

# SUPPLY CHAIN DECLARATION



## PREAMBLE

The Arntz Optibelt Group attaches great importance to due diligence obligations along the supply chain, and therefore to the protection of human rights and the environment along the supply chain.

The Arntz Optibelt Group is aware of its corporate responsibility towards human rights compliance in global supply chains and is committed to its ecological and social responsibilities within the scope of its worldwide commercial activities.

This Supply Chain Declaration summarises the values and principles of the Arntz Optibelt Group and reflects its expectations towards its business partners.

We are committed to ensuring that all obligations regarding human rights, such as the prohibition of child labour and the abolition of modern forms of slavery, as well as environmental obligations such as protection from the emission of hazardous substances and cross-border disposal of hazardous waste, are respected along our supply chain.

This declaration forms an important part of our global strategy aimed at ensuring that we assume our responsibility in the specified areas and describes our approach to identifying human rights and environmental risks, acting preventively, and addressing them both in our own company as well as at our suppliers. Our aim is to promote a common understanding of human rights and environmental protection.

More and more governments around the world are issuing laws that aim at eliminating these irregularities from supply chains. These laws require companies to analyse the risk of modern slavery along their supply chains and to make transparent the steps they take to ensure that their supply chains remain free from slavery and human trafficking. It is only natural for us that suppliers must at least comply with all local supply chain requirements. These include without limitation:

- the 2015 “Modern Slavery Act” (United Kingdom)
- the 2019 “Modern Slavery Act” (Australia)
- the “Transparency in the Supply Chain Act” (California)
- the Regulation of the European Union on conflict minerals (2017/821)
- the Regulation of the European Union against deforestation along the supply chain (2023/1115)
- as well as the principles of the Corporate Sustainability Due Diligence Directive (CSDDD), which is still being drafted at the time of creation of this declaration

We regularly oversee worldwide developments in the area of human rights and environmental rights and therefore call upon all suppliers to do the same.

This declaration applies to all suppliers of the Arntz Optibelt Group and thus to all companies and sites worldwide. We call upon each and every supplier of our company to comply with the minimum requirements described here, as it is our fundamental understanding that continuously supporting the protection of human rights represents a joint effort.

## CHAPTER A – THE IMPORTANCE OF HUMAN RIGHTS AND OF ENVIRONMENTAL PROTECTION

It is a matter of course to us to always observe human rights, whose respect and protection are of the utmost importance to us in the entire Arntz Optibelt Group. This includes all standards and principles established to ensure the respect and protection of human rights, as well as the Universal Declaration of Human Rights of the United Nations and the principles laid down in the European Convention on Human Rights. Recently adopted due diligence laws of states, such as the German Supply Chain Due Diligence Act from 16 July 2021, must also be observed.

Sustainable corporate management is an essential part of our activities. Economic success forms the foundation that allows us to push ahead with ecological and social improvements. It goes without saying that we are committed to complying with all the statutory provisions and our own more stringent regulations relating to environmental protection. Our goal is to develop environmentally friendly and resource-saving products.

The Arntz Optibelt Group also communicates its environmental and energy policies to customers, suppliers and interested parties. Ecological criteria also form an integral part of all supplier evaluations.

For the sake of sustainability, business partners shall ensure that legal requirements are kept. With regard to waste prevention and water consumption, our guiding principle is always: "reduce – reuse – recycle". We also expect the same from our business partners. They assume the responsibility for avoiding packaging waste and using recyclable materials such as corrugated board, air-filled padding, and paper.

Business partners shall ensure that the legal requirements for substances and compounds are fulfilled in accordance with applicable chemicals acts, such as the REACH Regulation (EC) 1907/2006 and all resulting legal requirements such as registration, authorisation, and declaration. They undertake to not use any banned substances and strive to avoid using substances that are dangerous to human health and/or the environment. Should substitution not be chemically or technically feasible, business partners shall take measures to protect people and the environment.

### **I. Observing human rights and environmental due diligence obligations**

The German Supply Chain Act (LkSG) defines a minimum standard in terms of human rights and environmental due diligence obligations that must always be complied with, without exception. Going beyond German legislation, it is a matter of course to us to use this as the basis of our business decisions. This means that you, as a supplier of the Arntz Optibelt Group, shall not infringe any obligations described here and shall ensure that your own direct or, occasionally, indirect suppliers do not infringe any human rights or environmental due diligence obligations.

