

Ethics



Policy Ethics

Integrity is the basis of all our actions.

Heimbach complies with all legal requirements and ethical principles. We ensure that the high internal standards of probity, good governance, compliance and anti-corruption are maintained at all times. Respect for human rights and zero tolerance of child or forced labour are fundamental to us.



"The Heimbach Group is committed to conducting its business in accordance with the highest ethical standards. With this commitment, we continue to take into account our structural and cultural specificity as a global company."

Marco Esper, CEO

This basic attitude is embodied in Heimbach's Mission Statement "Our Goal - Our Way" and in the principles of our Management System. Our ethical principles are laid down in the "Heimbach Code of Conduct" - drawn up in accordance with the 10 principles of the UN Global Compact. In addition, our Mission Statement, the Heimbach Code of Conduct and our additional Compliance Guidelines

such as the Anti-Corruption Guideline and the Whistle-blower Policy document our values. These documents are available to the public on our website. To safeguard our high level of expertise, we also have our own IT Security Policy and Data Protection Guideline. In this way, Heimbach guarantees the trustworthiness of its conduct. They are authoritative for every employee, business partner and customer.

Our vision

- Leading supplier of innovative consumer products and services for the paper industry, environmental technologies and other selected fields
- Customer partnership – world-wide
- Profitable and aligned for continuing success
- Committed to the welfare of the work-force, the community as a whole and to the environment

Our mission

Leading the market by performance

- Major shares in defined business portfolio
- Technological leader in both products and services
- Contributing to the profitability of our customers
 - Professional, dynamic and versatile

Establish and maintain partnerships

- Long lasting and faithful contact with customers, suppliers, shareholders, employees and the public

Confirm our social competence

- Responsible behaviour of each individual
- Leading by example and through targeted objectives
 - Providing a background to promote outstanding performance



Optimise returns from working capital

- Promote cost and budget consciousness
- Healthy equity assets and financing
- Strong shareholders striving for industrial success

Compliance Management *(GRI 102-11 Precautionary principle)*

Compliance means adherence to rules, sanctions and other requirements, with the primary goal of preventive risk management (precautionary principle) against liability risks and financial disadvantages. However, it also serves to strengthen trust, image and reputation.

By establishing compliance management, Heimbach creates the greatest possible transparency for all stakeholders and also sets itself objective goals for all Corporate Social Responsibility (CSR) issues. Heimbach's compliance management combines mission statement and value management and is decisive for our Corporate Responsibility Strategy.

Heimbach Code of Conduct and Compliance Guidelines

GRI 102-16 Values, Principles, Standards, Norms of Conduct
(GRI 102-17 Procedures on Ethics Advice and Concerns) *(GRI 205-2 Communication and Training on Anti-Corruption Policies and Procedures)* *(GRI 412-2 Training for Employees on Human Rights Policies and Procedures)* .

The central element of our Compliance Management is the Heimbach Code of Conduct, which, together with other guidelines (e.g. Whistleblower Policy), serves as binding guidance for our employees. The Compliance Committee and Compliance Management check that the guidelines are up to date and adhered to and offer the opportunity to report violations via the whistleblower portal. Specifically, our guidelines contain the following main topics:

Code of Conduct:

- Commitment of the management to compliance
- Basic understanding
- Socially responsible corporate governance
- Management and employees
- Implementation of the Code of Conduct

Guideline Compliance:

- Compliance Management
- Compliance Organisation
- Compliance Process
- Implementation of the Code of Conduct

Whistleblower Policy:

- Scope and purpose
- Compliance Organisation
- Reporting of suspicious cases
- Investigation process

Anti-Corruption Guideline:

- Definition and purpose of the guideline
- Situation description
- Violations and consequences
- Rules and prevention of corruption

We use a digital training tool to instruct all employees involved in the operational business on an annual basis, thus ensuring the greatest possible commitment and supporting them in acting sustainably and in accordance with the rules. In 2021, all trade representatives signed the CoC. For 2022, we are aiming for every employee of the Heimbach organisation and all sales agencies to be instructed annually on our compliance guidelines via the digital training tool.

Our risk management and internal and external audits round off our compliance management. The current reporting documents our values, measures and goals. Above all, every individual at Heimbach agrees to respect our principles.

"We meet the challenges of our time by integrating compliance and sustainability into all areas of the company as part of our Corporate Strategy, conserving resources and acting in accordance with the rules."

