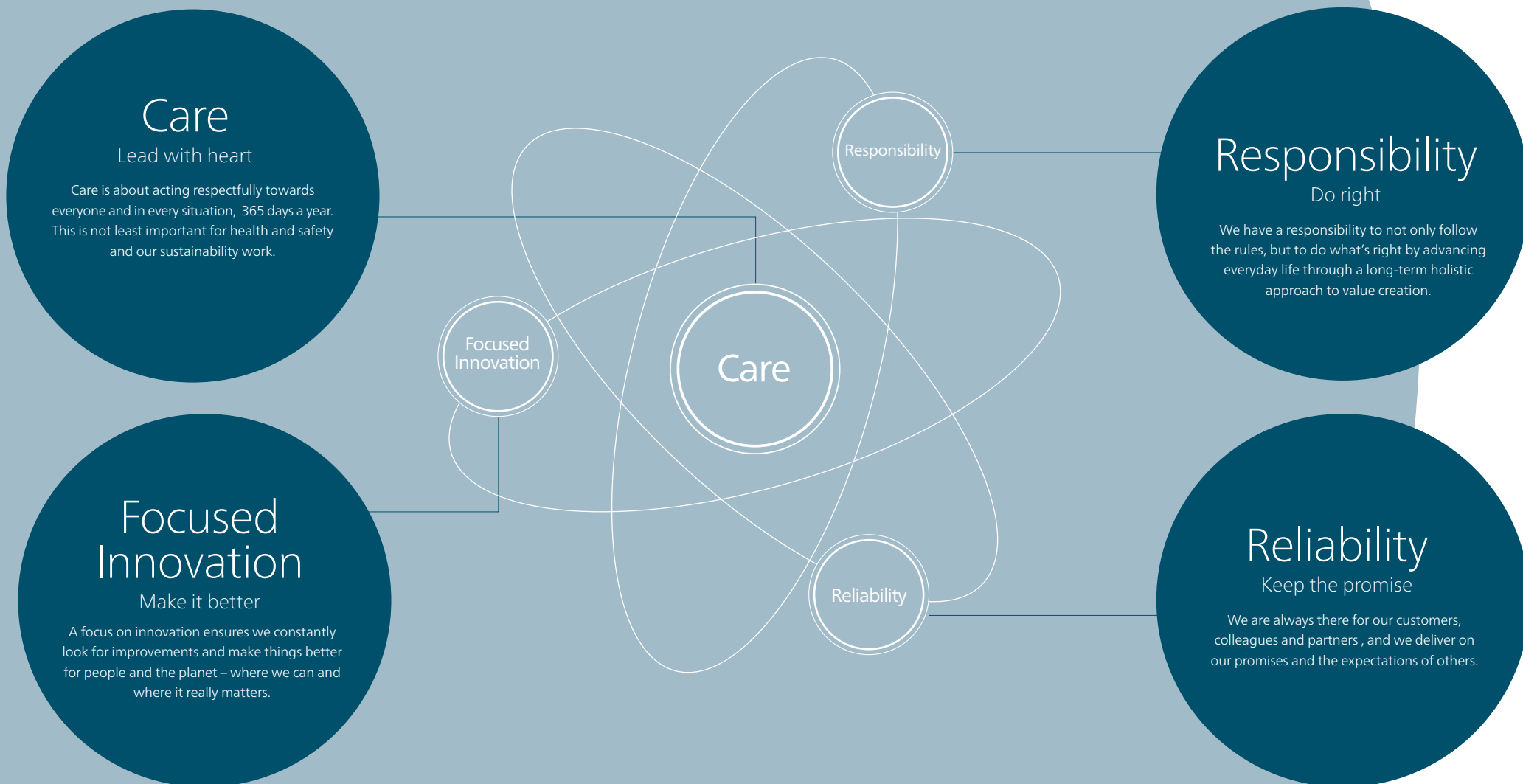
The Mission defines what Perstorp aspires to become: **"We are the sustainable solutions provider, focusing on the global Resins & Coatings, Engineered Fluids, Advanced Materials and Animal Nutrition markets".** Our Mission clarifies that we are driven by sustainability, and that we are always there for our customers, partners and colleagues, to reliably deliver on our promises and the expectations of others.



Our core values

Perstorp's values guide the way we work internally, as well as with our customers, our business partners, surrounding communities and stakeholders. We have built our company culture on our core values, to create a working environment where ideas can blossom, and people can thrive.

We nurture a company culture with a strong element of Care that contributes to driving both performance and customer value, giving direction to our organization and its actions and in the end creating results. We are convinced that this is key in order to fulfill vision – to be the first choice for companies seeking a competitive edge to advance everyday life.



A place to learn, develop and make a difference

Perstorp has the ambition to be a modern and attractive employer, that empowers and offers development opportunities to enable all employees to be at their best when at work. We are a global team of scientists, engineers and business professionals working to drive customer value, sustainable innovation and progress in chemistry. We believe that every individual can make a significant difference.

Welcome to Perstorp

Although we have operations in several countries, we are still considered a relatively small company – with 1,500 individuals and annual net sale of 15.3 bn SEK in 2022. This means that nobody stays anonymous at Perstorp, and everyone's performance really counts.

Perstorp is a global company with a long history and strong culture. We aim to empower employees by providing opportunities to develop and grow, as well as giving them both the accountability and autonomy to decide what is best for our customers and our company.

Through our global presence, Perstorp's employees have the chance to work with cross-functional teams in many different ways, and thus connect with colleagues around the globe.

Employee development

We aim to empower employees by providing opportunities to develop and grow. We offer a wide variety of learning experiences, leadership programs, talent management, skills development and individualized development plans. Every employee regularly reviews their performance and development needs with their immediate manager – to set and follow up targets, and to discuss their career ambitions. With PCG as our owners, we have many new opportunities for learning and development.

Perstorp aims to recruit the majority of critical roles internally, including both leaders, specialists and project manager roles. To be able to fulfill this ambition, we employ a thorough annual talent management process where we identify and develop employees with a specific development potential. Employees with the will and ability to advance, are added to a talent pool from which we recruit for critical roles.