### **II. Carrying out risk analyses**

As a supplier, you shall carry out a suitable risk analysis in accordance with § 5 LkSG as well as with other regulations applicable to you in order to determine the human rights and environmental risks relevant to your business field. The Arntz Optibelt Group and all affiliated companies shall carry out a risk analysis on the basis of § 5 LkSG. We expect from our suppliers that they provide upon request all information that we, the Arntz Optibelt Group, require for carrying out the risk analysis, at least once a year and occasionally. We therefore expect you to provide us with the necessary information to carry out risk analyses with the required care, in individual cases to be combined with on-site visits of your premises, if necessary with the help of third parties commissioned for this purpose.

### **III. Preventive measures in the business area of the business partner**

Should the risk analysis carried out in your business area in accordance with Chapter A II reveal a risk within your company, immediate and unprompted prevention measures shall be taken. This also applies in cases where our own risk analysis reveals a risk for your business area. In this case, you shall, on our request, take appropriate preventive measures. We however expect you to initiate such measures yourself upon discovery of this risk.

### **IV. Corrective measures in the event of a violation of human rights and environmental due diligence obligations in the business partner's business area**

Should your risk analysis reveal, or should you otherwise gain knowledge of the fact, that a violation of human rights or environmental due diligence obligations has already been committed in one of your business areas, is imminent or is still occurring, you shall take appropriate corrective measures in order to prevent or terminate this violation or to minimise the extent of the violation. We also expect to receive immediate information and proof of the measures taken so far.

Should you determine that the violation of human rights or environmental due diligence obligations cannot be remedied or terminated in the foreseeable future, you shall immediately draw up a concept including a concrete timetable for terminating or minimising the violation, initiate its implementation, and present the concept to your contact person from the Purchasing department of the Arntz Optibelt Group.

The efficiency of the concept for the correction of violations must be monitored regularly depending on severity, at least once a year as well as occasionally. If necessary, measures taken must be updated. The business partner shall inform the Arntz Optibelt Group of any update.

Should the supplier not or not sufficiently fulfil his/her legal obligations or the obligations regarding the protection of human and environmental rights as defined in this declaration, then the Arntz Optibelt Group, and both its contractual partner within the Arntz

Optibelt Group and all other affiliated companies, shall suspend the business relationship with you and your affiliated companies until you or your affiliated companies have sufficiently fulfilled your/their obligations. Any other rights shall remain unaffected. Should a violation of human rights or environmental due diligence obligations be classified as severe and a developed concept for the correction of said violation shall not be effective or not be effective in time, then the Arntz Optibelt Group shall reserve the right to permanently terminate the business relationship with the partner, in addition to the measures mentioned above. However, this shall only be considered if no more moderate means are available for remedying the violation on the side of Arntz Optibelt Group. Other claims of the Arntz Optibelt Group in the event that the business partner violates one of his/her obligations shall remain unaffected.

#### **V. Preventive and corrective measures in the business partner's upstream supply chain**

The business partner undertakes to provide all necessary information to the Arntz Optibelt Group or his/her commissioned third parties. This allows the Arntz Optibelt Group to carry out a risk analysis in accordance with § 5 LkSG for direct or indirect suppliers of the business partner, once as well as repeatedly, should it be necessary in accordance with § 5(4) LkSG. In addition, the business partner undertakes to make sure that the direct or indirect supplier allows the employees or the representatives of the Arntz Optibelt Group to conduct inspections.

Should the business partner gain knowledge of concrete signs of a potential violation of human rights or environmental due diligence obligations from his/her direct or indirect suppliers, the business partner shall independently – but at the latest upon request by the Arntz Optibelt Group – take appropriate preventive measures against the potential cause. This can include having employees of the business partner carry out control measures or, upon request by the Arntz Optibelt Group, having employees or representatives of the Arntz Optibelt Group carry them out. The business partner undertakes to immediately present proof of the taken preventive measures to the Arntz Optibelt Group.