Stefan Körfer, Compliance & Sustainability Manager

Standards for Business Partners

Our active Standards for Business Partners underwent a fundamental revision in 2022. They are the basis for our business relationships. Looking ahead, the German and EU Supply Chain Satisfaction Act, the CSRD (Corporate Sustainability Reporting Directive) and EU taxonomy will provide additional transparency and demand compliance from all parties involved in the supply chain. Good and effective compliance management creates transparency, commitment and trust.

<https://www.heimbach.com/en/heimbach-group/downloads>

Compliance Report 2021

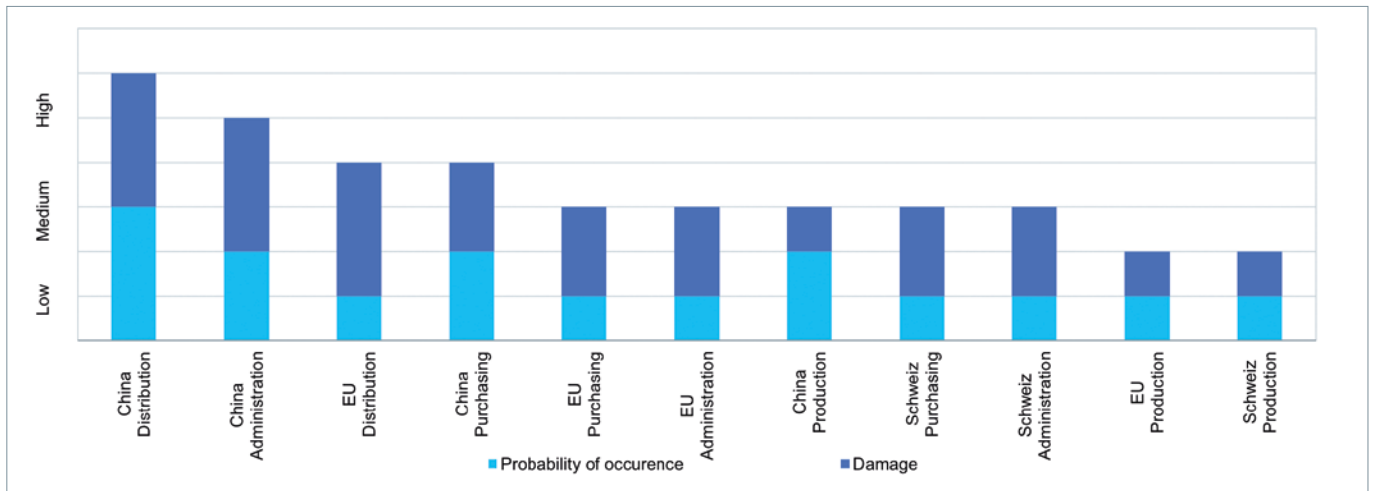
Anti-Corruption

Preventing corruption is a vital concern for Heimbach. Particularly in the "Textile" segment (according to EcoVadis, Heimbach is grouped under "Other technical textiles"), the topics of corruption and internal security are an essential audit component. We live up to our responsibility by carrying out targeted audits by means of risk assessment and have established a corresponding reporting system.

Corruption risk assessment

(GRI 205-1 Sites audited for corruption risks)

The following risk assessment was renewed and fully confirmed in February 2022.



In 2018, a risk assessment was prepared on the topic of corruption by region and group according to the CPI (Corruption Perceptions Index). This will also serve as a basis for developing preventive measures in the future.

Heimbach differentiates internally between the departments and assesses the extent to which they are exposed to a risk of corruption - e.g. sales is assessed here with a higher risk than production.

Finally, an assessment of the potential damage to Heimbach is derived from the turnover achieved per region. With the help of this comprehensive analysis, the risk assessment for the Heimbach Group is carried out. This is used as the basis for preventive measures.