During 2022, the first Perstorp Young Talent Program was introduced, targeted at Perstorpers between 20-35 years of age. The purpose of this program is to deepen awareness and understanding of the Perstorp value chain, build cross-functional relationships, raise self-awareness, and practice general business and collaborative skills. It is one example of ongoing work to strengthen our focus on learning and development throughout the company.

Diversity and equality

As a global company with sites and offices located from Toledo in the West (US) to Zibo in the East (China), with our parent company in Kuala Lumpur, Malaysia and with our roots in Perstorp, Sweden, our workforce is diverse in many respects, including nationality, age and gender. Perstorp is taking a proactive approach to diversity, equality and inclusion. Our code of conduct and our diversity policy lays the foundation, and we constantly measure our progress in relations to clear and communicated targets.



Talent, competence and culture

Recruiting, developing and retaining talent is essential to our success as a company. The competition for talent in our fields of interest is fierce. We have to be an attractive employer, not only when it comes to pay and career prospects, but also as a leader when it comes to the transformation of our industry, and having a strong company culture. The expectations we meet are high and they are getting higher.

New competences and jobs are also emerging with the sustainability and digital transformations in society. The competitive landscape for recruiting and retaining the right future competences is getting tighter.

Employee survey tool for closer monitoring

Perstorp has adopted a tool that enables employee surveys on a monthly basis. A basic set of questions are used with some variation over time and with added questions related to critical current topics. Benchmark comparisons are made on all levels in the company, to closely monitor performance and encourage employee engagement.

Leadership at Perstorp

In recent years, we have successfully transformed how we do business and operate our company, and the journey continues. Our employees must be prepared and equipped accordingly, in order to take accountability and to adapt to and lead change.

Perstorp invests in leaders that can develop other leaders, our employees and the company. Through our leadership programs we cultivate leaders to have the ability to develop and sustain high productivity work environments where employees can develop high self-esteem, and together deliver business and customer value. We strive to build a high-performance culture and are very clear about what we expect from employee and manager behavior. Leadership at Perstorp should be based on our values Care, Responsibility, Reliability and Focused Innovation.

CARE

- Act with integrity
- Create psychological safety

RESPONSIBILITY

- Proactively lead change
- Act strategically
- Drive cross-functional collaboration

RELIABILITY

- Provide a seamless customer experience
- Deliver results
- Make clear decisions

FOCUSED INNOVATION

- Promote a learning culture
- Lead and develop others

Care in everything we do

We are committed to ensuring healthy and safe workplaces – 365 days a year. Everyone in the company, regardless of position, task or location, is included in our ambition to become a caring company – in all aspects.

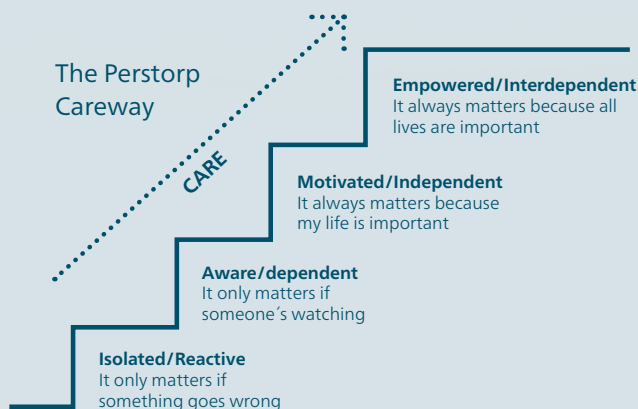
Care 365: employee health & safety

Care is an integral part of our culture and one of our core values. We have created our own way of defining Care - The Perstorp Careway, with a strong focus on leadership and how we support our employees in the ever-changing and challenging work environment. The Careway defines the maturity level of our organization in terms of caring behaviors, and we are working to raise the level of maturity throughout our entire company.

To constantly strengthen our health and safety culture maturity is the foundation for a healthy and safe workplace. To achieve this, we have a comprehensive plan based on our Careway. Progress is measured through internal assessments and we took important steps towards our Careway development goal in 2022.

Workplace safety

For 2022, the total number of lost days decreased by more than 60 % while the number of Lost Time Accidents for own employees remained at the same level as 2021 and increased from zero to one for contractors. However, the total number of OSHA recordable accidents doubled compared to 2021 due to a significant increase in Medical Treatment cases. The majority of these accidents were related to deviations from safety procedures, sometimes in combination with unclear instructions and/or deficiencies in workplace design. Restoring these safety barriers will be in focus in the global and local continuous improvement (CI) programs during 2023. PCG, our new owners, share our focus and beliefs in health and safety.



Mental well-being and preventative healthcare

A cross-functional continuous improvement (CI) project, with the goal to create a framework for systematic and sustainable health management from a company, leader and employee perspective, has been running throughout 2022. The resulting processes, tools and training will be introduced to the organization in 2023.

Engaging for care

In 2022, we held our fifth annual "Let's talk Care 365" event for all Perstorpers. This is an internal event focused on health, safety and wellbeing – to spark engagement and the commitment needed to move up the Careway for a safer, healthier and better workplace.

Responsible business

We believe that managing our business responsibly is the basis for long-term business success. We work continuously with sustainability with the aim of making gradual progress, which often involves working on multiple fronts – including responsible sourcing, anti-corruption and sustainability governance. As a responsible business, we have to be a responsible employer, buyer, business partner and corporate citizen. Perstorp's ambitions is to allways operate our company in a thoughtful manner – to bring 'Thoughtful Chemistry' to the market.

Responsible sourcing

It is essential that we co-operate and co-innovate with our value chain partners to reduce our own footprint and develop a more sustainable industry. An important part of this work is to address the risks of negative impacts or unlawful and harmful practices and in our supply chains.

We apply our Vendor Policy for suppliers, which is based on our Code of Conduct and includes human rights, labor standards, anti-corruption and environmental responsibility. Raw material suppliers of large spend or with high risk are systematically assessed using a supplier evaluation tool. 80 % of our raw material spend is covered by this systematic approach.

