

Policy statement on the human rights strategy of ORAFOL Europe GmbH

As of: January 01, 2024

The responsibility for the implementation of this human rights policy statement is controlled by the chairman & CEO of the ORAFOL Group, the members of the ORAFOL management group, and the management of the company departments. This ensures that every part of our company is clear on its own responsibility for the respect and everyday implementation of human rights.

As a chemicals and plastics processing business, we are able to strengthen our human rights protections in many different ways. We are also, however, aware of the potential risks to human rights and environmental standards that our business can involve.

The principles of the ORAFOL human rights strategy as stated here apply to our own business activities and to all employees of the ORAFOL GROUP.

Furthermore, we also expect our suppliers and other business partners to commit to the principles recorded here and to implement suitable processes for respecting human rights. This also includes providing information on their compliance with the specified principles when requested to do so.



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Dr. Holger Lochair

Chairman & Chief Executive Officer

Introduction

MISSION STATEMENT and VALUES of the ORAFOL Group

We strive every day to pursue our vision with a strong focus on research and development, and with investments in the future and in national and international production capacities. As a family-owned business, we make considered decisions quickly, are passionate about developing new and bespoke solutions for our customers, and always place equal value on outstanding service (punctuality/reliability), stable customer relationships, transparency and trust. Our engineering expertise “made in Germany” and our roots in Brandenburg give us the strength and power to assertively shape industries as a global player and market leader.

COMMITTED TO PROVIDING PEAK TECHNOLOGICAL PERFORMANCE

ORAFOL is a technology-driven business. Our research and development is of high quality, application-oriented, and designed to secure our economic future, as developments are brought up to industry standards very quickly. The topic of high technology is also demonstrated by the skills and experience of the ORAFOL management team. Every contact at this level is informed by technological expertise and gives our customers a feeling of trust and closeness. High technology also represents our innovative capability and successful ideas management. Our German engineering shines from Oranienburg to the entire world. However, global markets offer the potential for growth, but they also provide space for more competition. Both factors require a high level of agility from ORAFOL. Our will to be the market leader in the industry and further expand our global market position drives us to create global standards and synergies in the value chain and simultaneously remain close to the local needs of our markets. The principle of “customized solution selling” strengthens our position as a high-tech company with our customers in an individual fashion. At the same time, it sustainably secures the growth potential of our company by permanently optimizing the depth of added value. Our autarkic production ensures even greater independence from external suppliers and service providers and allows ORAFOL to adapt more quickly to market and customer needs.

PREMIUM QUALITY

ORAFOL stands for premium quality. Our production sites, in which we are constantly investing, are global leaders with regard to machines and process management – in terms of both modernity and efficiency. Customer satisfaction is the highest priority. Our highest goal is to fulfill the needs and preferences of our customers and to accompany them into the future. Our customer relationships are partnerships at eye level: We want to offer our customers positive experiences that go beyond the actual product. For this reason, reliability, punctuality, and speedy reaction are the values of our premium service concept. We are not satisfied with the way things are. We are always improving all areas of the business – profits are continuously reinvested. Premium means always being a step ahead. Our quality standard creates trust in all areas: with customers and employees. In an increasingly changing world, our commitment to premium quality represents a stable and trustful value for the future.

PERSONAL

Our company management is shaped by the personalities of the people at ORAFOL. We are approachable, responsive, and interact at eye level with customers, suppliers, and employees.

As a family-owned company we strive in all our activities for a high level of freedom to make decisions and to act. We enjoy the privilege of making decisions quickly and courageously, developing leading product solutions from high technology, and making flexible use of our capacities. This gives us a significant competitive advantage that benefits our customers. Our service is personal, engaging, and reliable.

As an independent family-owned business we are obligated only to ourselves and our high standards. Our financial independence enables us to reinvest our profits directly in new projects and groundbreaking technologies.

Our ambition, constant curiosity, and visions motivate us to challenge ourselves constantly.

Management's commitment to personal values is what makes ORAFOL special – it is an anchor for all our reference groups.

