

SUSTAINABILITY STANDARD 2022

for Suppliers



FOREWORD

This Sustainability Standard for Suppliers defines the minimum requirements for all suppliers of all affiliated companies of the Handtmann Group of Companies and should be viewed supplementary to our Code of Conduct. The Sustainability Standard applies worldwide and is aimed at all suppliers.

Suppliers include both manufacturing suppliers and service providers. The contents of this document form part of our contract terms.

Handtmann expects its suppliers to comply with the principles of this Sustainability Standard for Suppliers and those of our Code of Conduct as well as all legal requirements, to communicate the contents of this Sustainability Standard to all parties involved in their supply chain and to actively promote their compliance.

The Sustainability Standard is based, among others, on the fundamental principles of the core labour standards of the International Labour Organisation (ILO), declarations on human rights and the OECD Guidelines for Multinational Enterprises.

The same provisions on labour standards, business ethics, environmental protection and safety apply to the Handtmann Group of Companies.



Thomas Handtmann

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HUMAN RIGHTS & EMPLOYMENT CONDITIONS

1. Respect for human rights

Suppliers are requested to respect internationally recognised human rights and to promote their compliance. In all business activities within their sphere of control, suppliers are expected to ensure that they, their business partners and suppliers do not commit or participate in any violations of human rights. Furthermore, any act or failure to act in breach of duty is prohibited that is immediately liable to impair a protected legal position in a particularly severe way and the unlawfulness of which is evident upon reasonable assessment of all circumstances.¹

2. Ban on child labour and forced labour

Child labour must not be allowed at any stage of production or processing. Suppliers are required to comply with international conventions and applicable laws prohibiting child labour. Children must not be inhibited in their development. Their safety and health must not be compromised.

Human trafficking, forced or compulsory labour are inadmissible. Employees must have the freedom to terminate the employment relationship with reasonable notice.

3. Ban on forced eviction

The unlawful forced eviction and the unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures a person's livelihood, shall be prohibited.¹

4. Deployment of security forces

The hiring or deployment of private or public security forces for the protection of a company project shall be prohibited if, due to a lack of instruction or control on the part of the company, in the deployment of such security forces the prohibition of torture or cruel, inhumane or degrading treatment is disregarded, harm is inflicted on life or limb or the freedom of association and coalition is impaired.¹

5. Equal opportunities/ban on discrimination

Suppliers shall be obliged to maintain equal opportunities in employment and to refrain from any discrimination. No discrimination of employees, for example on the basis of their origin, nationality, colour of skin, religious belief, ideology, political and trade union activity, gender, sexual orientation, age, disability, illness or pregnancy may take place.

¹ See German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltsgesetz, LkSG) of 16th July 2021, Section 10, 11 and 12.

6. Freedom of association and the right to collective bargaining

Suppliers shall maintain the freedom of association and the right to collective bargaining. Employees must be able to openly discuss working conditions with the company management without having to fear any disadvantages. The employees' right to association, to join or not join a trade union, to appoint representation and/or to be elected to such representation must be respected.

7. Fairness in wages, salaries, working hours and social benefits

Compensation and social benefits must comply with the basic principles on minimum wages, applicable overtime regulations and statutory social benefits. Working hours and non-working hours must comply with the applicable laws.

8. Money laundering and terrorist financing

Handtmann expects its business partners to comply with the applicable laws on money laundering and terrorist financing.

9. Health and safety

Suppliers shall ensure as employers safety and health protection in the workplace at minimum within the framework of the respective applicable national laws on occupational health and safety as well as fire protection. Efforts must be made to continuously reduce work-related health risks and to improve the occupational safety and health and fire protection.

ENVIRONMENTAL PROTECTION AND SAFETY

Suppliers are required to ensure and improve environmental protection and occupational safety throughout the entire life cycle of their products by adopting a proactive approach. Such an approach shall include at least:

1. Emission reduction

Creation and pursuit of a concept/strategy to reduce energy consumption and greenhouse gas emissions as well as increase energy efficiency and improve air quality.