Perstorp's Code of Conduct – Our guide for ethical business practice

Perstorp's Code of Conduct includes principles related to anti-corruption, anti-competitive behavior and public policy. The overall guidance is complemented by more specific policies and procedures, such as a specific anti-bribery policy. Perstorp also expects its suppliers, distributors and other business partners with which we have close relations, to act according to our business principles.

The legal department has developed a series of e-learning modules to enable a more in-depth focus on different aspects of business ethics, especially for those employees in positions of increased risk exposure, such as procurement and sales. Several training modules are mandatory for relevant employees to take at regular intervals, such as Preventing Anti-Competitive Practices and Preventing Bribery and Corruption.

Perstorp's Code of Conduct was most recent revised in 2021, reflecting how our business practices have developed over the past few years, as well as including the fourth core value Care. This version of the Code also includes links and references to all policies related to the code, making it easy for the reader to navigate and understand Perstorp policies and practices.

During the integration period with PCG in 2022, the updated structure of our Code made the review of similarities and differences between ours, and the PETRONAS Code of Business Ethics (CoBE) policy, easy to structure and overview. In 2023 the review of similarities and differences between the two codes will continue, to discover if Perstorp shall adopt the PETRONAS CoBE or update the current Code to be compliant with all requirements from PCG.

Whistleblower function

In case of any suspicions of misconduct or other breaches of our Code of Conduct, all employees can raise their concern without risk of retaliation. Employees are encouraged to speak with their immediate manager, manager's manager, or to the Head of HR or Head of Legal. A new whistleblowing function was launched during 2022 to meet new legal regulations. It gives possibility to anonymously report any suspected misconduct via phone, app or web to Perstorp's Whistleblowing Office.

Safeguarding sensitive information

In a digitalized world, we must protect our business data and handle information responsibly. We work to minimize the risk of sensitive information ending up in the wrong hands through accidental information sharing, theft, coercion, bribery etc. Perstorp has a dedicated Head of Data Privacy and Information Security at Group level to address the protection of information related to our business and personnel.

Improving health and safety leadership

Leaders that have taken a personal stand for health and safety and are knowledgeable, visible and actively involved in health & safety management have been identified as one of the key prerequisites for progress on our Careway. Therefore, Perstorp has decided to train all leaders within operations in health & safety leadership. We have so far trained more than 40 trainers worldwide, who will be responsible for training new leaders, localizing training material and keeping the training up to date with input from the global community.

"The Health & Safety Leadership Training is built around the concept of 'discovery learning' which is an inquiry-based learning theory where the learner is presented with problem solving situations and must use his/her own past experience and existing knowledge to discover new truths and relationships", says Eva Trulsson, Vice President Responsible Care. "That means that the training is not only about presenting facts – it will also facilitate alignment on risk sensitivity and what it means to be a health and safety role model within Perstorp."



Sustainability statement

Perstorp has an important role in the value chain of specialty chemicals. The company produces specialty chemicals and intermediates with focus on the markets for Resins & Coatings, Engineered Fluids, Advanced Materials and Animal Nutrition. From research and development to a final product that is produced at one of our production sites, Perstorp supplies customers in a wide range of industries. Perstorp's raw materials are sourced by the company's procurement department. Perstorp has sales representation in all major markets, and further support from sales agents. In this report, we disclose information on relevant sustainability topics throughout our operations. Environmental data covers all seven production sites (operating in six countries) which were owned in part or in total by Perstorp at the end of 2022. These sites are:

- Perstorp, Sweden
- Stenungsund, Sweden
- Zibo, China
- Bruchhausen, Germany
- Waspik, The Netherlands
- Castellanza, Italy
- Toledo, United States

GOVERNANCE

Perstorp's Board of Directors are ultimately responsible for our financial and non-financial performance, including sustainability, which is a regular topic at Board Meetings. The strategic and operational management of sustainability is delegated to the Executive Leadership Team (ELT) and headed by the EVP Communications & Sustainable Transformation, who is a member of the ELT. VP Sustainability has the role to drive, develop and oversee Group sustainability work. Cross-functional sustainability teams drive our ambitions and builds internal processes and capabilities.

Perstorp's main sustainability-related policies are our Code of Conduct, Sustainability Policy, Health and Safety Policy, Environmental Policy Security Policy, Anti-Bribery Policy, Policy on Competitive Matters, Vendor Policy, Global Travel Policy and General Data Protection Policy.

The Perstorp Group is third-party certified to the ISO 9001:2015 quality management system and the ISO 14001:2015 environmental management system, and apply the precautionary principle. We are also a signatory of the global chemical industry's commitment

Responsible Care. Perstorp is a member of the International Sustainability and Carbon Certification (ISCC) Association and the manufacturer of Pro-Environment products that are certified to ISCC PLUS. Since 2004, Perstorp has been a signatory to the UN Global Compact, which requires us to commit and adhere to its ten principles relating to human rights, labor, the environment and anti-corruption. Finally, Perstorp annually reports to EcoVadis and last year received a Silver medal for its sustainability work.

SUSTAINABILITY RISKS

As a global production company, Perstorp is exposed to a number of strategic, operational and financial risks. Over time, more and more of the Group's major risks have come to be, partly or fully, related to sustainability. Risks are assessed and managed at many different levels and locations, where the most material risks are reported to the Board. Action plans to reduce and control those risks are developed, assigned and reviewed during the year. The results of risk assessments are also used as input to strategic processes and budget processes. Below is a list of Perstorp's major sustainability related risks.

