

Declaration of Principles

of PreZero Stiftung & Co. KG

A letter from the Executive Board

Ladies and gentlemen, esteemed colleagues,

in keeping with our vision, "New thinking for a cleaner tomorrow", we are working every day to reduce the use of natural resources, prevent waste and shape the future through sustainable, efficient solutions. Bringing this vision to life requires cooperation and collaboration by many people inside and outside our company. We are constantly striving to protect people and the environment, thereby laying the foundation for a cleaner tomorrow.

In this Declaration of Principles, we highlight our commitment to respecting human rights and environmental standards and explain how we meet our corporate due diligence responsibilities in that regard. Because we work with highly complex value chains, we shine a light on our own business unit as well as on our external supply chains. Carefully selecting and working closely together with our suppliers makes it possible for us to fulfill our duty of care in every regard.

Together for a cleaner tomorrow.



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1. Our Philosophy on Respecting Human Rights and the Environment

We at PreZero Stiftung & Co. KG have made it our mission to close loops and constantly promote circular economy. We can achieve this goal by conducting our business sustainably, in keeping with our social and ecological responsibility. As a part of the Schwarz Group and as a waste disposal and recycling company with international operations, we respect human rights and uphold environmental standards in our own business as well as in our international supply chains. Our aim is to advance their acceptance and prevent abuses. This Declaration of Principles articulates our vision and complements our existing corporate principles and policies. It is rooted in our commitment to the following internationally recognized frameworks:

- > International Bill of Human Rights
- > UN Guiding Principles on Business and Human Rights
- > UN Convention on the Rights of the Child
- > UN Convention on the Elimination of All Forms of Discrimination against Women
- > International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- > OECD Guidelines for Multinational Enterprises
- > Paris Climate Agreement
- > Minamata Convention on Mercury
- > Stockholm Convention on Persistent Organic Pollutants
- > Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- > The Ten Principles of the UN Global Compact (UNGC)
- > Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO)

These principles represent minimum standards for our own actions. In addition, we comply with the relevant laws and requirements applicable in the countries in which we conduct business.

Aside from complying with the above-named standards, we take a holistic view of the advancement of social, ecological and economic sustainability. In the interests of finding out how we can best protect people and the environment, we use an **Outside-In perspective** to examine which external factors influence our business activities.

We also employ an **Inside-Out perspective** to survey the implications of our business activities for the above-mentioned factors. This nuanced approach enables us to quickly identify and address potential risks to people and the environment, as well as to comprehend how and why they arise and what options we have for avoiding or eliminating them. Moreover, this interplay between perspectives makes it possible for us to identify issues we want to focus on which play an important role in our sustainability strategy.



2. Our Responsibilities and Expectations

We respect human rights and uphold environmental standards. We do this in every area of our business and expect our suppliers to do so as well. In international supply chains, compliance with these laws and standards requires a long-term commitment and a measured approach. In this way, we work together with our partners to ensure continuous improvement within the value chain. In order to ensure that we are able to respond properly to changes affecting our business activities at all times, we are also continuously developing our human rights and environmental due diligence processes. It goes without saying that respect for human rights and adherence to environmental standards constitute an absolute prerequisite to working with us.

Our work is guided by the following principles:

- > compliance with the ban on child labor and the protection of vulnerable groups
- > zero tolerance for discrimination; fair and equal treatment of all employees and partners
- > ban on forced labor and modern slavery
- > granting remuneration at least in the amount of the minimum wage guaranteed by law for working hours in accordance with the applicable standards
- > the right of all employees to establish employee representative bodies and to conduct collective bargaining negotiations relating to working conditions
- > ensuring health and safety at the workplace
- > ban on inappropriate disciplinary action
- > protection of land rights and ban on adverse environmental impacts, e.g., harmful changes to the soil or water pollution
- > protection of personal data

These principles are anchored in our [Code of Conduct](#) and are incorporated into the contractual agreements with our suppliers.