Commitment to due diligence on human rights at ORAFOL

ORAFOL commits to the compliance with and monitoring of its due diligence on human rights in line with international standards. We always obey the law. Where local laws and international human rights are not aligned, we will act according to the higher standard. This applies in particular to the ban on child and forced labor, the ban on all forms of slavery and discrimination, and the strengthening of the right to organize. We also commit to complying with occupational health and safety, to paying fair wages, and to the ban on environmental pollution, eviction, and the use of security forces if their deployment involves the risk that human rights will be ignored or restricted.

At the product level, we endorse in particular:

- The Stockholm Convention
- (Stockholm Convention on Persistent Organic Pollutants; <http://www.pops.int/>),
- The Minamata Convention (<https://minamataconvention.org/en/documents/minamata-convention-mercury-text-and-annexes>) and
- The Basel Convention
(The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; <http://www.basel.int/>) as well as the regulations and national laws derived therefrom.

Furthermore, we also endorse the international agreements listed below:

- Universal Declaration of Human Rights from the United Nations (UN AEMR)
- International Covenant on Civil and Political Rights (UN ICCPR)
- International Covenant on Economic, Social and Cultural Rights (UN ICESCR)
- Declaration on Fundamental Principles and Rights at Work (ILO)
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)
- The Ten Principles of the UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Responsible Care® Global Charter of the International Council of Chemical Associations

Embedding of the human rights strategy at ORAFOL

1. Risk analysis and priority risks

A comprehensive and continuous risk analysis provides a basis for appropriate prevention and remedy measures for the ORAFOL GROUP. The risk analysis provides transparency on the potential negative impacts on people and the environment that can result from our business activities, products and services as well as from the associated business relationships. In order to draw up a risk analysis, we have developed and implemented a process that incorporates the identification, assessment, and prioritization of risks to human rights and the environment, both in our own business area and for our direct suppliers. In addition, we have adjusted our existing procurement practices, such as the on-boarding of new suppliers, according to human rights and environmental criteria in line with the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz). Should the ORAFOL GROUP obtain substantiated knowledge that indirect suppliers are violating human rights or environmental standards, event-driven risk analyses will be performed. The Compliance Manager ensures that the results of the risk analyses are reported to the relevant decision-makers in management and in the purchasing department.

During the first stage, the analysis of locations in our own field of business rests on an abstract risk analysis, which examines the risks at both national and industry level. Based on this initial analysis, the locations are instructed to analyze the concrete risks for their area of business. The identified actual risks are subsequently discussed with the responsible persons at the respective locations. If necessary, further information is obtained and suitable measures for prevention and remedy are defined. This process ensures that no violations of human rights or environmental regulations take place in our own area of business, or that any such violations are rectified promptly.

In the case of our immediate suppliers, the ORAFOL GROUP identifies and assesses risks continuously and systematically at least once a year in a graded process. All active direct suppliers are sorted into risk categories on the basis of national and industry risks as part of an abstract risk analysis. During the second stage, suppliers who are assigned a higher risk in the abstract risk analysis are examined more closely in a concrete risk analysis. These suppliers are requested to provide information on potential violations of human rights or environmental standards in the past. They are also required to provide a specific voluntary disclosure containing additional information that is relevant to the risk. Based on the insights from these concrete supplier-specific risk analyses, suitable prevention and remedy measures are developed if necessary.

Details from the complaints procedure that affect our own business area, or the supply chain are processed and considered in the relevant risk analysis. In addition, event-driven risk analyses are performed if a significantly changed or extended risk situation is to be expected due to the introduction of new products, projects, or business areas.

In its own field of business, the ORAFOL GROUP has identified the following areas with potential risks: environmental protection; guarantee of freedom of association and right to organize; responsible use of security forces; and compliance with occupational safety and occupational health risks.

In the case of our immediate suppliers, we have identified the following relevant risks on the basis of our existing risk analysis: environmental protection; critical use of security forces; freedom of association and right to organize; violation of occupational safety; and occupational health risks.

