

MERZ GROUPWIDE COMPLIANCE POLICIES

**NO.13**  
THE HUMAN  
RIGHTS  
STRATEGY

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MERZ COMPLIANCE

# MERZ GROUPWIDE COMPLIANCE POLICIES

## NO. 13 – POLICY STATEMENT ON THE HUMAN RIGHTS STRATEGY

### I. PREAMBLE

#### Merz Code of Conduct and Merz Groupwide Compliance Policies

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The success of the Merz Group and our ethical conduct go hand-in-hand. The Merz Group Code of Conduct together with the Merz Groupwide Compliance Policies (the “**Code and Policies**”) established by the Merz Group Management<sup>1</sup> are important resources that define and explain our expectations for ethical business practices within our international and continuously evolving business environment.

The Code and Policies are key tools of the Merz Group Compliance Program that is designed to promote a culture of integrity and commitment with the Code and Policies and applicable laws and regulations. The Code and Policies are the basis for a groupwide applicable and harmonized approach to compliance providing guidance for everyone who conducts business on behalf of Merz.

The Code and Policies provide guidance but don't cover everything. Code and Policies do not summarize all laws and regulations applicable to the Merz Group. The Code and Policies are tools to assist each colleague in decision making but do not substitute for individual responsibility for exercising good judgement and common sense – when in doubt, seek advice and contact your supervisor, manager or competent Compliance Officer.

If applicable laws and regulations are stricter than the Code and Policies, the stricter standards will apply. The Merz Group Business portfolio is diverse and spans across industries. The Merz Groupwide Compliance Policies represent a binding framework that Merz Businesses must adhere when issuing policies and procedures according to their business practices. Any deviation from this framework is governed by the corresponding process described in the Merz Groupwide Compliance Implementation Policy No.1 (the “**CIP**”)<sup>2</sup>. The Merz Group Code of Conduct and Third-Party Code of Conduct must be implemented as is with no room for adjustments.

This Policy No.13 shall be implemented in accordance with **CIP**. The responsibilities regulated therein for “who and how” to implement, timely implementation, communication and training shall apply accordingly to this Policy No.13.

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<sup>1</sup> Merz Group Management, i.e. Merz Group CEO and Merz Group COO, i.e. the managing directors (“Geschäftsführer”) of Merz Asset Management GmbH (which is the managing company and general partner of Merz Asset Management Holding GmbH & Co. KG).

<sup>2</sup> Reference is made to CIP with regard to the Merz Group Compliance structure where functions and responsibilities are described in greater detail.

# II. POLICY STATEMENT ON THE HUMAN RIGHTS STRATEGY

## Policy

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### 1. Introduction

The Merz Group is a corporation with headquarters in Frankfurt am Main and business activities all over the world. The Merz Group includes the businesses Merz Aesthetics, Merz Therapeutics, Merz Lifecare, Merz Real Estate and Merz Financial Investments and all Group companies worldwide. With more than 34 subsidiaries and over 5000 employees worldwide, the Merz Group bears responsibility for human rights, environmental and sustainability issues throughout our global supply chains.

### 2. Our values and principles

We are convinced that accepting responsibility for protecting human rights and a holistic approach to environmental protection are crucial factors for our company's long term success. Merz is therefore committed to protecting human rights and the environment

The Merz Group complies with the applicable laws and aligns its business activities with the following international standards and guidelines:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- Ten Principles of the UN Global Compact
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights

This Policy Statement on the Human Rights Strategy sets out the main steps and measures we take in our business dealings to identify any potential human rights and environmental risks inherent in our business and to prevent or end potential (imminent) violations or to minimise their impact. The Policy Statement implements the requirements under the German Supply Chain Due Diligence Act ("SCDDA"). Merz reviews the effectiveness of this Policy Statement on the Human Rights Strategy as well as all the measures described hereunder on a regular and ad hoc basis and improves them whenever required.

## 2.1. Human rights

Merz complies with all the applicable laws and regulations regarding the protection of human rights and due diligence obligations throughout the supply chain.

