

Stahl Statement on Modern Slavery

‘No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms’ - United Nations

It is essential for Stahl to conduct business with the highest level of integrity. In an ever-changing commercial, regulatory and compliance environment, we conduct business in an appropriate, ethical, and transparent way. This statement sets out the steps taken by Stahl to mitigate and eradicate the risk of Modern Slavery in its supply chain. This statement is prepared as per section 54 of the UK Modern Slavery Act 2015.

What is Modern Slavery?

Modern Slavery is any form of forced labor, prison labor, indentured labor, bonded labor, debt servitude, state imposed forced labor, child labor, and human trafficking, in which coercion, threats or deception are used to intimidate, penalize, or deceive workers, thereby creating situations of involuntary work and exploitation.

Stahl's Business and Supply Chain Overview

Stahl Parent BV and subsidiaries (“Stahl”) is a customer-focused group that specializes in specialty formulations for coatings and surface treatments for flexible substrates. Stahl's objective is to achieve the highest customer service level by providing outstanding service and on-time delivery of innovative and sustainable products while operating safely and in harmony with the environment.

Stahl operates manufacturing sites in 11 countries, 34 strategically located technical service laboratory facilities and sales support offices in 23 countries and employs approximately 1,800 people, many of whom are engaged in application engineering and research and development of new products and processes. Just over one quarter of its employees are technical experts based at applications laboratories offering best-in-class, highly customized service to its global client base. Commercial activities are managed via global business units and regional sales organizations, through direct sales and agency and/

or distribution agreements. Stahl's registered headquarters is in the Netherlands. Stahl purchases from suppliers across the globe to meet the product and service needs of Stahl's operations (e.g. raw materials, bought in goods, packaging, logistics and other service providers).

Stahl's Position and Policies on Modern Slavery

Stahl's Position

Modern Slavery is a violation of human rights. Stahl condemns Modern Slavery and shall not participate in any form of Modern Slavery, such as the trafficking, recruitment, or receipt of any persons, by means of threat or abuse of power. Stahl allows employees to resign from their position at any time. By behaving ethically and honestly with all its partners, Stahl strives to ensure that Modern Slavery does not occur elsewhere in the supply chain, and only does business with organizations that uphold similar principles.

Stahl's policies

General

Stahl is committed to the guiding principles of the UN Global Compact, the world's largest corporate sustainability initiative, and reports on these principles annually. With this commitment, Stahl confirms the alignment of its strategy and operations to the universal principles of human rights, labor, environment, and anti-corruption. Stahl's activities are also aligned with the 17 Sustainable Development Goals (SDG's) announced at the UN General Assembly in 2015, and reports on progress in its annual ESG Report.

UN Global Compact's Ten Principles

Stahl is committed to the UN Global Compact's Ten Principles and strives to conduct its business with the highest standards of integrity and ethical behavior. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption.

The Ten Principles are:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Make sure that they are not complicit in human rights abuses
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: The elimination of all forms of forced and compulsory labor
- Principle 5: The effective abolition of child labor
- Principle 6: The elimination of discrimination in respect of employment and occupation
- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Undertake initiatives to promote greater environmental responsibility
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Based on these Ten Principles, we implemented our Corporate Responsibility & Sustainability policies, among which the Stahl Human Rights Policy and the Stahl Code of Conduct for employees and business partners.

a) Stahl Human Rights Policy

Stahl has a specific human rights policy, which clearly states (among others) that Stahl rejects any form of forced or compulsory labor. This statement focuses on Modern Slavery specifically.

b) Stahl Employee Code of Conduct

Stahl's Employee Code of Conduct reflects these high standards of integrity and ethical behavior. The Code of Conduct applies to all its employees. Every new employee is required to sign this Code of Conduct. Stahl clearly states that it condemns any form of Modern Slavery in its Employee Code of Conduct.

c) Stahl Business Partner Code of Conduct

It is mandatory for business partners (selected with a risk-based approach) to agree and sign the Stahl Business Partner Code of Conduct or, if the business partner has its own Code of Conduct, to provide a copy which Stahl validates. In the event that a business partner does not comply with the Code of Conduct, immediate action is taken, including, if necessary, (immediate) discontinuation of the business relationship with that business partner. Specific wording on Modern Slavery is included in Stahl's Business Partner Code of Conduct.

d) Stahl Hiring & Onboarding Policy

A specific reference to compliance with Stahl's Modern Slavery position is included in Stahl's Hiring & Onboarding policy.

e) Stahl Whistleblower policy

Stahl has a whistleblower policy under which all employees and all third parties can report any (suspicion of) non-compliance. Every new employee is required to sign the Whistleblower policy. In September 2022 Stahl implemented an easy-to-use form on the Stahl website which can be used to report any concern by employees and/or third parties. This can also be done anonymously

Due Diligence Processes / Risk Assessment

Stahl applies the following due diligence procedures and activities in order to prevent the occurrence of Modern Slavery.

