



# Policy statement



## German Supply Chain Act

*Lieferkettensorgfaltspflichtengesetz (LkSG)*

## **PAUL HARTMANN AG**

### **Policy Statement on the Human Rights Strategy for**

### **HARTMANN GROUP**

HARTMANN GROUP is committed to ethical, socially and environmentally compliant behaviour in all its business areas and its associated supply chains. Our standards and goals are summarized in our Code of Conduct and in our Sustainability Report.

Measures to identify and deal with human rights and environmental risks in accordance with the German Supply Chain Act (**LkSG**) are crucial to the successful implementation of these goals and standards. The responsible body within HARTMANN GROUP according to the LkSG is located in the Corporate Compliance department. However, the implementation of the requirements is carried out by all relevant stakeholders, such as procurement.

The responsible body reports directly to and is controlled by the CEO. In order to ensure the implementation of legal requirements throughout the group, there is a direct link via the global compliance structure to all organizational units of HARTMANN GROUP and thus also to the supply chains. Determination of responsibility and independence of HARTMANN employees who are responsible in the subsidiaries is part of the organizational structure of HARTMANN GROUP. The responsible body reports to the Management Board of PAUL HARTMANN AG at least once a year on the status of the regular and incident-related risk analysis, developments and the status of remedial measures.

HARTMANN implements a holistic package of measures to manage its own business area and the supply chain: these include enforcing standards in its own business area, qualifying and selecting suppliers according to social and environmental standards, risk-based analyses and systematic interaction with suppliers. HARTMANN works with EcoVadis, a company specialized in sustainability solutions, as a partner in risk management.

HARTMANN regularly conducts risk analyses once a year, or if needed occasion-related, in accordance with the requirements of the LkSG. The risk analysis is based on the consolidated information on all companies of the HARTMANN GROUP as well as their direct suppliers. This involves structuring the information on the origin, type of products, raw materials or services of the suppliers. Subsequently, each supplier is assessed against internationally recognised rules and guidelines according to human rights and environmental standards of the LkSG.

Based on this assessment, each individual supplier is classified into the risk areas "low", "medium" or "high". Special attention is paid to suppliers in countries and regions that represent a particular risk with regard to the violation of human rights and environmental

standards. A similar procedure also takes place with regard to the HARTMANN GROUP's own business area, whereby this process is embedded in the Compliance Risk Assessment.

Compliance with human rights and environmental standards within the HARTMANN GROUP is a matter of course for us. The implementation of preventive measures in the Group is carried out by the governance functions (e.g. Compliance and HSE), among other things through guidelines and training. In addition, monitoring and reporting channels ensure that our high standards are maintained and, if necessary, immediate measures are taken to mitigate risks.

With regard to suppliers, HARTMANN GROUP has embedded multi-stage processes throughout the Group that build on the risk analysis. Sustainability criteria, including human rights and environmental standards, are already taken into consideration when selecting suppliers. Suppliers which do not commit to the given standards from the outset are not included in the selection process. If HARTMANN's acceptance criteria are met, it is simultaneously ensured that the supplier, in addition to the compliance commitment to human rights and environmental standards, also participates in measures to ensure compliance with all relevant standards. HARTMANN takes the following preventive measures, among others:

- Selection of suppliers taking sustainability criteria into consideration
- Commitment of suppliers to minimum standards
- Purchase from certified suppliers
- Qualification of suppliers (also via third parties)
- Training and communication

Should a violation of human rights or environmental standards become known through own or third party information, a remedial procedure will be initiated immediately. This is associated with the creation of a dedicated timetable to end the violation of standards. In parallel, internal measures are initiated that provide for appropriate monitoring and escalation mechanisms, up to and including termination of the business relationship.

The complaints management is based on a whistleblower system that is firmly established at HARTMANN GROUP. HARTMANN employees and third parties can report violations, also anonymously, through several channels. The reports are initially assessed by either the local or central Compliance organisation. The organisationally defined independence of the Compliance department within HARTMANN GROUP ensures an objective assessment of the reports. Depending on the type of complaint, other specialist departments or external parties are called in by Compliance to clarify allegations and, if necessary, to define remedial measures and carry out monitoring.

If HARTMANN receives information about violations of human rights or environmental standards about indirect suppliers, this information is investigated immediately. In this case, the directly responsible supplier will first be involved in order to obtain further information

and, if necessary, to find solutions with the contractual partner. HARTMANN will support its suppliers in this process and – if necessary – actively specify measures. All direct suppliers are obligated by HARTMANN to support preventive or remedial measures, also with indirect suppliers. In principle, however, HARTMANN also reserves the right to approach indirect suppliers directly in order to deal with risks or violations.

A few HARTMANN suppliers produce in countries where the risk of human rights violations is high. The risk analysis has shown that the greatest risks for HARTMANN GROUP essentially come from these suppliers. For this reason, the focus of our Human Rights Strategy is to minimize the risk of violations of employee rights at these suppliers and thus to prevent child labor, forced labor and violations of occupational safety standards in particular.

Additionally, we refer to the relevant passages in our Sustainability Report.



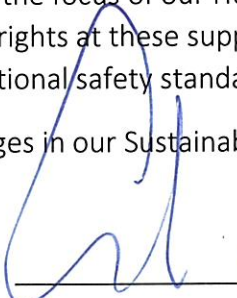
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