

Policy Statement on Human Rights

Foreword by the Executive Board

Dear colleagues,

We at the Sto Group can only enjoy lasting business success if the impact that our business activities have on the world is in line with the best interests of people and the environment. There are many challenges associated with global value chains, not only in relation to the flow of goods, but also in terms of human rights. These challenges go hand in hand with due diligence obligations.

Ever since our company was founded, it has been important to us to take responsibility for people and the environment – a concern that we express directly through our Guiding Principles and our mission “Building with conscience.” We base our business activities on this mission to ensure we meet the needs of our stakeholders and the environment, while also offering sustainable solutions. If we are to realise our vision of being the global technology leader in the sustainable design of living space tailored to human needs, we must conduct all our activities in a way that is responsible and totally ethical.

That is why we are developing our conscience, then building from there – just like with our Policy Statement on Upholding Human Rights.

For us, respecting human rights is a fundamental part of responsible company management. We are fundamentally committed to reinforcing human rights and preventing their violation. It is also particularly important to us that every actor all along the value chain respects international human rights.

The Policy Statement on Human Rights is a long-term commitment to safeguard and protect human rights. Non-compliance is not an option! The content provided is binding for the entire Sto Group.

Best regards,

Rainer Hüttenberger
Spokesman of the
Executive Board

Michael Keller
Chief Sales Officer
responsible for Sales Sto
Brand Germany,
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Services

Jan Nissen
Chief Technology Officer

Désirée Konrad
Chief Financial Officer

Policy Statement on Human Rights

1. Vision/mission/values

The Sto business model is oriented towards long-term success. We are convinced that the essential foundations for this are solid, sustainable business management, constant technological progress, and a strong financial footing. We pursue the goal of global technology leadership in the sustainable design of living space tailored to human needs. We achieve this corporate vision by realising our mission of “Building with conscience.”, which we have been pursuing since 1988. Our vision, along with the other principles on which our practice is based, is defined in the Sto Guiding Principles, providing all employees and senior executives with guidance when making strategic and operational decisions.

As part of our 2025 strategy, we have defined sustainability as one of our core areas of expertise. A sustainable approach is a basic requirement for achieving long-term success. This applies especially in an increasingly complex world, in which ecological and social concerns – apart from the classic economic challenges – are becoming ever more relevant. As a result, both the risks and the opportunities are becoming more diverse. Appropriate instruments that encompass a coherent sustainability strategy are required for managing these challenges consistently and successfully.

In our business activities, we combine the aim of creating a sound basis for continuous, income-oriented growth with making a social contribution in line with the United Nations’ 17 Sustainable Development Goals. To support this, we operate an integrated management system in accordance with the relevant ISO regulations for quality, environment, energy, safety, and health. This allows us to create the conditions for the implementation of key sustainability aspects within the company.

Environmental impact and energy efficiency in the product life cycle are taken into account as early as when developing new products as well as during the subsequent production and sales processes. The impact of existing products on people and the environment is tested, and certified or made transparent through eco-labels and Environmental Product Declarations (EPDs).

2. Commitment

We see protecting human rights as a key aspect of the responsibility we bear as a company. Our commitment to respecting human rights is based on the United Nations Universal Declaration of Human Rights and on the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We commit to respecting internationally recognised human rights and to upholding them in our business activities and along our value chains. In particular, this includes prohibiting child and forced labour, banning all forms of slavery and discrimination, and supporting freedom of association. We also commit to complying with occupational safety and health, paying fair wages, and prohibiting environmental pollution, forced evictions, and the deployment of security staff, where such deployment entails the risk of human rights being denied or restricted.

At the product level we commit in particular to the Stockholm Convention on Persistent Organic Pollutants (POP convention; <http://www.pops.int/>) and 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.

In addition, we commit to the universal respect of the following international agreements:

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

As a signatory of the UN Global Compact, we commit to aligning our business activities and strategies with ten universally acknowledged principles taken from the areas of human rights, labour standards, environmental protection, and the fight against corruption. We are also committed to supporting the objectives that go hand in hand with these principles.

