

Sustainability Code (CSR)

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PHACOTEC Produkt-Service GmbH is committed to sustainable business practices that include environmental and social responsibility as well as high ethical standards. To ensure that our business partners also share these values, we have developed this comprehensive sustainability code, which forms the basis of our joint business relationship.

It applies to our direct business partners and the subcontractors commissioned by our direct business partners who are involved in the production of products for our company, as well as to all links in the production and supply chain. All business partners are obliged to observe and implement the following principles.

The direct business partners ensure compliance with and monitoring of the principles of the Sustainability Code throughout the entire supplier and production chain.

1. General business principles and fair competition

1. Ethical business conduct

All business partners must adhere to the highest ethical standards in their business relationships and focus on integrity and transparency. Business practices such as bribery, corruption and any kind of unfair business practices are strictly prohibited.

2. Fair competition

Business partners should ensure fair competition in accordance with applicable laws and avoid any anti-competitive practices such as price fixing or market manipulation. This is in line with the principles of competition law and anti-trust regulation in the respective countries.

3. Equal treatment and non-discrimination

All business partners must ensure that there is no discrimination on the basis of gender, race, ethnic origin, religion, disability or other personal characteristics, as enshrined in the International Declaration of Human Rights (UDHR)¹ and the ILO conventions².

4. Support of the UN Global Compact principles

Business partners should support the ten principles of the UN Global Compact on human rights, labor standards, environmental protection and anti-corruption³

2. Labor and social standards

1. Voluntary work and no forced labor

Business partners must not tolerate any form of forced or inhumane labor. This complies with ILO Convention No. 29 (Forced Labor) and Convention No. 105 (Abolition of Forced Labor).

¹ Universal Declaration of Human Rights (UDHR), see <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

² International Labor Organization (ILO), see <https://www.ilo.org/international-labour-standards>

³ United Nations Global Compact, see <https://www.globalcompact.de/en/about-us/united-nations-global-compact>

2. Child labor

Allowing child labor in any form is prohibited. Business partners must ensure that their workers have reached the minimum age specified by national law or ILO Convention No. 138 (Minimum Age).

3. Health and safety

The health and safety of employees must be ensured in accordance with the requirements of ILO Convention No. 155 (Occupational Safety and Health). Business partners must take all necessary measures to create a safe and healthy workplace.

4. Fair working conditions

All employees must be treated fairly. This includes ensuring fair working hours, fair wages and benefits and respect for working time regulations and ILO Conventions No. 1 (Working Time) and No. 131 (Wage Determination).

5. Right to organize and collective bargaining

Business partners must respect the right of workers to form trade union organizations and to bargain collectively in accordance with ILO Conventions No. 87 and No. 98.

3. Environmental protection

1. Sustainability and resource conservation

All business partners must ensure environmentally friendly production that complies with the UN Sustainable Development Goals (SDGs)⁴ and the ILO conventions on environmental responsibility⁵. Business partners are expected to take all necessary measures to reduce waste, water consumption and energy use.

1. Emission reduction and climate protection

Business partners should minimize the emission of greenhouse gases and actively promote climate protection, e.g. through the use of renewable energy sources and energy-efficient technologies.

2. Compliance with environmental laws

Business partners must comply with all national and international environmental regulations and adhere to the principles of the Paris Climate Convention⁶ and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct⁷.

4 Product safety and quality

1. Ensuring product safety

All suppliers and service providers must ensure that their products and services comply with the applicable national and international safety standards. In particular, they must comply with all relevant product safety regulations as well as environmental and health requirements.

2. Transparency and traceability

Business partners must ensure complete transparency regarding the origin and safety certificates of their products and ensure complete traceability of the supply chains.

⁴ United Nations Sustainable Development Goals, see <https://sdgs.un.org/goals>

⁵ International Labor Organization (ILO), siehe <https://www.ilo.org/international-labour-standards>

⁶ Paris Climate Convention, see <https://www.consilium.europa.eu/de/policies/paris-agreement-climate/>

⁷ OECD Guidelines for Multinational Enterprises, see https://www.oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en.html

3. Quality assurance

Business partners should implement quality management systems that ensure the continuous improvement of product quality and safety, e.g. through certificates such as ISO 9001 (quality management) and ISO 14001 (environmental management).

5. Compliance with national laws and international standards

1. Compliance with applicable national laws

All business partners are obliged to comply with all relevant national laws and regulations relating to labor law, environmental protection, product safety and other relevant provisions.

2. Support of international standards

Business partners should support the relevant international standards and principles, including

- Universal Declaration of Human Rights (UDHR)⁸

Business partners must respect human rights and respect them in all their business activities.

- United Nations Global Compact⁹

Business partners should support the principles of the UN Global Compact in relation to human rights, labor standards, environmental protection and anti-corruption.

- International Labor Organization (ILO)¹⁰

The core labor standards of the ILO conventions, such as the prohibition of forced labor, child labor and discrimination as well as the right to unionization and collective bargaining, must be observed.

- OECD Guidelines for Multinational Enterprises¹¹

Business partners must adhere to the OECD Guidelines for Multinational Enterprises, which contain recommendations for responsible business practices in areas such as human rights, labor rights, the environment and anti-corruption.

6. Responsibility towards society

1. Supporting local communities

Business partners should actively support local initiatives to promote social inclusion and equal opportunities that have a positive impact on local communities. Particular emphasis is placed on supporting initiatives that improve access to education, health services and economic opportunities for disadvantaged groups.

3. Promotion of gender equality

Business partners should take measures to promote gender equality in the workplace and in their business practices, in line with the United Nations Sustainable Development Goals (SDGs)¹².

⁸ Universal Declaration of Human Rights (UDHR), see <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

⁹ United Nations Global Compact, see <https://www.globalcompact.de/en/about-us/united-nations-global-compact>

¹⁰ International Labor Organization (ILO), see <https://www.ilo.org/international-labour-standards>

¹¹ OECD Guidelines for Multinational Enterprises, https://www.oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en.html

¹² United Nations Sustainable Development Goals, see <https://sdgs.un.org/goals>

7. Implementation and monitoring of the requirements

1. Commitment to implementation

All business partners are obliged to implement the requirements of this Sustainability Code and to ensure that their business practices are in line with the above principles. This includes integrating the requirements into their business processes and supply chains.

2. Audit and review mechanisms

PHACOTEC reserves the right to carry out audits and assessments to ensure that business partners meet the specified sustainability requirements. This can be done by internal audits as well as by independent third parties. Business partners are obliged to cooperate with PHACOTEC and the auditors and to provide all relevant information.

3. Measures in the event of violations

in the event of violations of the specified requirements, PHACOTEC will work with the business partner concerned to take corrective action and encourage recourse to corrective measures. Repeated or serious violations will be legally assessed on a case-by-case basis and may result in termination of the business relationship.

PHACOTEC Produkt-Service GmbH is convinced that the implementation of these principles forms the basis for long-term success and a responsible partnership.

We expect our business partners to adhere to these standards and contribute to the successful realization of both our corporate values and global sustainability goals. Only through continuous monitoring and close cooperation can sustainable and ethical business practices be successfully anchored throughout the entire supply chain.

This Sustainability Code applies irrespective of other binding obligations. In the event of irreconcilable contradictions, obligations arising from a supply agreement or the General Terms and Conditions shall take precedence over the provisions of this Sustainability Code, unless otherwise stipulated by mandatory statutory provisions.