Business Partner Due Diligence Procedure

The Business Partner Due Diligence procedure applies to selected business partners (a risk-based approach). The compliance behavior and integrity of the business partner is monitored via this procedure, and it enables our employees to establish and maintain commercial relationships with reliable and ethical business partners.

Stahl Compliance Report

Each year, the extended leadership team of Stahl complete a Code of Conduct compliance questionnaire on the Code of Conduct for employees and business partners. The Stahl Annual Compliance Report, published on the Stahl website under Sustainable Development, summarizes this activity, and reports on non-compliance occurrences.

Supplier audit

Stahl assesses key suppliers, including those in higher risk countries, via the EcoVadis controlled self-assessment system. The EcoVadis assessment is a thorough CSR assessment that covers Environment, Labour & Human Rights, Ethics and Sustainable Procurement and is a recognized standard in the chemical industry. The selection of vendors is based on the top suppliers (strategic), spend and location in high-risk countries. Stahl itself was awarded the platinum status from EcoVadis in August 2022, and by the end of 2022 around 83% of Stahl's total direct purchasing spend (raw materials and packaging) and 55% of the total spend on logistics was covered by EcoVadis assessed suppliers. Stahl proactively takes steps with suppliers to help them improve their rating.

Other actions

To detect possible Modern Slavery incidents, Stahl performed interviews with 26 staff members and 2 distributors around the world. The Chief Operating Officer also raised this topic during his visits of the Stahl sites in the Netherlands, Spain, France, Italy, Germany, India, Singapore, Brazil, USA and Mexico. No Modern Slavery situations were observed during these visits, nor reported in the interviews. Stahl also benchmarked itself on salaries with respect to Modern Slavery, and no signs of Modern Slavery or exploitation from low salaries were observed. In incidental cases where the salary deviated materially from market reference this was addressed and corrected.

Training on Modern Slavery

In 2022 employees were required to do a series of compliance e-learning trainings: Anti-Bribery and Anti-Corruption (97.50% completed), Disciplinary Action Policy (99.39% completed), Human Rights Policy (99.28% completed), Nepotism & Conflict of Interest policy (99.23% completed) and Employee Code of Conduct (99.17% completed) (percentages as per the beginning of December 2022). The employee completion rate of these trainings is monitored by HR and the Stahl Group Head of Tax & Compliance.

Furthermore, in 2022 the Stahl Group Head of Tax & Compliance gave compliance presentations to various Stahl business groups and operating companies, which included Stahl's policy on Modern Slavery.

Key performance indicators to measure effectiveness of steps being taken

Stahl performs an annual review of its risk assessment and control policies in accordance with the requirements of the EU law Extra-Financial Performance Declaration (EFPD) on environmental, social, human rights and corruption risks resulting from its activities. This is included in the Universal Registration Document (ESG Risk Mapping for EFPD) of Wendel (the major French shareholder of Stahl), which can be found on the Wendel website (www.wendelgroup.com).

With regard to the risk of corruption, bribery, Modern Slavery in Stahl's supply chain, the following Key Performance Indicators are mentioned:

- Share of employees trained on these subjects: Compliance training and Corporate policies,
- Number of whistleblower cases treated and
- The percentage of direct purchases spend represented by EcoVadis assessed suppliers and the percentage of spend of transport suppliers represented by EcoVadis assessed suppliers

Final remarks

To the best of our knowledge, Stahl did not have any incidents relating to modern slavery in 2022. Stahl will continuously improve, develop, and strengthen its efforts to promote the UN Global Compact's Ten Principles, and this includes the elimination of all forms of forced and compulsory labor.

This statement constitutes the Stahl Statement on Modern Slavery for the financial year ending December 31st, 2022. This statement has been approved by the Board of Directors of Stahl Parent B.V.

Maarten Heijbroek
Chief Executive Officer