Risk category	Exposure	Mitigation activities
Climate change	Rising temperatures, sea levels, fresh water scarcity and the occurrence of extreme weather events are posing risks to our production facilities, as well as many of our customers'.	The group works to lower our carbon footprint and thereby contribute to a less severe climate change. At the same time, we perform site and issue specific risk analyses and regularly invest in new machinery and technology to increase the resilience of our sites and products.
Renewable raw materials	Perstorp is dependent on alternative, non-fossil raw materials to reach the group's sustainability targets. Volatile availability and pricing of these may mean that enough quantities to support the transition cannot be procured.	Road map for raw material transition and innovation projects aimed at enabling future scale-up of supply. Hedging options and passthrough of raw material price increases via raw material price formulas are assessed continuously.
Production disruptions	Sustainability related events such as fires, environmental accidents and other accidents with serious personal injuries may lead to major disturbances and interruptions at Perstorp's plants. This may result in loss of earnings if deliveries are delayed.	The Group has business contingency plans in place. Furthermore, as part of the Care 365 program, all Perstorp sites work systematically with safety issues, occupational safety issues and environmental issues to prevent any accidents.
Safety	Chemical production plants include processes with high temperatures, high pressure and requires careful handling of raw materials as well as finished products. This does pose risks for those working at sites, the societies surrounding them and the customers when handling the products, if handled incorrectly.	Design and construction of our facilities as well as our operating procedures are based on extensive and in-depth risk level assessment and hazard analysis. We prioritize based on risk levels. We report major risks and mitigations to authorities based on Seveso legislation. The Group has invested, and continues to invest further, in the Care 365 program and the Responsible Care program, thus addressing risks related to human harm in our daily operations and in relation to the product users.

Governance	The risk of decisions being taken on the wrong grounds or based on inaccurate information.	Perstorp's governance model and policies safeguards compliance with external and internal rules and regulation.
Regulatory & compliance	The risk of a negative impact on the Group's result or reputation arising from litigation, arbitration, disputes, claims or participation in legal proceedings. Increased operational cost and/or changes in competitive landscape due to changes in laws and regulations. Risks of individuals not complying with regulations and/or the Group's Code of Conduct.	Perstorp has routines and process to proactively develop best practice production, meeting regulatory environmental and occupational health and safety requirements. Employees are made aware of legal requirements and our Code of Conduct, through information and training. Perstorp's legal policy provides the framework and procedures for handling potential disputes.
People	Risk of not being able to recruit, develop and retain competent and committed employees.	Perstorp works continuously with succession planning, has zero tolerance for discrimination and harassment, and has a high focus on offering competitive terms of employment, healthy and safe work environment and work/life balance. Perstorp's own Gymnasium in Perstorp is an important recruitment base for the local site.
IT & cybersecurity	The risk of deficiency to or loss of availability, confidentiality and integrity of information assets caused by factors such as technical failures or deficiencies, environmental factors, unintentional activities performed by internal personnel due to lack of competence or awareness, or intentional actions caused by disgruntled employees or external individuals or organizations.	Perstorp has implemented both technical, administrative and organizational measures to prevent and remediate negative impact to the availability, confidentiality and integrity of the IT-environment. The measures are decided through risk assessments and mitigation is based on evaluation of functionality, security, complexity and compliance with rules and regulations set in relation to costs and benefits. Measures include technical measures, supporting processes, policies and guidelines combined with awareness training.

MATERIALITY ANALYSIS

Perstorp's materiality analysis, conducted in 2021, serves as a foundation for our sustainability work and as a guide when setting goals and developing internal processes. The analysis was based on a double materiality perspective, considering aspects material to the environment and society as well as aspects material to Perstorp in terms of sustainability risks and opportunities.

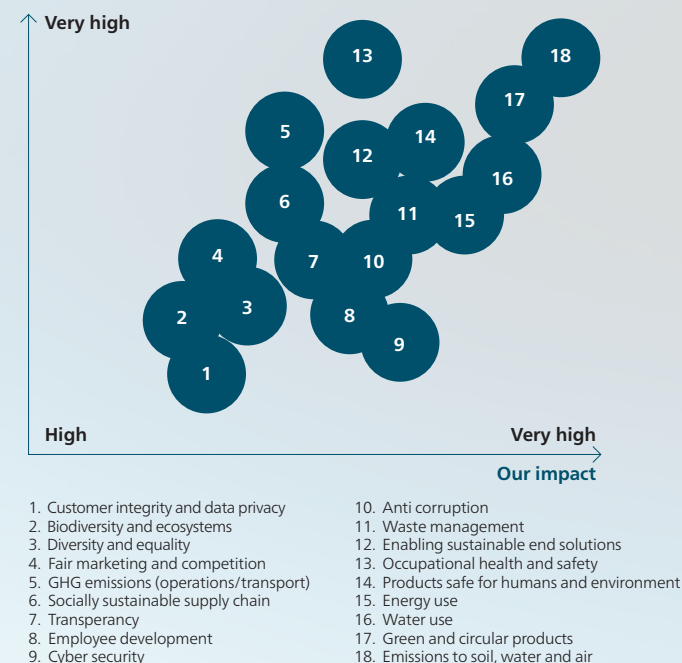
An important part of the analysis was a comprehensive stakeholder dialogue, collecting input from all Perstorp key stakeholders: employees, customers, investors and lenders, suppliers, peers and partners, legislators and authorities, municipalities and communities, and

industry organizations. This was supplemented by an impact analysis of Perstorp's operations and value chain and a review of relevant international frameworks such as the UN Sustainable Development Goals, Global Compact and the SASB (Sustainability Accounting Standards Board) Materiality Map.

The materiality analysis has identified 18 sustainability topics as material. The analysis confirms our longstanding priorities of working with occupational and process safety as well as the environmental and climate impact generated throughout our value chain. It also highlights a need to continuously improve our efforts ensuring high ethical standards and proactive supply chain management.

PERSTORP'S MOST MATERIAL SUSTAINABILITY TOPICS

Importance to stakeholders



AIMING FORWARD

As described on page 8 Perstorp has during 2022 been developing and implementing the internal practices and actionable roadmaps needed for realizing our 2030 targets, including clear ownership and involvement throughout the organization.

Looking into 2023, the focus will be on gearing up the continuous work along our new working processes with execution of projects and further development of our transition roadmaps. Development of our sustainability progress monitoring and forecasting capabilities will be another key focus area. As will assessing and ramping up our responsible sourcing practices.