2. Use of natural resources and reduction of waste

The use of natural resources and the production of waste and emissions require monitoring and control. Negative effects on the environment must be avoided, for example by applying and further developing modern and efficient technologies and methods that save resources (water, energy, etc.) and reduce emissions, pollutants and waste.

3. Socially and ecologically responsible procurement of raw materials

Suppliers are required to promote and support the use of renewable, recycled and recyclable materials. Suppliers are expected to procure so-called conflict minerals (gold, tin, tungsten and tantalum) exclusively from verified "conflict-free" smelter or refineries and to ensure this for their sub-suppliers as well.

4. Product sustainability, safety and quality

All products and services must comply with national and market-relevant standards for environmental protection and safety. This includes the entire product life cycle and all materials used. Upon delivery, all products and services must meet the contractually agreed criteria for quality and safety and be safe to be deployed for their intended use.

5. Proper handling of chemicals

Business partners are obligated to have the substances registered, declared and, if necessary, approved in accordance with the legal requirements of the respective markets. Chemicals and other substances that are potentially hazardous if released into the environment must be identified as such. To this end, a hazardous substances management must be established for documentation, safe handling, storage, reprocessing and reuse.

BUSINESS ETHICS & COMPLIANCE

1. Compliance with the law

We expect the highest level of integrity from our suppliers in all business activities and relationships. Any form of fraud, embezzlement, insolvency offences, corruption, bestowing of advantages, bribery, venality and extortion is prohibited and must be desisted from. The supplier is obliged to comply with applicable laws and regulations in the due course of business relationships with Handtmann.

2. Fair competition

Compliance is required with laws that protect or promote competition, in particular anti-trust laws. Our suppliers must respect free competition and refrain from collusion with competitors and other measures that hinder the free market.

3. Avoidance of conflicts of interest

Conflicts of interest of any kind must be avoided. Decisions must be made solely on the basis of objective criteria and must not be driven by financial or personal interests or relationships.

4. Consumer interest

Where consumer interest is affected, we shall comply with the consumer protection regulations and appropriate sales, marketing and information practices. Particularly vulnerable groups (e.g. young people or pregnant women) shall be given greater attention.

5. Protection of information, trade secrets and intellectual property

It is expected that particular importance is attached to personal data. Personal data may only be processed in compliance with the applicable legal provisions on privacy. Supplier information systems that store confidential information or data must be administered adequately and protected against unauthorised access through appropriate technical protection.

Our suppliers are obliged to treat as business secret all commercial and technical details relating to our company that are not in the public domain and which they become aware of in the course of the business relationship. In the same way must intellectual property rights be respected and protected.

6. Export controls

The business partner is obliged to comply with the applicable provisions for export control, in particular licensing requirements as well as prohibitions of export and support in the context of the transfer and export of goods.

COMPLIANCE WITH DUE DILIGENCE OBLIGATIONS AND REPORTING OF POSSIBLE MISCONDUCT

1. Due diligence

Together with our suppliers, we aim to increase transparency in the supply chain and to identify and reduce risks related to due diligence at an early stage.

We expect our suppliers to comply with the principles and requirements of this Sustainability Standard for Suppliers in all business activities and relationships.

The supplier is called upon to share the contents of this document with its suppliers and to verify and actively promote compliance with the sustainability standards along the supply chain. The supplier is also encouraged to implement its compliance process for due diligence and identification of risks in the supply chain.

Compliance at the supplier is verified through supplier evaluation as part of Handtmann's internal processes for due diligence compliance in the supply chain. This may, for example, take the form of self-assessment questionnaires, on-site audits or the analysis of public sources (media reports, etc.).

In case of suspected infringements, Handtmann reserves the right to demand information about the relevant circumstances. An infringement is considered a material detriment of the contractual relationship on the part of the supplier. In such case, immediate compliance or corrective measures must be initiated. Otherwise Handtmann reserves the right to terminate individual or all contractual terms with the supplier without further notice after a reasonable period of time.

2. Reporting of possible misconduct

In order to comply with our voluntary commitment to ethical conduct, we rely on anyone who becomes aware of a potential infringement of the provisions of this Sustainability Standard or applicable laws to report it without delay. Any misconduct may be reported at any time and, if need be, anonymously by sending an e-mail to compliance@handtmann.de.