3. Our Approach for Implementing Corporate Due Diligence

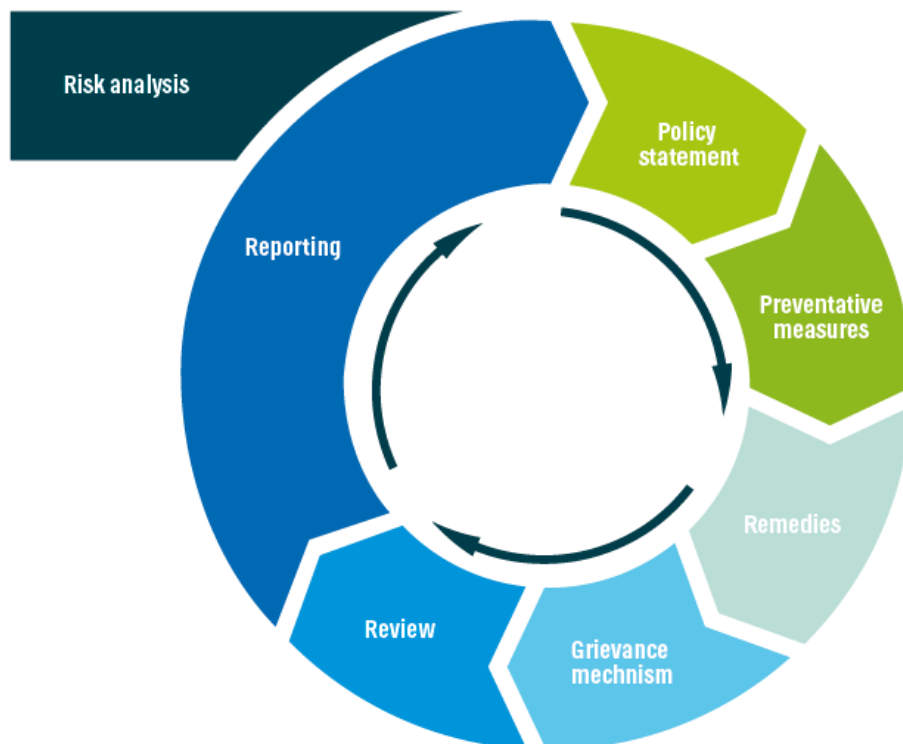
3.1. Responsibilities and integration in the organization

Part of our Compliance Management System is a risk management system for human rights and environmental risks. To that end, we have defined a corresponding core compliance topic. Implementation of this core compliance topic is the responsibility of the Legal & Compliance Department, Corporate Social Responsibility Department, Corporate Governance Department and all operational departments which work directly with suppliers. The Executive Board is involved in the fundamental decision-making processes as they relate to human rights and environmental risk management and receives annual and ad hoc progress reports on those topics.

By integrating our approach to these issues at every level within the company, we ensure the following:

- > the commitment and support of the Executive Board
- > the development of a human rights and environmental strategy
- > the full recognition of human rights and environmental risks
- > the assignment of roles and responsibilities
- > the integration of these aspects into the relevant processes
- > the implementation of preventative measures and remedies, as well as
- > the continuous improvement of processes and the measurement of their effectiveness

How we live up to our corporate duty of care is illustrated in the graphic below as a closed loop because we consider this to be a continuous duty:



3.2. Risk Assessment and Preventative Action

The identification of risks and the development of effective preventative measures and remedies is a continuous process that forms part of our effort to live up to our human rights and environmental duties of care. We perform annual and ad hoc risk analyses as part of our business activities to identify human rights and environmental risks early on and assess them.

The risk analysis considers the severity and likelihood of occurrence, the factors potentially leading us to engender this risk ourselves and our ability to influence the relevant risk factors. The risk classification is based on the analysis of recognized indices and studies regarding the risk assessment for countries of origin, raw materials and products and – in some cases – in consultation with civil society organizations and experts. This process also considers the deeper supply chain. This allows us to create an individual risk profile showing potentially applicable risks for direct suppliers. The next step is to determine which suppliers need to be investigated further due to a specific risk. The risk situation of these suppliers is determined based on further information, including information regarding applicable control mechanisms already in place. The current risk analysis identified material core risk topics in relation to direct and indirect suppliers. These topics concern potential risks in the areas of child labor, forced labor, threats from security services, the handling of mercury and occupational health and safety. In light of the statistical human rights and environmental risks which arise in connection with certain raw materials as well as the relevance of those raw materials for our procurement activities, the following raw materials were identified as risky: aluminum (bauxite), cotton, cobalt, copper and silicon.

