

Herti Suppliers Code of Conduct

Opening Statement

Herti JSC is engaged with high social, ecological and ethical standards, which reflect our strive for high-quality product and our management, share holders and employee's strong believes and interests. The Code of Conduct embodies the irrevocable minimum standards of integrity of Herti HSC and our commitment to international standards such as United Nation Global contract <https://www.unglobalcompact.org/>, the 10 principles of the United Nation Global contract <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

Scope

The Code of Conduct sets forth expectations for the Supplier with whom Herti JSC does business, including their parent, subsidiary or affiliates, third parties and all others with whom they do business, as well as their employees. We expect our direct Suppliers to support our commitment to full compliance with this Code via the development and implementation of a similar policy and risk-based due diligence process over their own supply chains.

The Code is addition to the contracts for supply. Signing and committing to the Code does not bring any benefits for the Supplier.

The present Code of Conduct allows Herti JSC to verify compliance by conducting audits/assessments. Any incompliance, which could not be generally solved, could be used as a possible reason for terminating of an active contract.

Human rights and labor standards

Employment practices. The Supplier employs workers in accordance to the Applicable Labor Laws and is responsible for validating the respective documentation. All work shall be voluntary, the workers are free to leave work or terminate their employment upon reasonable notice.

Freedom of association and collective bargaining. The Supplier should grant its Employees the right to freedom of association and collective bargaining.

Suppliers shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Suppliers shall permit workers to carry out such activities without fear of discrimination, intimidation, or reprisal.

To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

Child labor and Young workers. The Supplier respects the basic principles of the International Labor Organization (ILO) on the minimum age, indicating that no child below 15 years (or under the age defined by the applicable national law) is allowed to work, and follows the EU General Data Protection Regulation (GDPR).

Young worker protections are in place, where applicable (including for the children of farmers), so that young workers under the age of 18 do not experience conditions in relation to their work that are mentally, physically, socially or morally dangerous or harmful, or that interfere with their schooling.

Wages and Benefits. Suppliers shall ensure workers receive wages and benefits that meet, at a minimum, national legal standards.

- We encourage our suppliers to go beyond legal minimum standards and to ensure wages are sufficient to meet basic needs and provide discretionary income.
- All overtime work must be paid at the legally mandated overtime rate, or in the absence of this, a premium wage.
- Equal work shall be compensated with equal pay.
- Disciplinary pay deductions are prohibited.
- For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.
- Workers should be charged fair prices, where applicable, for job uniforms, protective gear, food, toiletries and other essential items and transportation.

Forced labor. The Supplier must under no circumstances use, or in any other way benefit from forced labor, i.e. any form of indentured servitude such as physical punishment, confinement, threats or violence as a method of discipline or control, such as retaining employees' identification, passport, work permits.

Fair and Equal Treatment. The Supplier shall not discriminate in hiring and employment practices on the grounds of criteria such as of race, colour, religion, gender, age, physical ability, national origin, marital status, pregnancy, sexual orientation, political affiliation. The Supplier shall respect the privacy rights of its employees whenever it gathers private information.

Working hours and rest days. The Supplier must ensure that its employees work in compliance with all applicable laws and mandatory industry standards pertaining to regular working hours, and overtime hours, including for breaks, rest periods, holidays, and maternity and paternity leaves. In absence of law, the Supplier shall not require a regular work week over 48 hours, employees shall be allowed at least one day off after six consecutive days of work, and any overtime worked shall be voluntary and compensated at premium rate. The sum of regular and overtime hours in a week shall not exceed 60 hours or the maximum allowed by the law of the country of manufacture, whichever is less.

Work environment. The Supplier shall provide its employees with a safe and healthy working environment. As a minimum, potable drinking water, adequate lighting, temperature, ventilation, sanitation, and personal protective equipment must be provided together with equipped work stations. In addition, facilities must be constructed and maintained in accordance with the standards set by applicable laws and regulations. Everyone has the right to be treated with respect at the work place. Mutual respect is mandatory for harmonic working atmosphere, where person's dignity is preserved and respected and any kind of threat or discrimination is prohibited.

Environment, health and safety

Emergency procedures. The Supplier shall be prepared for emergency situations. This includes worker notification and evacuation procedures, emergency training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment, and adequate exit facilities.

Quality and safety of the product. All products and services delivered by the Supplier must meet the quality and safety standards required by applicable law. The Supplier shall identify hazardous materials, chemicals and substances, and ensure their safe handling, movement, storage, recycling, reuse and disposal. Supplier shall comply with material restrictions and product safety requirements set by applicable laws and regulations. Suppliers shall ensure that key employees are aware of and trained in product safety practices.

The Supplier shall support a precautionary approach to environmental challenges and undertake initiatives to promote greater environmental responsibility. The Supplier is encouraged to establish and implement procedures to minimize any adverse impact of its operations on the environment and to demonstrate continuous improvements therein. At a minimum, the Supplier shall, in its operation:

- fulfil applicable environmental requirements set forth in relevant laws, regulations and environmental permits in the jurisdiction where the Supplier operates;
- monitor, control and appropriately treat wastewater, air emissions and waste generated from its operations including, without limitation, the treatment of hazardous waste, in compliance with applicable legislation and process manufacturer's instructions; and
- consider the climate impact of its operations and undertake greenhouse gas reduction measures where reasonable.

Upon request and if available, suppliers shall be able to provide with the carbon footprint of their organization and of a representative product. Supplier shall encourage and apply circular economy practices.

Business ethics

Compliance with Law. Suppliers' business activities shall comply with applicable laws and regulations in the countries and jurisdictions in which they operate. They shall also comply with all other applicable international laws and regulations, including those relating to international trade, sanctions, export controls, antitrust/competition and data protection. Bribery and Corruption. All forms of bribery, kickbacks, corruption, extortion, embezzlement and unethical practices are prohibited, and Suppliers must have a zero-tolerance policy to prohibit any such behavior. Suppliers shall not take any action that would violate, or cause us to violate, any applicable anti-bribery law or regulation.

Gifts/hospitality: Any business entertainment or hospitality with our staff, auditors or other third parties must be reasonable in nature and not intended to influence in any way our business decisions.

Traceability, materials and facility disclosure:

Suppliers shall be able to disclose the country of origin for the primary materials for all deliveries made. We reserve the right to ask suppliers for a full supply chain map in order to facilitate risk assessment and gauge compliance in the upstream supply chain.

The Supplier shall maintain transparent and up to date books and records to demonstrate compliance with applicable materials, services, governmental and industry regulations. Company documentation should be available for auditing.

At our request, suppliers are expected to provide to us reports on the occurrence of substances in any materials supplied to us that may be restricted by, or require disclosure to, governmental bodies, customers and/or recyclers.

Intellectual property. The Supplier shall take appropriate steps to safeguard and maintain confidential and proprietary information of its business partners and use such information only for the purposes authorized for use by the contractual agreement. In case of subcontracting, sharing of confidential information should be made with the consent of HERTI JSC.

Reporting Potential Misconduct – Suppliers can send questions or report concerns to Herti JSC by post to the following address: 38, Antim I Str., 9700 Shumen, Bulgaria; by e-mail: office@herti.bg or online at www.herti.bg. Reporting may be done anonymously when permitted by law. An individual who makes such a report in good faith has the right to be protected against retaliation.

Approved from the Board of Directors
on 27/06/2024