We are committed to observing the international principles for the protection of human rights and the environment.

The Merz Group takes appropriate measures to ensure that its business activities contribute neither directly nor indirectly to human rights abuse. We observe the following principles that are based on internationally acknowledged ethical standards to which this Policy Statement refers:

- *We pay fair and competitive salaries that are based on performance and integrity. We observe the applicable minimum wages.*
- *Our employees are not subjected to any unfair or unethical working conditions. This includes a prohibition of all forms of slavery and comparable practices, forced labour and child labour as well as the worst forms of child labour.*
- *Our working conditions (including, but not limited to occupational safety and working times) comply with the relevant laws.*
- *All our companies offer a safe and healthy working environment. Our employees do not have to endure any unsafe or unhealthy working conditions.*
- *We respect the rights of our employees to join or to refrain from joining a union, to generally join forces to pursue common goals and to exercise their rights collectively, for instance by going on strike.*
- *We do not discriminate on the grounds of ethnic origin, age, origin, gender, sexual orientation, religion or belief, disability or any other characteristic protected by law when hiring staff, awarding contracts or with respect to pay, promotions, working conditions or any other aspects, and comply with all relevant laws.*
- *Private or public security forces are only hired or used if these have been sufficiently trained and instructed with regard to human rights protection and can be adequately controlled in this respect.*

## 2.2. Environment and sustainability

“Sustainable development” is a globally accepted approach to sustaining economic growth without harming our planet or depleting its resources, while at the same time improving the quality of life of present and future generations. This means delivering innovative solutions, providing a rewarding work place, proving to be a trustworthy partner, and supporting the regions and communities in which we operate. The Merz Group has been committed to improving the lives of our customers and patients for over 100 years.

Protecting the environment is an important objective for the Merz Group. Sustainable growth that ensures environmental protection, the conservation of natural resources, and thus respect for the living conditions of future generations is a high priority for the Merz Group. The Merz Group therefore respects the human rights and livelihoods of the local people. The Merz Group will not cause harmful soil alteration, water or air pollution, harmful

noise emission or excessive water consumption that would significantly impair the natural basis for the preservation and production of food, impede access to sanitation, or harm a person's health. Likewise, the Merz Group will not carry out unlawful evictions or unlawful deprivation of land, forests and waters, whose use secures a person's livelihood.

Merz is aware of the scarcity of resources and its responsibility towards future generations. Merz aligns its business dealings accordingly and ensures that all Businesses and companies comply with our sustainability standards. This applies to the entire supply chain from production to distribution of products and refers to any and all activities that could harm the environment. This includes, without being limited thereto, the careful and responsible handling of (i) mercury, products containing mercury and mercury waste, (ii) persistent organic pollutants, and (iii) hazardous waste within the meaning of the relevant regulations and conventions.

### **3. Our approach to the protection of human rights and the environment**

#### **3.1. Implementing measures for effective risk management**

##### **(a) Risk management**

Identifying risks and their potential impact as well as developing appropriate and effective measures to counter these are core elements of fulfilling human rights and environmental due diligence obligations.

The different business functions work together to manage these risks. We have created the corresponding functions, responsibilities and structures in order to

- identify, weight and prioritise our human rights risks and environmental risks by means of regular analyses and ad hoc analyses whenever required,
- address such risks by means of appropriate and effective preventive measures and, in case of violations, by means of appropriate remedial measures,
- integrate these measures in all relevant functions and operational processes, and
- regularly review the effectiveness of our preventive and remedial measures as well as our complaint mechanism.

This way, we ensure that we can appropriately react to human rights and environmental risks whenever required.

Our Group Compliance Officer also acts as our "SCDDA Officer", monitoring the corresponding overall risk management system and reporting regularly and ad hoc, whenever required, to the management of the Merz Group on our human rights and environment related activities and the corresponding measures as well as other matters. The specialist functions in the individual Businesses work together closely to achieve the objectives specified in this Policy Statement. The international groupwide purchase organisation has established a global, risk based management system in order to implement appropriate due diligence processes in the upstream supply chain.