EMPLOYEES

Perstorp is a global and value driven company with dedicated employees at sites and offices around the world. In order to be responsive and flexible, we strive to decentralize our human resources management to local circumstances and regulations, but always based on our core values and Code of Conduct. We have global routines for recruitment, onboarding, talent management, appraisals and career development, and remuneration. 75% of our employees work at sites that are covered by formal collective agreements, regulating for example remuneration, training and career management, working conditions and procedures for joint health and safety committees.

With sites located from Toledo in the West, to Zibo in the East and with the company roots in Perstorp, Sweden, there is naturally diversity among the employees. English is the corporate language, making positions attractive for people of diverse backgrounds. A diversity policy is in place for the Group.

After the pandemic we have taken the initiative to re-build the Learning & Development department with the ambition to drive and support leadership training and development but also drive development on a broader level. We use both internal and external facilitators and are also making good use of the digital opportunities such as e-learning. All employees take mandatory training in our Code of Conduct, which covers topics such as working environment, diversity and non-discrimination, environmental considerations and business ethics and anti-corruption. Employees at our production sites (70 % of total workforce) also have further mandatory training in environment and OHS. In addition, our performance management process has been improved during the year to facilitate better discussions between manager and employee with regards to health.

Rate of female employees	2020	2021	2022
All employees	31.3	33.6	29.9
Management	23.4	25.2	27.9
Senior management	21.7	28.8	30.0

	2020	2021	2022
Turnover	7.7	7.5	7.1
Sickness absence rate	2.8	2.9	2.7

OCCUPATIONAL HEALTH AND SAFETY & PROCESS SAFETY

Perstorp is committed to safe production processes and to provide a healthy and safe work environment for all employees and contractors. As a foundation lies our commitment to Responsible Care, the global chemical industry's program for safe management of chemicals throughout their life cycle, and our Health and Safety Policy. This is supplemented by a number of topic specific minimum requirements, as well as site specific routines and guidelines. Risk assessments to fulfill internal and external environment and OHS requirements are carried out and followed up at all our sites. Perstorp is also recording Process Safety Events (PSEs) according to the ICCA definition.

Everyone working at or for Perstorp is expected to keep health and safety as their top priority, every day, 365 days a year. This is what Perstorp calls Care 365. The work with Care 365 is driven company-wide and it addresses culture, leadership and employee engagement in health and safety. It places emphasis on visible leadership from top management, a sense of urgency when it comes to incidents and accidents, clear standards and compliance management.

One of the main tools to ensure continuous development is the 'Perstorp Careway'. The Careway is a model that points clearly and specifically at success by focusing on the characteristics and behaviors

of organizations with a strong health and safety culture. It is a way to mature in terms of health and safety practices and move upward along a maturity scale. Careway assessments are conducted yearly at sites and offices, in order to monitor performance and identify areas of improvement. Based on the results of the assessments, action plans are developed from team level and up to corporate level.

Globally, the Careway continuous improvement (CI) program coordinates cross-functional improvement projects that addresses identified gaps on a global level. Projects completed 2022 includes: Health companyship, Take Care (Perstorp's program for behavior based safety) revitalization and Risk awareness focus areas.

For 2022, the total number of lost days decreased by more than 60 % while the number of Lost Time Accidents for own employees remained at the same level as 2021 and increased from zero to one for contractors. However, the total number of OSHA recordable accidents doubled compared to 2021 due to a significant increase in Medical Treatment cases. The majority of these accidents were related to deviations from safety procedures, sometimes in combination with unclear instructions and/or deficiencies in workplace design. Restoring these safety barriers will be in focus in the global and local CI programs during 2023.

	Employees			Contractors			Combined		
Occupational Injuries	2020	2021	2022	2020	2021	2022	2020	2021	2022
Fatalities	0	0	0	0	0	0	0	0	0
Number of Lost Time Accidents	10	4	4	3	0	1	13	4	5
Total Lost Days	150	143	44	130	0	9	280	143	53
Number of OSHA-Recordable Accidents*	13	6	11	4	1	4	17	7	15
OSHA rate**	0.96	0.44	2.0	2.0	0.50	0.75	1.1	0.45	0.90

* Occupational accidents resulting in fatality, lost time accident, restricted work or medical treatment as defined by the Occupational Safety & Health Administration (OSHA) under the United States Department of Labor

** number of injuries x 200 000 / number of hours worked

Process Safety Events (PSEs)	2022
Number	37
Rate*	2.21

A PSE is an event based on loss of containment of a chemical or a substance from a chemical process or a process-related fire/explosion that results in a recordable injury, moderate cost, evacuation or in itself considered to be highly hazardous based on released amount and classification.

* number of incidents x 200 000 / number of hours worked

CUSTOMERS' AND DOWNSTREAM USERS' SAFETY

We work continuously to ensure that all the chemicals we offer are safe for their intended use for humans and the environment. This is closely managed through our product stewardship processes. Since 2021 we also have (eco) toxic impact targets. According to these targets, by 2030 no chemicals of concern should reach the consumer or professional market and all newly developed products should be safe and sustainable by design. Efforts are ongoing to assess all our chemicals against the new 'chemicals of concern' concept.

Perstorp complies with the EU REACH regulation and all our relevant substances are registered at the European Chemical Association (ECHA). All our products are accompanied with appropriate safety data sheets that provide detailed information about the product and how to use the product safely throughout the value chain. For those of our current products that have a hazard classification further communication is provided. Throughout our operations, we have processes in place to assess and document risks related to customer health and safety and we proactively interact with customers regarding the potential health and safety risks from product use. During 2022, Perstorp had zero product recalls.

GREENHOUSE GASES

Perstorp measures and reports emission of greenhouse gases (GHG) in scope 1, 2 and 3 according to the GHG Protocol. Our efforts to reduce these emissions is guided by our environmental policy and our Finite Material Neutral ambition which we during 2021 formalized in Science Based Targets for all three scopes until 2030. During 2022, Perstorp continued its work to define corporate sustainability targets for areas where we have the largest impact. New 2030 targets were set for water and hardous and non-hazardous waste. We will continue to define sustainability targets that ensure that we are an enabler of a sustainable transformation.

Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by Perstorp, including emissions from combustion of fuels for electricity, heat, or steam and emissions from physical or chemical processing.

Scope 2 emissions are indirect GHG emissions from the generation of purchased electricity and steam consumed by Perstorp.

Scope 3 emissions are indirect emissions from purchased good and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, and end of life treatment of sold products.

Perstorp's GHG targets, approved by the Science Based Targets initiative (SBTi), are for Scope 1 and 2 aligned with the 1.5C Paris Agreement and translates to a reduction of absolute GHG emissions 46.2% by 2030 from a 2019 base year. The target boundary includes biogenic emissions and removals from bioenergy feedstocks. Our approved

targets also commit to reduce scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, and end of life treatment of sold products 27.8% per ton sold product within the same timeframe.

Greenhouse gas emissions (GHG)	Absolute kT			In relation to volume sold T/T		
	2020	2021	2022	2020	2021	2022
Scope 1	273	319	249	0.30	0.31	0.31
Scope 2 (market based)	142	149	129	0.16	0.15	0.16
Scope 2 (location based)	134	140	123	0.15	0.14	0.15
Scope 3	2,743	2,961	2,421	3.0	2.9	3.0
Total (market based approach)	3,158	3,429	2,799	3.5	3.4	3.4

Minor recalculations have been made for 2020 and 2021 regarding scope 1, and 3 figures due to improved data, supplier and emission factor accuracy. The 2019 baseline for our SBT has also been updated accordingly, as well as to reflect Perstorp' acquisition of DMPA in January 2022.

References for GHG calculations and emission factors:

Scope 1

- Emissions from fuel combustion and chemical processes: Calculated based on the actual carbon content of the substances.
- Fugitive emissions: Global warming potential from IPCC Fifth assessment Report (AR5).

Scope 2

- Electricity: Market based approach calculated with emission factors from suppliers when available, or else using residual mix factors. Location based approach calculated with emission factors for national/regional production mixes. Sources are, for European sites: Association of Issuing Bodies; Toledo site: EPA eGrid database; Zibo site: values from Ecoinvent).
- Steam: Calculated based on the actual carbon content of the substances.

Scope 3

- Category 1: Emissions calculated for raw materials, utilities and tolled products. Emissions calculated using supplier GHG data if available, otherwise own calculations using supplier data and best matching database e.g. Ecoinvent LCA:s or data from Ecoinvent LCA:s.
- Category 3: Average data method for Upstream emissions from purchased fuels and electricity, transmission and distribution losses, generation of purchased electricity sold to customers.
- Category 4: Emission from inbound transportations and outbound transportations including transports between own production sites. Distance based method, online maps or calculations and emission factors from Ecoinvent.
- Category 5: Waste generated in all production sites and treated externally, including both waste and waste water. Waste-type-specific method using emission factors for waste types and waste treatment methods.
- Category 12: Emission calculated based on that all carbon in the products is turned into CO₂ at the end of life.

OTHER EMISSIONS TO AIR

Releases to air from raw materials, reaction intermediates, products and by-products are often associated with our production activities. According to our Environmental policy, each production site is required to continuously evaluate and reduce such emissions, as well as minimize noise, odor and other nuisances. Actual releases, whether accidental or planned, are catalogued, monitored, recorded and, as required, reported to local authorities according to internal routines. All air emissions shall be handled in such a fashion as to minimize the risk of fire or explosion, and to eliminate the possibility of condensation and subsequent contamination of rivers, streams, soil and groundwater. Air emissions which cannot be captured through improved containment shall be incinerated, and those which cannot be incinerated shall always be the subject of legal permits.

Non-GHG emissions	Absolute (T)			In relation to volume sold (kg/T)		
	2020	2021	2022	2020	2021	2022
VOC	121	120	107	0.13	0.12	0.13
NOx	151	168	145	0.17	0.16	0.18
SOx	8	3	3	0.084	0.0034	0.0034

Ozone Depleting Substances	Absolute (kg)			In relation to volume sold (kg/kT)		
	2020	2021	2022	2020	2021	2022
In use	4,393	4,688	4,827	4.8	4.6	5.9
Leakage	390	531	301	0.43	0.52	0.37

ENERGY

Specialty chemicals manufacturing is an energy intensive process. Perstorp uses significant amounts of energy at each of its plants, and therefore continues to focus on efficiency as well as transition to fossil free energy at the production sites. This is a prerequisite in order to reach our GHG Science Based Targets for 2030. Energy management is guided by our environmental policy and the 2030 transition roadmaps that has been developed for each site.

The sites in Perstorp and Stenungsund are supplied with electricity from hydropower, a renewable source. Since long ago, most of our sites have also in part switched energy source to e.g. use energy reclaimed from production waste, and plans for further transition exist. Four of our seven sites have their own boilers and are equipped with waste heat recovery systems and/or a combined heat and power (CHP) unit. And for the sites where our production processes involves exothermic reactions, the energy generated is recovered and used to produce steam in order to improve energy efficiency. Also other projects have been, and are, carried out at various sites in order to continue improve energy efficiency. The experience gained from all these activities will be a springboard for further actions and to reach our 2030 targets and the Finite Material Neutral ambition.

Energy Consumption	Absolute (GWh)			In relation to volume sold (MWh/T)		
	2020	2021	2022	2020	2021	2022
Renewable	437	425	440	0.48	0.42	0.54
Exothermic*	460	535	460	0.51	0.52	0.56
Fossil	791	729	649	0.87	0.71	0.79
Reclaimed from production waste	387	441	330	0.43	0.43	0.40
Standard electricity mix from regional grid	53	55	52	0.058	0.054	0.063
Total	2,128	2,185	1,931	2.3	2.1	2.4
– Whereof steam	1,830	1,854	1,643	2.0	1.8	2.0
– Whereof electricity	298	332	288	0.33	0.32	0.35

* At our sites in Perstorp, Stenungsund and Toledo some of our production processes are exothermic reactions which generate energy. This energy is recovered and used to produce steam for the production at the site.