Furthermore, we align our sustainability activities with the United Nations' 17 Sustainable Development Goals (SDGs) adopted in 2015.

These are primarily aimed at the states in the international community. But industrial companies are also expected to adopt the SDGs in their corporate strategy. In this way we want to show our contribution to sustainable development for society as a whole and prioritise our own fields of action. We believe we can make the largest contributions to the following of the 17 Sustainable Development Goals:

Goal 3: Ensure healthy lives and promote well-being for all at all ages

Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

Goal 11: Make cities and human settlements inclusive, safe, resilient, and sustainable

Goal 12: Ensure sustainable consumption and production patterns

Goal 13: Take urgent action to combat climate change and its impacts

3. Guidelines

This Statement reinforces our fundamental commitment to respect for human rights, which is already reflected elsewhere in other company directives. These include:

- Sto Guiding Principles
- Code of Conduct
- Compliance Management Handbook
- Whistleblower system – reporting information
- Whistleblower system – dealing with tip-offs
- Occupational safety and health directives
- Risk management at Sto
- Risk management guideline
- Sto supplier code of conduct
- Risk manual

4. Scope

The principles set out here apply to our own business activities and to all employees of the Sto Group.

We also expect our suppliers and other business partners to commit to upholding the principles set out here and putting appropriate processes in place to ensure human rights are respected. This includes providing, when requested, information about how the stated principles are being upheld.

5. Compliance

We always abide by the applicable national law. In cases where international human rights are restricted by local laws, we strive to promote the principles behind the international standards without coming into conflict with the local laws. Should local laws go beyond international standards, we follow those laws.

As a company operating in the chemicals industry sector, we have the opportunity to reinforce the protection of human rights in many different ways. However, we are also aware of the potential risks to human rights that can be associated with our business activities.

6. Risk analysis

We strive to incrementally and regularly analyse, document, and better understand our risks and how they specifically connect to our company by conducting structured risk assessments of our own business activities, the supply chain, and in relation to our products and services.

We have already built the foundations for performing the risk analysis and are expanding on them gradually. In particular, the necessary tools have been incorporated and the required data sources have been linked and anchored in the processes. Within these structures, we will conduct a further analysis according to the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) during 2023. We will use the findings from the abstract and concrete risk analysis to define more preventive measures and, where necessary and possible, to remedy any violations of the LkSG.

7. Preventive measures

To fulfil our self-made commitment to respect human rights, we will implement appropriate due diligence processes, which we will then use to work on identifying and reducing risks or impacts. We will modify our Policy Statement accordingly over time.

We will also incorporate the results of our risk analyses into relevant business processes, within our supplier management system especially. Wherever risks arise, we will implement appropriate preventive measures.

Irrespective of the concrete risk analysis, which is still outstanding, we have already implemented certain measures to prevent potential human rights violations:

Occupational safety and health protection

As an employer with production operations and administrative areas, the design of safe and healthy working environments is deeply rooted in how we at Sto see ourselves as a company. Ensuring occupational safety and health protection means much more than just complying with legal regulations. Proactive measures and preventive action are the pillars of the precautions we take. Occupational health and safety are important indicators of employee confidence and motivation.

We train our employees internationally on occupational safety and health protection, and pursue an occupational accident rate of less than 10 per 1,000 employees. Hazard identification, risk assessment, and investigation of incidents are carried out in routine processes. Serious accidents are documented and investigated, and measures for future prevention are derived. For preventive health care, there are occupational health services, company doctors, and external service providers. Our safety package also includes ensuring effective first aid in the rare event of an injury.

Our commitment to transparency and social responsibility

In ensuring ethical, moral, and fair conduct, our Group-wide value competence model is of particular importance. This model lays down values that are important to us and which we refined in 2022 to produce four central attitudes: responsible, respectful, ambitious, and connected. Since the end of 2019, the Sto Group has also had a Code of Conduct that sets out the principles and objectives for responsible and legally correct conduct from our employees. In particular, it is intended to create a reliable framework for dealing with business partners, employees, customers, suppliers, competitors, and other external parties with a view to preventing statutory violations and cases of corruption. Discrimination based on origin, gender, religion or belief, disability, age, or sexual identity will not be tolerated within the Sto Group.