Our company's internal control system and audits by our Internal Audit team at the individual business units are our main tools for ensuring and monitoring the implementation of the measures developed in the risk management system.

## **(b) Risk analysis**

We carry out appropriate risk analyses with regard to human rights and environmental obligations in our Businesses and our supply chain. Based on the findings of the risk analysis and an appropriate prioritisation, additional measures are implemented using a risk based approach. Both the risk analysis and the prioritisation must be documented and archived in accordance with the legal provisions.

We strive to constantly further develop the risk analysis process and our understanding of human rights and environmental risks in our supply chain.

### **Own business area**

In our own business area, we analyse risks with the assistance of the relevant business units that provide their assessment of the risks inherent in the area they are in charge of. All subsidiaries have undergone a standardised risk analysis. The risks thus identified are appropriately prioritised on the basis of the legal criteria.

### **Supply Chain**

The risk analysis is based on an assessment of the direct suppliers, especially with regard to country of origin and industry affiliation. The findings thus gained are subjected to an internal evaluation, also existing knowledge is applied. Thereafter, the identified risks are appropriately prioritised.

This risk analysis process is carried out on a regular basis and when required (ad hoc) in accordance with the legal provisions.

With regard to indirect suppliers, we carry out a risk analysis if we have factual indications that a violation of human rights or environmental obligations by an indirect suppliers may potentially exist (substantiated knowledge). For this process, we use our compliance risk management system.

## **(c) Preventive measures**

Whenever risks are identified and classified as priority risks, we immediately implement appropriate and effective preventive measures in our own business area (for instance with regard to procurement strategies and purchasing practices) and monitor them using a risk based approach. The goal of these measures is to prevent or mitigate such risks. Here, we rely on the Guidelines by the Organization for Economic Cooperation and Development (OECD) for Multinational Enterprises among other standards. The Merz Group's Code of Conduct ([Merz Group Code of Conduct](#)) reflects this goal and obliges all employees to comply with these requirements.

Whenever a risk is identified with regard to direct suppliers, appropriate preventive measures must be developed without undue delay for such direct suppliers, and the implementation of these measures must be controlled using a risk based approach.

We have implemented a supplier onboarding process that takes account of human rights and environmental aspects. The risk assessment plays a role when deciding on supplier onboarding.

We have implemented a Code of Conduct for business partners ([Merz Third Party Code of Conduct](#)) as a contractual preventive measure.

Further, depending on the results of the risk analysis, our contracts with the respective suppliers contain special provisions to address or mitigate the risk of human rights or environmental violations.

In order to build up the relevant competences we rely on a specialised training concept for both our suppliers and business partners as well as our employees. The goal is to familiarise our employees and suppliers with the human rights strategy and the relevant policies and to ensure these are applied. Existing employee training concepts are amended to include the obligations under the Supply Chain Due Diligence Act where required. Depending on their responsibilities, employees are furthermore trained with regard to the preventive measures or how they are to be adapted. Our Merz Third Party Code of Conduct and special training options assist our suppliers and business partners and raise awareness among their staff. For us, this is part of our endeavours to build up longterm and trusting relationships with our suppliers. We are convinced that this is the best way to counter any human rights or environmental risks that may exist.

If we gain substantiated knowledge of a violation of human rights or environmental obligations by an indirect supplier, we will also take appropriate preventive measures in this respect, thereby also supporting our indirect suppliers in fulfilling their human rights or environmental obligations.

The Group Strategic Sourcing department or designated employees of the Businesses are responsible for implementing preventive measures. The SCDDA Officer is responsible for monitoring the implementation of these preventive measures.

#### **(d) Remedial measures**

We have a zero tolerance policy with regard to the violation of human rights or environmental obligations.

If we gain knowledge of potential violations of human rights or environmental obligations in our Businesses or at one of our direct suppliers or of violations of the Merz Third Party Code of Conduct, we will investigate the facts without undue delay and, where required, will initiate appropriate remedial measures in order to prevent such violations, end them or mitigate their effects.

In our own Businesses, such remedial measures must result in the prevention or ending of the violation.