If the business partner determines that a direct or indirect supplier has actually committed a violation of human rights or environmental due diligence obligations or will do so imminently, the business partner shall report this incident. He/she shall immediately draft up, together with the supplier, a concept for terminating and minimising this violation and make sure that the supplier immediately takes appropriate corrective measures. The concept drafted together with the supplier must be presented immediately to the Arntz Optibelt Group. Moreover, the business partner shall immediately provide proof of the taken corrective measures to the Arntz Optibelt Group.

#### **VI. Setting up a complaints procedure**

Setting up a complaints procedure should help revealing irregularities along the supply chain and remedying them. This is why an appropriate complaints procedure must be in place to allow everyone to report any human rights and environmental risks as well as infractions of human rights or environmental due diligence obligations. The implementation of an effective complaint system aims at uncovering and correcting potential irregularities along the supply chain. Therefore, an appropriate complaints procedure must be established to allow everyone to report potential human rights and environmental risks as well as violations of human rights or environmental due diligence obligations resulting from economic activities in the business partner's or a direct supplier's own business area.

The complaints procedure shall at least fulfil the following criteria:

- The whistle-blower shall receive a confirmation that his/her report has been received.
- The business partner's representative shall contact the whistle-blower to clarify the situation.
- The business partner shall publicly provide clear and understandable information on how to access, who is responsible for and how to use the complaints procedure.
- The complaints procedure must be accessible to potential users, it must keep their identity confidential and efficiently protect them from any disadvantage or punishment resulting from their complaint.
- The business partner is responsible for ensuring that his/her direct and indirect suppliers also introduce appropriate complaints mechanisms that fulfil the aforementioned requirements.

## **CHAPTER B – HUMAN RIGHTS DUE DILIGENCE OBLIGATIONS**

### **I. Prohibition of child labour**

It is prohibited to employ children below the age at which compulsory education ends according to applicable national legislation. In no cases may workers below the age of 15 years be employed. Exceptions are permitted in only the few exceptions listed in the ILO Conventions (see ILO Convention No. 138), provided that local law at the place of employment shall explicitly allow for this. Where persons below the age of 18 are employed, it must be ensured that the type of activity they do does not adversely affect their safety, health, development, and psychic development and that their working hours do not interfere with their participation in vocational training programmes. Young people below the age of 18 may not work overtime or night shifts.

### **II. Prohibition of any kind of (modern) forced labour and slavery**

No type of forced labour, in any form, shall be tolerated. Forced labour includes any work or service that is requested of a person under threat of punishment and for which they have not willingly made themselves available, such as a consequence of debt bondage or human trafficking. This includes situations in which persons are forced to work under threat of violence or less apparent methods,

such as withholding identification documents and work permits. Any forms of slavery, slave-like practices, serfdom or any other forms of control or oppression in the workplace, including by economic or sexual exploitation and humiliation, are also prohibited. It is prohibited to use materials or services of companies that employ any of the aforementioned methods.

The principle of freely chosen employment is applicable, i.e. every worker is also free to end the work relationship. Special care shall be exercised when using work agencies. As far as possible, certified work agencies must be used (ethical recruiting).

It is also not permitted to withhold identification documents, to restrict the free mobility of employees or to use intimidation or threat against employees.

### **III. Prohibition of the violation of minimum work protection standards**

Occupational health and safety obligations applicable under the law of the place of employment must be complied with as a minimum. The risk of accidents or of health hazards related to working conditions shall be sufficiently kept within limits. This also includes providing appropriate and sufficient personal protective equipment.

### **IV. Prohibition of the violation of freedom of association**

The right of workers to freedom of association, to organise and belong to trade unions, to appeal to labour representatives and to join works councils shall be respected. Workers' representatives shall be granted free access to workers. Furthermore, the right to collective bargaining to regulate working conditions and the right to strike shall be afforded in line with the law of the place of employment. In situations in which the rights to freedom of association and collective bargaining are legally restricted, alternative lawful possibilities of free and independent association shall be offered.

### **V. Prohibition of unequal treatment in the workplace**

It is prohibited to discriminate employees in their working life. This prohibition includes any discrimination due to national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political affiliation, religion, or world view, so long as these are not tied to job requirements.

### **VI. Prohibition of withholding a fair wage**

Employees shall receive a fair wage. A fair wage represents at least the minimum wage as determined by applicable law and is otherwise measured against the law of the place of employment. The local cost of living of employees and the members of their family shall be considered, along with local social security services.