Energy Production	Absolute (GWh)		
	2020	2021	2022
Renewable	232	201	268
Exothermic*	592	680	567
Fossil	514	452	433
Reclaimed from production waste	390	445	345
Total	1,729	1,778	1,613
– Whereof used internally	1,551	1,588	1,473
– Whereof delivered externally (provided as electricity, district heating and steam)	178	190	140

* At our sites in Perstorp, Stenungsund and Toledo some of our production processes are exothermic reactions which generate energy. This energy is recovered and used to produce steam for the production at the site.

WATER

Perstorp's production processes all use water to some extent: as a solvent for chemical reactions, as a carrier for products, as a heat-transfer medium or for cooling. As access to drinking-quality water and water fit for food production is scarce in many parts of the world, Perstorp address water as a part of our overall Finite Material Neutral ambition, even though it is not a finite material as such. Our ambition is to continuously work to lower the total water footprint of our products and, until 2030, reduce our absolute fresh water consumption with 30 % compared to 2019.

Our work with water use as well as emissions to water is guided by our environmental policy and site specific routines and guidelines. In order to consume as little water as possible, we make use of highly efficient equipment and technology, and have implemented innovative methods for reusing water. Additional water reuse projects are ongoing at our sites including the use of purified waste water instead of fresh water.

To prevent contamination of soil, surface water and groundwater, each site identifies, documents and monitors the effluents arising out of its activities. Effluents are routed to wastewater treatment, using methods and procedures prescribed by local law and approved by relevant authorities. Perstorp also works proactively at several levels of production to limit polluted wastewater by reusing chemicals (e.g. solvents) and water within the production, by reducing the amount of waste water and/or its pollutants leaving the production unit, by removing substances difficult to biodegrade from the waste water at source, by pretreatment when necessary before sending the waste water to biological treatment and by securing adapted and relevant biological treatment before releasing the treated waste water to receiving waters. To reduce the volume of waste sent to disposal, we also use measures to reduce the generation of sludge or use it for energy recovery in our production units.

Fresh water Use	Absolute (millions of cubic meters)			In relation to volume sold (L/kg)		
	2020	2021	2022	2020	2021	2022
Surface Water	22.4	22.5	21.5	25	22	26
Ground Water	0.94	0.96	0.83	1.0	0.94	1.0
Municipal Supply	0.65	0.89	0.83	0.72	0.87	1.0
Other Sources*	0.79	0.92	0.48	0.87	0.90	0.59
Total water withdrawn	24.7	25.2	23.6	27	25	29
Water returned unchanged	20.6	20.4	19.5	22	20	24
Total water consumed	4.45	4.87	4.11	4.9	4.8	5.0

All water used by Perstorp is currently fresh water. Fresh water is defined as all water that is suitable for drinking, after treatment with conventional technology. Recalculations have been made for 2020 and 2021 due to improved definitions and methodologies and to account for measurement errors.

* Mainly water imported as steam

Wastewater	Absolute (millions of cubic meters)			In relation to volume sold (L/kg)		
	2020	2021	2022	2020	2021	2022
Discharge from own treatment	0.9	1.1	0.9	1.0	0.94	1.2
Discharge to 3:d party treatment	1.2	1.2	1.0	1.3	1.2	1.2
Total wastewater discharged	2.1	2.2	1.9	2.3	2.1	2.3

Minor recalculations have been made as a result of improved definitions and methodologies.

Wastewater	Absolute (T)			In relation to volume sold (kg/T)		
	2020	2021	2022	2020	2021	2022
Chemical Oxygen Demand	10,9	10,8	10,8	12	11	13

WASTE

Circular product flows and minimization of waste in all phases of production remains a priority at Perstorp, and waste is one of the focus areas of the Finite Material Neutral ambition. Until 2030, our target is to reduce hazardous as well as non-hazardous waste directed to disposal with 30 %, compared to absolute numbers in 2019. The day-to-day waste management is governed by our environmental policy and local routines, and stipulates that all wastes shall be stored in a secure way and disposed of using methods and procedures prescribed by local law.

To avoid the generation of waste, we strive to ensure that by-products from our own operations can be reused as input somewhere else. In another internal production process or sold as a product, such as our polyol residues. Naturally, we also put great emphasis on quality management at all our sites to minimize output that cannot be sold. If waste is generated, it shall only be directed to disposal if there are no reasonable means of recycling it.

Waste	Absolute (T)			In relation to volume sold (kg/T)		
	2020	2021	2022	2020	2021	2022
Hazardous waste						
Diverted from disposal (recycled)	671	705	1,037	0.74	0.69	1.3
Directed to disposal:						
– Incineration with energy recovery	50,677	62,349	47,009	56	61	58
– Incineration without energy recovery	N/D	48	72	N/D	0.047	0.088
– Landfill	4,911	4,922	6,452	5.4	4.8	7.9
– Other disposal methods*	2,796	1,930	4,408	3.1	1.9	5.4
Total hazardous waste	59,055	69,954	58,979	65	68	72
Non-hazardous waste						
Diverted from disposal (recycled)	627	622	893	0.69	0.61	1.1
Directed to disposal:						
– Incineration with energy recovery	1,964	3,971	3,551	2.2	3.9	4.3
– Incineration without energy recovery	0	0	55	0	0	0.067
– Landfill	1,618	1,718	1,487	1.8	1.7	1.8
– Other disposal methods*	11	215	15	0.012	0.21	0.018
Total non-hazardous waste	4,220	6,527	6,001	4.6	6.4	7.3
Total waste generated	63,275	76,481	64,980	70	75	80
Whereof diverted from disposal	1,298	1,327	1,931	1.4	1.3	2.4
Whereof directed to disposal	61,977	75,154	63,049	68	74	77

*Includes destruction of contaminated water and treatment of contaminated soil and sludge.