This risk situation is partly caused by the fact that the majority of suppliers relevant to the ORAFOL GROUP are members of the chemical industry. This industry is fraught with risk, mainly because of high demand for raw materials from countries that tend to have high risks to human rights and environmental protection, and because of the character of the business (including handling of hazardous materials).

2. Implementation of appropriate measures

In order to live up to our self-imposed commitment to human rights, we are implementing appropriate diligence processes. We use these to identify and mitigate risks and effects. We will adjust our declaration of principle accordingly over time.

Furthermore, we will incorporate the results of our risk analyses into the relevant business processes, and in particular into our supplier management system. Where risks exist we implement suitable preventive measures.

Regardless of the as-yet incomplete concrete risk analyses, we have already implemented measures to prevent potential human rights violations:

- Measures for the health and safety of our own employees: The health and safety of our employees are of the highest priority for us. By implementing consistently high standards at all our locations, we are working continuously to create a safe and healthy working environment.
- Supplier selection and assessment: When selecting and assessing our suppliers, we consider human rights criteria and selected/specific environmental criteria, and we execute appropriate inspection measures, among them supplier audits.
- Voluntary disclosures
- We perform our supplier monitoring by means of digital software tools such as Sphera (riskmethods) and IntegrityNext (INX)
- Training: We conduct training for the relevant business areas, including on the topics of IT and occupational health and safety.
- Product safety measures are performed continuously as part of our quality assurance.

When violations are identified, we collaborate with the affected department, subsidiary, or supplier to develop measures that will avoid the situation where human rights and/or the environment are at risk.

In cases where our business activities cause or contribute to actual human rights violations, we commit to the implementation of effective remedy measures.

For the ORAFOL GROUP, the teaching of knowledge to improve working conditions in the supply chain is an essential and sustainable key to avoiding human rights risks. For this reason, we collaborate with initiatives and associations in order to bundle our forces with actors from business, politics, and civil society. We evaluate our established measures in terms of their effectiveness in order to improve continuously in this field as well.

3. Whistleblower system

In spite of our great care regarding human rights, we are aware that violations can occur. We therefore believe it is essential to establish complaint mechanisms, partly as indicators for recording the risks, and partly as a way of exposing actual violations where they occur and initiating countermeasures. In the context of our membership in associations, we are already working on finding industry solutions that allow greater access to complaints procedures.

Our whistleblower system is an additional way for all people involved with the ORAFOL GROUP – whether they are employees, business partners, suppliers, residents, or customers – to report compliance violations.

A complaint or tip can be submitted as follows at any time, in line with data and whistleblower protection, and – if required – anonymously:

1. Online via the digital whistleblower portal on our website at <https://orafol.integrityline.app/> (an anonymous tip & voice message is also possible)
2. In writing by posting a letter in one of the blue report boxes (this can also be done anonymously; however, there will be no feedback from ORAFOL in this case)
3. Via email to compliance@orafol.de

4. Governance structure

We are currently developing a governance structure that will distribute our responsibilities for the operational implementation of our human rights strategy. We will adjust our declaration of principle accordingly.

In order to enforce our aim of recognizing and respecting human rights, we have defined and published two directives for the whole Group. These are continuously checked and expanded where necessary:

- Our Code of Conduct provides all employees of the ORAFOL GROUP with a guideline for responsible action.
- Our Supplier Code of Conduct for service providers and suppliers contains all our requirements for our business partners in the field of procuring raw materials, trade goods, and services. These binding requirements include social standards, environmental protection rules, occupational health and safety, and company management.

Effectiveness check

The world and our market environment are constantly changing. For this reason, we continuously check our risk assessment and measures. We also subject our processes, this declaration of principle, and our communications to regular review, and adjust them to changing conditions if necessary. We are, for example, continuously working to make our reporting on risks and measures even more transparent.

Internal documentation and external reporting

We report annually on our human rights diligence process at group level in the ORAFOL GROUP Annual Report. Further information on focal points and risks or measures for specific business fields are published by the individual group companies.

Responsibility

The management of the ORAFOL GROUP is responsible for the implementation of, and compliance with, this declaration.