Whenever there is a risk of violations at direct suppliers, we will urge the persons responsible for procurement and the affected suppliers to develop a plan for remedial measures without undue delay and a timeline for ending or mitigating (or preventing) the effects, and to monitor the sustainable implementation of such measures if the

business relationship is to be continued. Our objective is always to end the violation without undue delay. Whenever possible or expedient, we will participate in developing industry standards or take part in industry-led initiatives in order to increase our ability to influence the entity responsible for a risk or violation and strive to develop a solution together with our direct suppliers.

As a last resort, we expressly reserve the right to consider possible alternatives and to terminate supplier relationships if our standards are seriously violated over a longer period of time. Termination of the business relationship will be considered in particular, where

- rights are violated in a particularly serious manner,
- violations have not been remedied by measures taken within a set period of time,
- there is no obvious milder course of action and exerting our influence does not seem promising.

If we gain substantiated knowledge of a (imminent) violation at an indirect supplier, we develop a concept to prevent, end or mitigate the effects of human rights or environmental violations and strive to implement such concept together with the direct suppliers.

### **(e) Complaint mechanism**

Merz offers all employees and all external third parties protected channels to report violations against external or internal rules, including human rights or environmental risks and violations of human rights or environmental obligations which have arisen as a result of the economic activities of Merz or its direct or indirect suppliers.

With its compliance reporting system, Merz provides a groupwide, transparent, public and easily accessible [grievance mechanism](#). Via this safe channel, reports can be made at any time in more than 50 languages both by phone or online and, if required, anonymously. A third party operator is responsible for the technical aspects of the grievance reporting system. The contents of the reports are processed only by us. All reports are reviewed and treated fairly and impartially. The persons in charge are independent and not subject to any instructions when handling the reports.

All reports of potential violations that are received are processed in line with a procedure that is binding across the entire group. The reporter gets confirmation when the report has been received. The report is discussed with the reporter. The identity of the reporter is kept confidential.

When a violation is made evident, we will take appropriate remedial measures as well as appropriate disciplinary measures. We do not tolerate any retaliation against reporters or anyone who submits a grievance and endeavour to prevent such retaliation by means of groupwide awareness training. Any violations of this prohibition will be treated as compliance violations. The rules of procedure as well as additional information are available at [Supply Chain Compliance – Merz](#).

### **3.2. Priority human rights and environmental risks**

In our supply chain, we are exposed in particular to risks in the fields of occupational safety, environmental protection and health issues. We analyse and address these risks by means of established processes for responsible procurement and use our contractual relationships and our influence in an appropriate manner to best address these risks. If we detect such risks at certain suppliers, we will first evaluate these internally, discuss them with the supplier in question and address them by means of adequate measures, such as training or contractual agreements.

### **3.3. What we expect of our employees and suppliers**

Merz strives to develop a corporate culture that fosters the protection of human rights and the environment and avoids violations thereof throughout its supply chain.

We are convinced that accepting responsibility for protecting human rights and a holistic approach to environmental protection are crucial factors for our company's long term success and therefore expect all our employees and suppliers to adhere to these principles. The Merz Code of Conduct specifically highlights our commitment to the protection of human rights and the environment and emphasises that Merz exercises and wants to exercise whatever influence it has in this respect.

We expect our suppliers – like the Merz Group – to be committed to respecting human rights and the environment, to establishing appropriate due diligence processes and to passing these principles on to their own suppliers to the best of their ability. The Merz Third Party Code of Conduct governs our dealings with suppliers and our specific expectations in detail. This Merz Third Party Code of Conduct is part of our standard procurement agreements and our General Terms and Conditions of Purchase.

## **4. Contact**

Merz Gruppe, Group Legal & Compliance, Eckenheimer Landstraße 100, 60318 Frankfurt am Main;

## **5. Signatures Merz Group Management**

### **Philip Burchard**

Chief Executive Officer, Merz Group

### **Hans-Jörg Bergler**

Chief Operating Officer, Merz Group

### **Dr. Almuth Steinkühler**

Chief Financial Officer, Merz Group