Stahl Statement on Modern Slavery

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 and human trafficking 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 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.

“No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms”

United Nations

Stahl’s Business and Supply Chain overview
Stahl Parent B.V. and subsidiaries (“Stahl”) is a customer-focused group that commercializes sustainable coatings for a wide range of substrates. Stahl’s objective is to achieve the highest customer service level through providing outstanding service and on-time delivery of innovative and sustainable products while operating safely and in harmony with the environment.

Stahl operates 11 manufacturing sites and 37 strategically located technical service laboratory facilities and sales support offices in 22 countries and employs approximately 1,800 people, many of whom are engaged in application engineering and research and development of new products and processes.

Almost a third of its employees are dedicated 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, with distribution agreements. Stahl’s registered Headquarters is in the Netherlands.

Stahl’s position and policies on Modern Slavery

Stahl’s Position
Modern slavery, or any form of forced or compulsory labour, is a violation of human rights. Stahl condemns modern slavery and child labour, and shall not participate in 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
Stahl is committed to the guiding principles of 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 Conducts for employees and business partners.

a) Stahl Human Rights Policy
In 2021, Stahl implemented a specific Human rights policy, which clearly states (among others) that Stahl rejects any form of forced or compulsory labor.

b) Stahl Employee Code of Conduct
Stahl's Employee Code of Conduct and whistleblower rules reflect these high standards of integrity and ethical behavior. The Code of Conduct and the whistleblower rules apply to all its employees. Every new employee needs to sign this Code of Conduct and whistleblower rules. Stahl clearly states (among others) 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 to modern slavery is included in Stahl's Hiring & Onboarding policy.

e) Stahl Whistleblower policy
Stahl has a whistleblower policy under which employees (and third parties) can report any (suspicion of) non-compliance.

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 (Codes of Conduct)
Each year, the senior management 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 protocol
Stahl assesses key suppliers, including those in higher risk countries, via the EcoVadis-self assessment system, a standard in the chemical industry. The selection of Vendors is based on spend, supply risk and location in risk countries. The EcoVadis assessment covers Environment, Labour & Human Rights, Ethics and Sustainable Procurement. Stahl itself received gold status
from EcoVadis in July 2021, and by the end of 2021 around 80% of Stahl’s total direct purchasing spend (raw materials and packaging) and 44% 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 32 staff members around the world. The Chief Operating Officer paid specific attention to this topic during his visits of the Stahl sites in the Netherlands, Spain, France, Italy, Germany, India, Singapore, Brazil and Mexico. No modern slavery situations were observed during these visits, nor reported in the interviews. Stahl also benchmarked itself for salary with respect to modern slavery, and no signs of modern slavery or exploitation from low salaries were observed.

Training on Modern slavery and trafficking

In 2021 employees were obliged to do a series of compliance e-learning trainings: Anti-Bribery and Anti-Corruption (95.86% completed), Disciplinary Action Policy (98.46% completed), Human rights policy (97.08% completed), Nepotism & Conflict of Interest policy (97.97% completed) and Employee Code of Conduct (97.57% completed). The employee completion rate of these trainings is monitored by HR and the Stahl Group Tax & Legal manager.

Furthermore, in 2021 the Stahl Group Tax & Legal manager gave compliance presentations / trainings to various Stahl business groups, 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 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 Extra-Financial Performance Declaration (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: Compliance training, Training sessions on company policies, number of whistleblower cases treated and the assessment percentage of direct purchases made from suppliers by EcoVadis.

Final remarks

To the best of our knowledge, Stahl did not have any incidents relating to Modern slavery in 2021. 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 31 December 2021. This statement has been approved by the Board of Directors of Stahl Parent B.V.

Maarten Heijbroek
Chief Executive Officer