



Human Rights Policy Statement Berlin-Chemie AG



BERLIN-CHEMIE
MENARINI

I. Compliance with human rights and environmental due diligence obligations pursuant to the LkSG (i.e., " German Act on Corporate Due Diligence Obligations in Supply Chains ")

Berlin-Chemie AG, a pharmaceutical manufacturer and subsidiary of the Menarini Group, an Italian company, is responsible for the pharmaceutical business in Germany, Central, United States of America and Eastern Europe.

Since January 1, 2024, Berlin-Chemie AG has been the only Menarini Group company directly subject to the LkSG, as it had more than 1,000 employees as of December 31, 2023. Consequently, Berlin-Chemie AG is responsible for implementing the due diligence obligations for its subsidiaries and branches.

For the initial year that Berlin-Chemie AG is subject to the LkSG, the primary objective is to fulfill the requirements of German law, while considering the company's resources and the complexity of both its own operations and its supply chain.

Berlin-Chemie AG will continuously review and improve the risk management system and the activities to safeguard human rights and minimize environmental risks for its employees and suppliers.

Berlin-Chemie AG will consistently evaluate and enhance its risk management system and associated activities. This ongoing process aims to protect human rights and minimize environmental risks for its employees and suppliers.

II. The Human Rights Strategy of BERLIN-CHEMIE AG

In line with the [Menarini Group's Global Policy on Human Rights](#), Berlin-Chemie AG's human rights strategy is founded on a commitment to internationally recognized standards, including:

- ✚ the Universal Declaration of Human Rights,
- ✚ the UN Guiding Principles on Business and Human Rights,
- ✚ the International Labour Organization (ILO) Conventions,
- ✚ the OECD Guidelines for Multinational Enterprises.

The commitments in the field of human rights are developed along the following themes:

Freedom of association and recognition of the right to collective bargaining

Berlin-Chemie AG commits to recognize the right of all employees to form or join any Workers' Organization and to ensure that this choice is not subjected to any kind of conditioning or discrimination.

Rejection of all forms of forced labor

Berlin-Chemie AG commits not to engage in or support any kind of workers' exploitation resulting in forced labor. Berlin-Chemie AG is also committed to guaranteeing to all employees the right to enter employment and terminate it freely and voluntarily.

Rejection of child labor

Berlin-Chemie AG commits not to engage in or support any forms of child labor and to support children's development. If employing young workers, Berlin-Chemie AG is engaged to ensure they are not assigned tasks that pose risks to their mental, physical, social, or moral well-being, and that do not disrupt their education.

Occupational safety and health obligations

Berlin-Chemie AG commits to actively take measures to minimize the risk of accidents at work or work-related health hazards. In particular, Berlin-Chemie AG commits to guarantee adequate safety standards in setting up and maintaining the workplace; to provide proper protective measures to prevent exposure to chemical, physical, or biological substances; to address excessive physical and mental fatigue, especially due to inappropriate work organization regarding working hours and rest breaks.

Prohibition of withholding an adequate living wage

Berlin-Chemie AG commits to provide all employees with an adequate living wage which should amount to at least the minimum wage as laid down by the applicable law, in accordance with the regulations of the place of employment.

Equal treatment in employment

Berlin-Chemie AG commits to foster a culture of inclusion and diversity, to ensure fair and transparent treatment of all its employees and that no one is discriminated against, disfavored or favored on the basis of their personal characteristics (such as national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief).

III. Establishment of a risk management system

section 4 LkSG

The role of the **Human Rights Officer**, officially appointed by the Board of Director, is embedded in a company-wide governance structure. The governance structure takes into account the shared responsibility of all persons acting on behalf of the company to respect human rights.

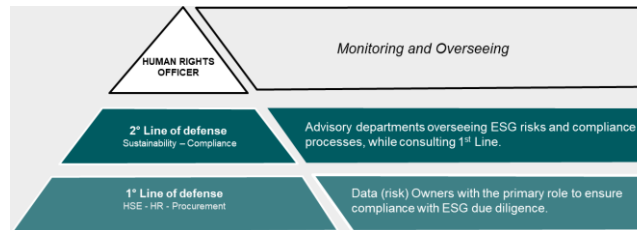
In order to ensure compliance with human rights and environmental due diligence obligations, Berlin-Chemie AG set up a **risk management system** based on the "Line of defense model".