We also conduct an annual survey in all Sto companies on selected CSR (Corporate Social Responsibility) topics. This survey is combined with appropriate training, the clear allocation of responsibilities and accountabilities within a company, and a definition of the relevant data and information. This process includes reporting on the individual CSR issues within a company, compliance with social standards, such as the prohibition of child and forced labour, equal treatment of men and women, measures for occupational safety, environmental and resource protection matters, donations, and social commitment, as well as rules on preventing corruption and violations of the law.

If standards are not complied with and deviations are reported, the measures to be taken are to be described. We record this information centrally and then evaluate it. Using the database reporting system for sustainability and CSR in the Sto Group, we optimise the timely recording, evaluation, and reporting of relevant measures, key figures, and data.

Fair pay

It is anchored in our human resources instruments that we guarantee fair, market-oriented, and performance-oriented remuneration worldwide. Income is based on the employee's function or responsibility and depends on their skills as well as individual development and performance. In addition, total income is based on current market conditions and is limited by a variable component with downward and upward caps.

Collectively agreed and statutory minimum standards, such as the local minimum wage, also apply. If there are agreements between the employer and the trade unions, they are respected. Personal characteristics such as gender, age, etc. have no influence on the remuneration of our workforce. In Germany, the collective agreements on remuneration apply to the vast majority of Sto employees.

Part-time employees can also benefit from performance and success-oriented incentive schemes and voluntary social benefits, provided they reach the minimum number of working hours prescribed in some regions.

Diversity and equal opportunities

We see diversity as an opportunity that is not only relevant from a social and political perspective, but also as crucial to our economic success as an internationally operating company. Simply because of our presence in numerous regional markets, diversity is part of the Sto Group's natural orientation. We specifically promote diversity and tolerance in the company and support people regardless of ethnic origin, nationality, gender, age, sexual orientation, disability, and religion. Our Code of Conduct and our commitment to the 10 principles of the UN Global Compact prohibit discrimination of any kind. All employees have easily accessible ways to obtain information on grievance procedures and to report incidents. Any cases of discrimination will be investigated at all locations. In addition, we have developed and implemented preventive measures to reach out to our employees.

Procurement

We have drawn up a roadmap for greater transparency and social responsibility in procurement too. Risk analyses are already conducted on direct suppliers as standard. By 2025 we will consistently have information on the sustainability of our suppliers in our procurement systems

and will procure the majority of our raw materials from sources that have a proven track record of responsible treatment of human rights, labour standards, transparency, and anti-corruption.

We will gear our diverse social commitment towards regional needs and focus on activities that we can support in a particularly targeted manner locally with our global network and decentralised corporate structures.

Internal audits

Internal audits are conducted to periodically check that the management system is complete, effective, and fit for purpose. Their second main objective is to uncover opportunities for improvement and implement them as part of a continuous improvement process.

If weaknesses or deviations are discovered, they are recorded, their causes determined, and corrective and preventive measures initiated. The effectiveness of corrective and preventive actions is monitored.

8. Corrective actions

In cases where we cause or contribute to actual human rights violations through our business activities, we are committed to taking effective corrective action. We will work on possible actions during 2023, in case potential violations become known as part of the risk analysis or via other channels.

9. Whistleblower system

Behaving in a way that is correct and compliant with the rules is our number one priority. Our company's success is based on integrity and compliance. Any potential compliance infringements or human rights violations can be reported (even anonymously) to the Compliance department via Sto's online whistleblower system.

The system is open to the public and can be easily accessed by any potentially affected parties including employees, suppliers, business partners, and members of the public (<https://sto.whistleblownetwork.net/frontpage>). We are always working to develop our complaints systems and improve accessibility for internal and external stakeholders.

10. Governance structure

Responsibility for abiding by the human rights commitments outlined here lies with the Executive Board of STO Management SE. The Sustainability organisational unit is responsible for the operational implementation of our human rights strategy, with wide-ranging support from the Materials Management and Internal Audit/Compliance areas.