ETHICAL PRINCIPLES & ANTI-CORRUPTION

Our Code of Conduct forms a recipe on how to live the company values. It is based on the company's four core values and has been developed in accordance with the UN's Global Compact, OECD's guidelines for multinational enterprises, the chemical industry's Responsible Care program and ILO's eight fundamental Conventions on basic principles and rights at work. The Code has been developed to underline the principles that direct our relations with employees, business partners and other parties. It applies to all employees within Perstorp Group and members of the Board of Directors. Perstorp also expects its suppliers, distributors and other business partners with which it has close relations, to act according to these principles. All employees must know the content of the Code of Conduct and are required to go through a web-based learning module.

In case of any suspicions of misconduct or other breaches of our Code of Conduct, all employees can speak up their concern without risk of retaliation. Employees are encouraged to speak up their concern with their immediate manager, manager's manager, or to the Head of HR or Head of Legal. There is also the possibility to anonymously report any suspected misconduct via phone, app or web to Perstorp's Whistleblowing Office.

Perstorp Group has a number of more specific policies addressing e.g. anti-corruption and preventing anti-competitive behavior. On a quarterly basis all areas of the business are also responsible to report into the Legal Risk Review, which is regulated by our Legal Policy. Any litigation, disputes or claims related to legal or regulatory violations that are material to the Group must then be reported. Any investigation by an authority (e.g. police, anti-trust authority) must also be reported. In 2022, Perstorp registered one case of attempted corruption, concerning attempted facility payment by a Perstorp employee. The incident was discovered through the Group's internal reporting channels, and eventually no payment was made.

The legal department holds trainings of employees regarding certain policies and procedures on a regular basis. New e-learning modules are continuously being developed, focusing on different aspects of business ethics and compliance. The use of e-learning enables us to better track the implementation of trainings, and also systematically ensure that such trainings are repeated in appropriate intervals, or in case of any updates of relevant legislation, regulations or policies.

Several trainings are mandatory for relevant employees to take at regular intervals, such as preventing bribery and corruption and preventing anti-competitive practices. 20 % of the workforce have taken such trainings.

SUSTAINABLE SOURCING

The Perstorp procurement can be divided into two main areas, each representing different risks, impacts and challenges:

- Product related material, energy, transport and services
- Non-product related material and services.

Corporate policies and procurement procedures have been adopted to address procurement risks, such as risks related to human rights and other upstream social and environmental impacts. The policies and procedures include a Vendor Policy, a Modern Slavery Statement and a systematic work to manage information about the suppliers and track and assess their performance.

Our Code of Conduct is the overarching tool to communicating expectations to the suppliers to address sustainability issues including human rights, labor standards, corruption and environmental impacts. Furthermore, through the Vendor policy, the Perstorp Group more specifically requires of its suppliers to act in accordance with international principles in relation to issues such as child labor, bonded labor, occupational health and safety and freedom of association in the workplace.

The Vendor Policy further requires of suppliers to ensure that Perstorp's production and products are free of conflict minerals in accordance with the US Securities Exchange Commission Rule of Conflict Minerals. No tin, tantalum, tungsten, or gold are part of the raw materials we source. The issued Modern Slavery Statement summarizes how the company works, and will continue to work, to prevent any occurrences of modern slavery, in our own businesses and in our supply chain.

To assess supply chain risk, raw material suppliers are given a risk rating based on their location as well as on a set of additional criteria defined by Perstorp. Suppliers of large spend or with specifically high risk are systematically assessed using a supplier evaluation tool. The tool consists of a self-assessment questionnaire, addressing issues such as environmental management, human rights, labor standards and anti-corruption. The procedure also requires suppliers to acknowledge and sign the vendor policy or provide evidence of internal policy commitments at a similar level. 80 % of our raw material spend is covered by this systematic approach. We are also assessing the need to follow-up the suppliers' self-evaluations, e.g. through audits. Perstorp's companies conduct audits of their suppliers already as of today, but then mainly focusing on management systems for quality and environment.

Malmö, June 16, 2023

Mohd Yusri Bin Mohamed Yusof
Chairman

Ib Jensen
President & Chief Executive Officer

Durgambikai Arasratnam

Debbie Y. Chiu

Ralph Pinckaers

Gerry Ackert
(elected by employees)

Jesper Fahlén
(elected by employees)

Heidi Waleniussen-Englund
(elected by employees)

Auditor's opinion regarding the statutory Sustainability Report

To the Annual General Meeting of Perstorp Holding AB, org.nr 556667-4205

ASSIGNMENT AND DIVISION OF RESPONSIBILITIES

The Board of Directors is responsible for the statutory Sustainability Report for the year 2022 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our review has been conducted in accordance with FAR's auditing standard RevR 12, "The auditor's opinion on the statutory Sustainability Report". This means that our review of the Sustainability Report has a different focus and a significantly smaller scope compared to the focus and scope of an auditing in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with sufficient basis for our opinion.

STATEMENT

A statutory Sustainability Report has been prepared.

Malmö, June 28, 2023

PricewaterhouseCoopers AB

Mats Åkerlund
Authorized Public Accountant

Åsa Markefors
Authorized Public Accountant

perstorp.com



<https://www.linkedin.com/company/perstorp-group/>



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We are the sustainable solutions provider, focusing on the global Resins & Coatings, Engineered Fluids, Advanced Materials and Animal Nutrition markets. Perstorp believes in improving everyday life – making it safer, more convenient, more fun and more environmentally sound for billions of people all over the world. Our innovations provide essential properties for products used every day at home and work. You'll find us everywhere from your car and mobile phone to towering wind turbines and the local dairy farm. Simply put, we work to make good products even better.

Perstorp's focused innovation builds on more than 140 years of experience, representing a complete chain of solutions in organic chemistry, process technology and application development. Manufacturing is based in Asia, Europe and North America, with sales and support in all major markets. Perstorp is a wholly-owned subsidiary of PETRONAS Chemicals Group Berhad (PCG), Malaysia's leading integrated chemicals producer and part of PETRONAS Group.

As part of the PETRONAS Group, our beliefs align powerfully with our shared purpose to be a progressive energy and solutions partner enriching lives for a sustainable future. Together, we share a passion for progress. Together, we will unlock new opportunities for sustainable transformation.

For more information, visit www.perstorp.com