The **second line of defense** consists of the advisory departments overseeing the human rights and environmental due diligence obligation process while consulting the first line of defense.

- ✚ The **ESG department** advises individual functions on general compliance in connection with the Act on Corporate Due Diligence Obligations in Supply Chains. It manages the implementation of the sustainability strategy, in which the topic of human rights is firmly integrated.
- ✚ **Compliance** has set up a complaint management / speak-up system to ensure that the strategy is implemented within the company and published a procedure as requested by the law.

The **first line of defense** consists of Data Owners, whose primary role is to ensure compliance with ESG due diligence. The first line of defense consists of:

- ✚ The **EHS** (Environment, Health and Safety) department is responsible for the implementation and monitoring of the policy and the associated occupational health and safety and environmental regulations.
- ✚ The **HR** department is responsible for compliance with labor and social standards in its own business area. It is also involved in complaints procedures.
- ✚ The **Procurement** department is the owner of the tool to evaluate suppliers. Is responsible for the management of suppliers and also takes human rights aspects into account.



IV. **Risk Analysis in Berlin-Chemie AG's own business area and suppliers'** section 5 LkSG

As part of its commitment to comply with the LkSG, Berlin-Chemie AG has conducted a comprehensive **risk analysis** to assess human rights and environmental risks both within its own business operations and across its supply chain. The goal of this risk assessment is to identify, prioritize, and manage potential risks and eventual violations for further action. In cases of substantiated knowledge, defined as concrete indications or credible evidence of a violation of human rights-related or environmental obligations, indirect suppliers are also included in this analysis.

The Group has introduced a **global process** supported by an external tool for continuous monitoring and evaluation. The external tool allows Berlin-Chemie AG to gain a comprehensive overview of the own operations and of the suppliers, including Berlin-Chemie AG's own activities and suppliers. The core of the tool is an automated risk analysis of the business partner, first based on industry and country risks and then a detailed analysis based on high-risk areas. This process, in line with the requests of the German law, consents the quick and effortless identification of high-risk suppliers or own operations.

The risk analysis was conducted in two key stages:

1. **Abstract Risk Analysis:** Identifying inherent environmental and human rights risks that pertain to the legally protected positions of the LkSG, organized by country and industry sector across the company's business areas and supply chain.
2. **Concrete Analysis:** A more detailed and targeted analysis of high-risk areas, with specific attention to own operations and suppliers that were identified as posing elevated risks in the initial risk assessment.

Since Berlin-Chemie AG also operates in regions with elevated human rights and environmental risks, the company found it necessary to complement its main analysis tool with an additional one. This allowed for a more tailored and accurate risk assessment, considering the specific challenges of these areas. By doing so, Berlin-Chemie AG ensures that the results reflect real conditions on the ground and enables the company to respond swiftly to changes, while minimizing potential risks, as requested by the law.

v. Risk Analysis - Own Operations

The abstract analysis involved a high-level assessment to identify potential areas of concern across the Berlin-Chemie AG. Following this, representatives from the first and second lines of defense undertook a more detailed and individualized process, for a concrete identification.

The purpose of this concrete identification phase was to deep dive into the specific risks highlighted during the abstract analysis. By analyzing these preliminary findings, the teams aimed to uncover underlying issues. This step was crucial for developing an understanding of the risks and for formulating targeted mitigation strategies.

To facilitate this process, Berlin-Chemie AG employed a third-party questionnaire-based survey. This survey was distributed across its subsidiaries and branches, ensuring a comprehensive and inclusive approach. The survey involved key Group functions such as ESG, Compliance, Procurement, Human Resources, and Health and Safety. Each of these functions provided valuable insights into their respective areas, contributing to a holistic view of the organization's ESG risk landscape.

Berlin-Chemie AG assures continuous improvement and adaptability by regularly reviewing and adjusting the governance and strategies. This iterative process will allow the Berlin-Chemie AG to refine strategies, address emerging risks promptly, and maintain a proactive stance in their risk management efforts.

vi. Risk Analysis – at suppliers

As part of our commitment to ensuring compliance with the LkSG, Berlin-Chemie AG centrally manages the data collection and systematically evaluates data on suppliers with whom Berlin-Chemie AG has contractual relationships within its international operations. This data is used to conduct comprehensive risk assessments across the global network.