### **VII. Prohibition of causing specific environmental impacts**

It is prohibited to bring about harmful soil alterations, water pollution, air pollution, harmful noise emissions or excessive water consumption that significantly impairs the natural basis for preservation and production of food, to deny a person access to safe drinking water, to impede or destroy a person's access to sanitary facilities or to damage a person's health.

It is prohibited to force eviction and to unlawfully seize land, forests, and water sources by acquiring, building, or otherwise using land, forests, and water sources whose use secures the livelihood of a person.

### **VIII. Protection against the use of security forces**

The use of private or public security forces for the protection of the business project is prohibited in cases where, due to a lack of instructions or supervision by the company, it cannot be ensured that the prohibition of torture as well as of inhuman, cruel, or humiliating treatment will safely be respected, as well as that people's life and the right to freedom of association or union will not be violated.

### **IX. Rights of minorities and indigenous folk**

The rights of minorities and indigenous folk shall be respected and their culture, history, and traditions observed. In the event that minorities and indigenous folk are affected locally, we expect our suppliers to work conjointly with local communities in order to avoid negative consequences or to keep them as low as possible.

## **CHAPTER C – ENVIRONMENTAL DUE DILIGENCE OBLIGATIONS**

### **I. Protection against the emission of hazardous substances**

Substance prohibitions are in place to protect the environment and human health, such as is laid down in the Minamata and Stockholm Conventions.

The following prohibitions from the Minamata Convention must be observed:

- the production of mercury-added products pursuant to Art. 4(1) and Appendix A Part I of the Minamata Convention of 10 October 2013 on mercury (Minamata Convention),
- the use of mercury and mercury compounds in production processes in the sense of Art. 5(2) and Appendix B Part I of the Minamata Convention from the phasing out date for the respective products and processes laid down in the Convention,
- the treatment of mercury wastes pursuant to Art. 11(3) of the Minamata Convention.

Substances shall always be handled, marked, stored, collected, and disposed of in conformity with all applicable laws, taking into special consideration the Stockholm Convention of 23 May 2001, which was implemented within the EU by EU Regulation 2019/1021 on persistent organic pollutants (POP Regulation), as well as with the applicable legal provisions issued on this basis. Applicable production and usage prohibitions in relation to chemicals according to Appendix A of EU Regulation 2019/1021 must always be observed.

Applicable laws shall also always be observed for the environmentally compliant handling, collecting, storing, and disposing of waste chemicals.

### **II. Transboundary movement of hazardous wastes and their disposal**

It is prohibited to ship hazardous and other wastes across borders in the sense of the Basel Convention of 22 March 1989 and of the Regulation (EC) No. 1013/2006 if

- the country of destination is not a contractual party of the Basel Convention,
- the country of destination has not given its written consent to the specific shipment or has forbidden that shipment, or
- it can be expected that the wastes will not be handled in an environmentally compliant way in the country of destination or elsewhere.

Furthermore, it is prohibited to:

- ship hazardous wastes (in the aforementioned sense) from countries listed in Appendix VII of the Basel Convention to countries that are not listed in the Appendix as well as
- to ship hazardous wastes and other wastes (in the aforementioned sense) from a country that is not a contractual partner of the Basel Convention.

## **CHAPTER D – SUFFICIENT ORGANISATION, INCLUDING CONSEQUENCES IN CASE OF VIOLATIONS, AND DOCUMENTATION**

The requirements expected from you as our supplier, as defined in this declaration, are fundamental conditions for the maintenance of our business relationship with you and your affiliated companies. It is therefore essential to us that you ensure that the fulfilment of these requirements can be verified via transparent and sufficient documentation. Should we notice any violations against these requirements, we shall be obliged to take the necessary actions, including legal measures.

In order to prevent potential violations, it is important to create the necessary structures and processes within your own organisation needed to fulfil the requirements. A possible step could be to develop your own Code of Conduct to define fundamental principles and expectations. Moreover, it is important that business partners also actively strive to apply these principles and requirements along the supply chain. It should be noted that the more specific obligations described under point 2 of this document shall remain unaffected thereby.

## **ACKNOWLEDGEMENT AND CONSENT OF THE SUPPLIER**

By signing this document, the supplier undertakes to act responsibly and to observe the principles and requirements laid down within.

Supplier:

Address:

Place, date:

Signature: