

Code of Conduct for Business Partners



Quality creates cohesion



SEALING & BONDING



**"Be on the day with pleasure
at your businesses, but make only those
that you can sleep soundly at night."**

Basic principle of trading house Buddenbrook,
one of the most famous family businesses in Germany,
described by Thomas Mann



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For reasons of better readability, the simultaneous use of the language forms male, female, non-binary is dispensed with.
All references to persons apply equally to all genders.

Foreword

At OTTO, we aim to achieve our business and strategic goals in accordance with generally accepted moral and social principles. With our own Code of Conduct, we are committed to sustainable and responsible corporate governance. We expect the same from our suppliers, service providers and all other business partners. These basic principles cover the areas of conduct in the business environment, human and fundamental rights, labour standards and environmental protection and are detailed in the following Code of Conduct for Business Partners. OTTO expects its suppliers, service providers and other business partners to share these basic principles, to implement appropriate processes for compliance and to integrate ecological, social and ethical behaviour into their corporate culture.

The Code of Conduct serves as a fundamental guideline and is intended to provide our business partners with orientation for their daily work. It is supplemented by the respective legislation as well as internal guidelines and instructions.

The Code of Conduct applies to all suppliers, service providers and other business partners with whom a direct business relationship exists (hereinafter referred to as “business partners”).

Fridolfing, April 2023



Johann Hafner
Managing Director



Diethard Bruhn
Managing Director



1. Behaviour in the business environment

The business partner undertakes to comply at least with the national and European laws and regulations relevant to it, its contractual agreements and the voluntary commitments entered into.

Corruption prevention, integrity/bribery, granting of advantages

The business partner undertakes to comply with international and local anti-corruption laws and standards. The highest standards of integrity must be applied to all business activities. The business partner must prohibit, not practice and not tolerate all forms of benefit taking, bribery, corruption, extortion and embezzlement. The business partner, its employees or, if applicable, commissioned third parties may not allow themselves to be influenced or attempt to influence business partners in a punishable manner, either domestically or abroad, by exchanging gifts or accepting or offering other (pecuniary) benefits and/or remuneration. Commissions and remuneration for traders, intermediaries and advisors must always be appropriate and performance-related.

Antitrust and competition law

The business partner shall observe the relevant national or international antitrust laws as well as the laws against unfair competition. Price or condition agreements with competitors are therefore to be refrained from in the same way as other agreements and activities restricting competition influence prices and conditions.

Money laundering

In order to prevent OTTO and its direct business partners from becoming involved in money laundering activities, the business partner will regularly establish the identity of its respective business partners. All transactions that give the appearance of being about money laundering are to be rejected.

Confidentiality and data protection

The business partner shall observe the applicable data protection regulations (Federal Data Protection Act, GDPR). Personal data shall be protected from access and unlawful use by unauthorised persons.

Respect for trade secrets, intellectual property and proprietary rights; insider information

The business partner recognises that confidential and secret information is particularly worthy of protection. They may neither be forwarded nor made accessible to third parties. Such information shall only be exchanged in the sense of the respective owner and – if agreed – within the framework of non-disclosure agreements. Intellectual property rights and documents and information entrusted as agreed as well as corresponding property rights of third parties, such as competitors or business partners, are recognised and respected. Technology and know-how transfer is to be done in a way that protects intellectual property rights and customer information.

The business partner complies with the statutory provisions on the improper use of insider information. The business partner will counteract the processing of false information within the scope of its responsibilities and possibilities.

Export and import

The business partner undertakes to comply with the relevant import and export control laws, in particular sanctions, embargoes and other laws, regulations, government orders and policies controlling the transfer or supply of goods and technology.

Whistleblowing system

The business partner is expected to establish communication channels for employees and persons who have knowledge of a possible violation of a protected legal position (e.g. human rights due diligence obligations), where possible unlawful conduct can be reported.

Possible compliance violations or violations of a protected legal position by OTTO (e.g. human rights violations) can be reported via the digital OTTO whistleblower system.

2. Human and fundamental rights

Human rights

The business partner considers the protection of human rights to be a central element of its corporate responsibility. The business partner bases its commitment to respect human rights on the United Nations Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work. He is committed to respecting internationally recognised human rights and to respecting them in his business activities and along his value chains. The business partner is also guided by the UN Guiding Principles on Business and Human Rights.

The business partner is committed to the prohibition of forced eviction and the use of security forces if their use entails the risk of disregarding or restricting human rights.

In cases where international human rights are restricted by local laws, the business partner strives to promote the principles of international standards without conflicting with local laws. Where local laws exceed international standards, the business partner will comply with them.

Dealing with child labour

The exploitation of children and young people will not be tolerated. The business partner undertakes to prevent any kind of child labour (definition according to the ILO core labour standards) in his company. If a national regulation concerning child labour provides for stricter standards, the business partner must observe these as a matter of priority.

Dealing with forced labour

Any form of forced or compulsory labour is not tolerated. This means that the business partner does not use any work performance that is involuntary under threat of punishment, including forced overtime, debt bondage, forced prison labour, slavery or servitude.

Freedom of association and right to collective bargaining

The business partner shall respect and ensure that the fundamental right to freedom of association, the right to join trade unions, to call on workers' representation, to join works councils and the right to collective bargaining in accordance with local laws is not impaired.

In the event that national standards restrict the right to organise and bargain collectively, the business partner shall work to enable and permit the free and independent association of workers for the purpose of bargaining.

Prohibition of discrimination and general handling

The business partner shall treat its employees and business partners with dignity and respect. It refrains from any form of discrimination, for example on the basis of ethnic, national and social origin, skin colour, gender, age, religion and belief, political activity, membership of an employee organisation, disability, sexual orientation or other personal characteristics. The personal dignity, privacy and personal rights of each individual are respected. The business partner undertakes to uphold equal treatment of all employees and equal opportunities in employment.

3. Labour standards

Occupational safety and health protection

The health and safety of employees is a top priority. By implementing uniformly high standards, the business partner works continuously to create a safe, hygienic and healthy working environment and takes necessary measures to prevent accidents and damage to health that may arise in connection with the activity performed. Internationally recognised occupational safety standards must be complied with. In addition, the business partner supports continuous improvement of the working environment and regularly trains his employees on applicable health and safety standards and measures. Workers are given access to clean drinking water in sufficient quantities as well as access to clean sanitation facilities.

Working hours

The business partner recognises the need for a healthy balance between work and leisure. Working hours shall comply with applicable national law, industry standards and relevant ILO conventions.

Wages and social benefits

The business partner shall ensure that the remuneration paid to the employees is at least equal to the minimum wage prescribed in the locally applicable laws or the minimum wage prescribed in the industry. If the statutory minimum wage is not sufficient, the business partner is obliged to pay a remuneration that covers basic needs. In addition to being paid for regular working hours, employees shall be paid for overtime at the legally prescribed premium rates or, if there are no legal provisions in this regard, at least at their legally prescribed regular hourly rate of pay. In addition, social benefits must be provided that meet the relevant national or local standards.

4. Environmental protection

Environmental and climate protection

The business partner tries to minimise environmental impacts. In addition, environmental and climate protection are observed and continuously improved with regard to applicable international standards and legal requirements. This includes avoiding emissions and waste as well as taking steps to increase resource efficiency. Suitable and traceable measures are taken for this purpose and it is expected that the business partner operates a management system, e.g. according to ISO 14001, or at least implements suitable processes to ensure the protection of the environment and the climate. The business partner undertakes to develop and manufacture products and to pack and transport them in a safe and environmentally compatible manner, taking into account the applicable standards.

In addition to human rights-related criteria, OTTO selects and evaluates business partners taking into account environmental and safety aspects.

Waste and emissions

The business partner shall maintain procedures and systems that ensure the safe handling, transportation, storage, recycling, reuse and management of raw materials, materials and waste. Any generation or disposal of waste and any release of substances into the air or water that has adverse effects on human health or the environment shall be reduced as far as possible and adequately managed, controlled and/or treated before release into the environment. In doing so, the prohibitions on the export of hazardous waste in the Basel Convention of 22 March 1989, as amended, shall be observed insofar as they are relevant to the business partner. The business partner shall seek to prevent or minimise any unintentional or diffuse leakage or release of pollutants into the environment through appropriate procedures, systems and processes. The business partner maintains processes and systems that sustainably optimise the use of all relevant resources such as energy, water and raw materials.

Process safety

The business partner uses a management system (e.g. ISO 9001) to control work processes, taking into account recognised safety standards. If necessary, specific risk analyses must be carried out for facilities. Measures are taken at all facilities to prevent incidents such as chemical spills and/or explosions.



5. Product responsibility

Product safety and quality

The business partner shall observe the relevant national and European laws and legal requirements. The central element is Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of 18 December 2006 (REACH) and Regulation (EC) no. 1272/2008 of the European Parliament and of the Council of 16 December 2008 (CLP). The safety of the products in terms of health and environmental risks is continuously reviewed to ensure their suitability for their intended uses. The business partner ensures that its products have a high degree of sustainability, are environmentally friendly and avoid potentially harmful ingredients or – where possible – replaces them with alternative substances. Furthermore, it fulfils the relevant legal requirements for OTTO with regard to product documentation (e.g. safety data sheets) and product labelling. The business partner undertakes to provide all relevant product information, in particular on the use (processing instructions as well as occupational safety measures) and, if necessary, on the disposal of his products.

The business partner also complies with the Stockholm Convention on POPs (Persistent Organic Pollutants) to end or restrict production, use and release, where relevant, as well as the Minamata Convention, which regulates the control of emissions and releases of the heavy metal mercury.

Conflict minerals

The business partner shall ensure that no products are delivered to OTTO that contain metals (tin, tungsten, tantalum and gold) as well as other raw materials such as cobalt whose source minerals or derivatives originate from conflict and high-risk areas where they contribute directly or indirectly to the financing or support of armed groups. EU Regulation 2017/821 establishing supply chain due diligence obligations applies.

6. Implementation of Fundamental Principles

Business partners may demonstrate the implementation of and compliance with these fundamental principles through their own Code of Conduct or through their own company policies that meet the requirements set out in this Code of Conduct. If no such standard has been established, we expect the business partner to commit to this Code of Conduct.

- ☐ Compliance with and implementation of the basic principles is confirmed by the commitment to the OTTO Code of Conduct for Business Partners.
- ☐ Compliance with and implementation of the basic principles is confirmed by a separate code of conduct/ company policy equivalent to the OTTO Code of Conduct for Business Partners. This code of conduct/ company policy will be attached to the confirmation and forwarded to OTTO.

Supply chain

At OTTO, we work towards a consistent dissemination of the requirements of this Code of Conduct in our supply chain. We encourage our business partners to commit their direct suppliers to human rights and environmental due diligence with a contractual assurance equivalent to this Code of Conduct for Business Partners and to address this appropriately along the supply chain.

Documentation and evidence

Irrespective of whether the business partner confirms the OTTO Code of Conduct for Business Partners or demonstrates compliance with the same basic principles through its own code of conduct/company policy, the business partner shall document compliance with the fundamental principles through appropriate business documents. The business partner enables OTTO to check the implementation of and compliance with the fundamental principles to an appropriate extent, for example by:

- Self-disclosure
- Certificates
- Document audits (if necessary by a third party commissioned by OTTO)
- On-site audits (if necessary by a third party commissioned by OTTO)

Violations of the fundamental principles, sanctions and remedies

The business partner is obliged to report violations of the fundamental principles to OTTO.

In addition, the business partner is obliged to implement and document appropriate remedial measures in the event of violations. Multiple or serious violations grant OTTO an extraordinary right of termination to terminate the business relationship, including all contracts.

Company:

Name:

Function:

Place, date:

Signature of the authorised representative:

7. Update

The current version of the Code of Conduct for Business Partners is available online at any time.

www.otto-chemie.com/en/code-of-conduct



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