From the first year of compliance, Berlin-Chemie AG regularly conducts an annual risk analysis. In addition, a risk analysis for potential new suppliers is performed in a timely manner. The results of these assessments are integrated into operational processes and workflows, ensuring that both new and existing suppliers undergo continuous evaluation. If any risks, violations, or non-compliance are identified, the process includes mechanisms for taking appropriate preventive measures and remedial actions to promptly mitigate or resolve these issues.

Certain indirect suppliers, also referred to as Tier 2 suppliers, were included in the risk assessment due to their role in the procurement of raw materials via distributors. Based on their country of origin and industry, these suppliers were considered for potential risks under LkSG requirements. However, the initial analysis did not indicate any such risks, and no further action was required at this stage.

VII. **Procedure for implementing preventive measures**
section 6 LkSG

In the case of new relevant risks identified through the risk analysis, new preventive measures are developed, or current measures are updated. Berlin-Chemie AG has implemented a range of preventive measures within its own business operations and across its supply chain to mitigate human rights and environmental risks, in line with the activities of the ESG multi-year plan.

Examples of preventive measures taken by Berlin-Chemie AG include:

- ✚ A [Code of Conduct](#) to express the company's expectations for its employees
- ✚ A [Supplier Code of Conduct](#) to express the company's expectations for its suppliers
- ✚ A [Global Human Rights Policy and Global HSE and Energy Policy](#) to express the company's human rights commitment
- ✚ A [Complaints Procedure](#) to create a process for reporting and addressing complaints
- ✚ [Training](#) to facilitate an understanding of the company's ESG expectations
- ✚ [Effectiveness checks](#) to assess the effectiveness of preventive measures undertaken by Berlin-Chemie's own operations and suppliers (to be conducted)

These measures are continuously reviewed for effectiveness and adjusted as needed to enhance existing processes and develop new approaches where necessary. By continuously refining these measures, Berlin-Chemie AG reinforces its commitment to responsible sustainable business practices.

VIII. **Procedure for taking remedial action**
section 7 LkSG

If an imminent or actual violation of human rights or environmental obligations is identified, remedial action are swiftly taken to address the issue without delay. These actions aim to either prevent the violation from continuing or mitigate its impact. In instances where violations are identified, appropriate remedial actions are promptly implemented to ensure full resolution.

The process entails investigating the violation to determine the extent and impact of Berlin-Chemie AG's involvement. Based on the investigation, Berlin-Chemie AG will develop potential remedial or preventive actions. Berlin-Chemie AG may seek specialist advice or engage with the vendors involved in the incident to determine appropriate corrective actions and implement them within an agreed timeline.

These measures are continuously reviewed for effectiveness and adjusted as needed to enhance existing processes and develop new approaches where necessary. By continuously

refining these measures, Berlin-Chemie AG reinforces its commitment to responsible sustainable business practices.

IX. Complaints mechanism section 8 LkSG

Ethical and legally compliant behavior is a top priority for Berlin-Chemie AG, in terms of its own business activities and in its relationships with business partners and customers.

Berlin-Chemie AG has established a complaints procedure that enables individuals, companies, and other organizations to: report violations of applicable law, internal guidelines, business/industry principles, or ethical standards; report concerns regarding a potential or actual violation of these regulations; or, to raise awareness of associated risks.

The complaints procedure is intended to ensure that all incoming complaints are investigated and processed in a transparent and fair manner. These rules of procedure (in accordance with Section 8 Paragraph 2 Lieferkettensorgfaltspflichtengesetz (LkSG)) explain how a complaint can be submitted, how it is processed, and what protection whistleblowers have.

Berlin-Chemie AG employees and external stakeholders can anonymously report suspicions free of charge in various languages using this group-wide complaint system.

The people entrusted with the complaint's procedure are the compliance department in the parent company Menarini Group and the compliance department at Berlin-Chemie AG. The people entrusted with carrying out the complaints procedure act impartially and are independent. Berlin-Chemie AG also ensures that the people entrusted with carrying out the complaint's procedure have the necessary expertise and experience.

Further details on our complaints procedure and other channels can be found in our Rules of Procedure.