Based on these findings, we developed preventative measures and remedies which help, both individually and collectively, to prevent or mitigate adverse impacts caused by our business activities. These include:

- > the public commitment to respect human rights and the environment along the entire supply chain in the form of this policy statement;
- > the expansion of business partner assessments before entering into a new business relationship to include potential risks relating to human rights and environmental standards;
- > adapting our [Code of Conduct](#) with respect to upholding human rights and environmental standards;
- > the inclusion of necessary contractual mechanisms;
- > training for employees and relevant [suppliers](#) concerning our corporate duty of care;
- > further developing [grievance mechanisms](#) via which human rights and environmental violations can be reported anonymously;
- > the revision of the Group-wide purchasing and procurement strategy; as well as
- > the establishment and review of relevant certifications to which we commit ourselves, also while standards are being refined and in the context of funding projects.

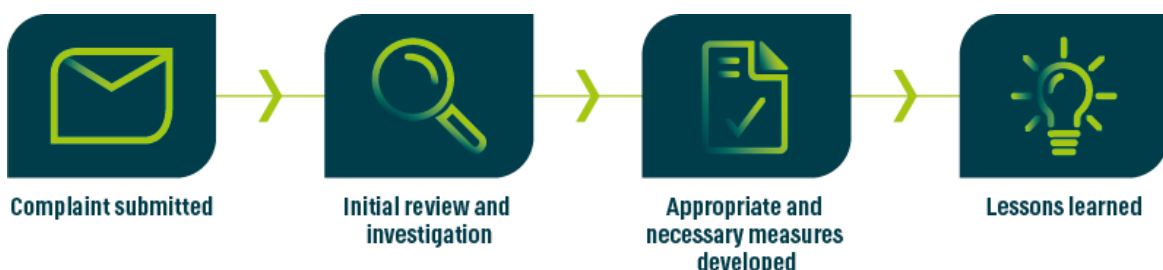
Where necessary, we use various control mechanisms to check our suppliers' compliance with the Code of Conduct. This includes conducting audits, which may also be carried out on-site.

Because it is not possible to define remedies by default and in advance in the context of business relationships with direct or indirect suppliers, we assess defined risks, findings and reports on a case-by case basis. To that end, we analyze the specific need for corrective action and improvement. Part of that analysis involves weighing the expectations of the people affected by the violation. Necessary remedies may include internal measures in our own business unit, such as process modifications, new policies and guidelines or improved training concepts, or they may require measures enacted in concert with and vis-à-vis third parties. In the event of an identified violation of human rights or breach of environmental duties, we work with our suppliers to develop a tailored concept for preventing, eliminating or minimizing the extent of any such violation or breach. This enables us to take into account any special characteristics of specific suppliers – such as the sector in which they work, their products and services, and country-specific risks – and to implement appropriate measures. If a supplier takes no remedial action, we also reserve the right to end the business relationship.

We assess the effectiveness of the measures we implement on an annual and ad hoc basis and are working constantly to further develop our processes, measures and systems. Collaboration with civil society organizations, experts and other companies represents a key way for us to assess the effectiveness of the measures we take, to achieve improvement and to resolve complex societal problems in a spirit of cooperation.

3.3. Grievance Mechanisms and Processing Information about Potential Violations

Our [grievance mechanism](#) enables every employee and person along the value chain to alert us to human rights and environmental risks or violations in their own business unit and in the supply chain. Information may be submitted via the publicly accessible online reporting system or directly to the Compliance Officer or an ombudsperson. This ensures that the report can be submitted anonymously and confidentially and will be processed in accordance with our [rules of procedure](#).



3.4. Reporting

Transparent communication on human rights and environmental challenges is a core element of corporate due diligence. We report annually on material human rights and environmental risks, the measures we enact to avoid such risks, the progress achieved and the challenges we continue to face. We publish this report on our [website](#). In addition, we provide our employees with this information via internal communications channels.

Contact

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