Internal audits of the Heimbach sites

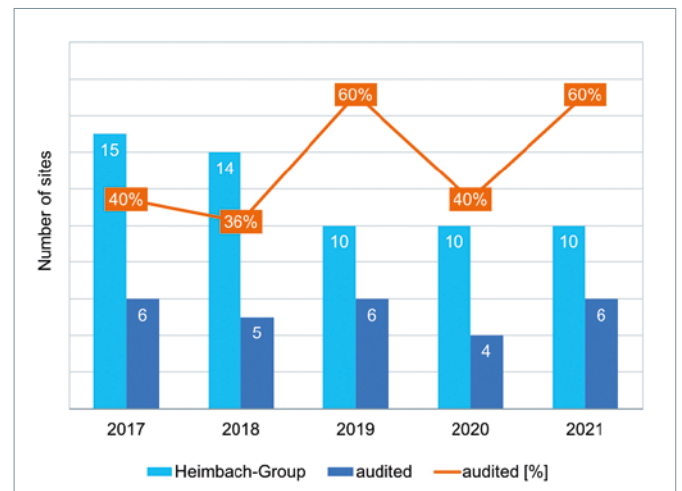
In accordance with our objective, at least 50% of all Heimbach sites are audited annually by the management with regard to our compliance guidelines. In 2021 these were:

- Heimbach Fabrics (Suzhou)
- Heimbach Ibérica S.A (Spain)
- Heimbach Switzerland (Switzerland)
- Heimbach Specialities AG (Belgium)
- Industrie Tessili Bresciane (Italy)
- Marathon Belting (England)

Due to the pandemic, four audits were carried out digitally in 2021. This means that 100% of the sites have again been audited in the last two years.

No significant deviations and no fundamental new risks were identified in the audits carried out.

Number of audited sites



Whistleblower Process

In our continuous improvement process, we constantly keep ethical issues and the Code of Conduct in mind. Every employee is encouraged to report relevant suggestions and violations. This can be done through direct supervisors. If this route seems unsuitable to the employee, he or she can also use the Whistleblower Process. For special issues, e.g. lack of equal treatment, there are also separate contact persons (AGG officers) who are obliged to maintain confidentiality. The Whistleblower Process implemented at Heimbach was thoroughly reviewed in 2021.

In 2021, there were two incidents that were reported via the Heimbach whistleblower portal. The incidents were subject to a thorough internal as well as external investigation. Appropriate measures were taken.

Guideline Sanctions / Sanctions List Check

At Heimbach, all business partners are subjected to a sanctions list check in accordance with the applicable EU regulations before a contract is concluded, i.e. before a binding offer is submitted/accepted. The "Sanctions-Russia" guideline, which was developed in response to current events, provides all persons acting within the company with additional procedural instructions appropriate to their tasks.

Data Protection and Information Security

Knowledge and information represent a decisive value for our company. Our procedures and techniques as well as knowledge about our customers and employees are reflected in endless data and documents. It goes without saying that security in information technology and communication as well as the protection of personal rights are part of our corporate code of conduct. Our corresponding processes are in line with the requirements of data protection. Personal data is processed in accordance with the EU General Data Protection Regulation (DSGVO).

The information security measures of the Heimbach Group are documented in the IT Security Policy and take into account national and industry-specific regulations. The fundamental security strategy is geared towards protecting Heimbach's intellectual property as well as the business secrets of company partners and employees - be it from theft, loss, unauthorised disclosure, unlawful access or misuse.

Every employee is obliged to follow the legal regulations of his or her country and the instructions of this policy. Legal regulations always take precedence here. Violations of applicable law or of this policy that endanger the security of data, information, applications, IT systems or our network must be reported to the supervisor immediately. Whether intentional or caused by gross negligence is irrelevant. Regular information dissemination and training sensitise employees to data protection and information security. Knowledge must be continuously updated and passed on.

In order to meet the demands of the rapidly changing world in the area of data protection and to ensure that Heimbach complies with all necessary regulations, contracts were concluded with an external data protection officer in 2021.

The basic features of the already existing data protection organisation have been revised. Internal responsibilities have been assigned. The works council is actively involved in relevant topics. Goals have been defined and the essential aspects of the company's organisation that need to be regulated from a data protection perspective have been addressed by guidelines.

Self-auditing processes have been established. Employees as well as third parties involved in the company, such as working students or freelancers, are obliged to maintain confidentiality and data secrecy. E-learning is used to raise awareness of data protection issues.



"Data protection is, besides the legal-ethical obligation, an investment in one's own competitiveness as well as in customer loyalty and reputation towards authorities, customers and employees."

Markus Leroy, Data Protection Coordinator

The system topology created provides an overview of systems, data categories and storage locations. Categorisation according to confidentiality levels will take place by the end of Q1/2023.

The documentation of processing activities has been started and should be completed in 2022.

The basic technical and organisational measures for the implementation of the GDPR requirements have been documented; a differentiation according to locations or company divisions is in progress with the goal of 2023.

The immediate information of the data protection and information security team (DIT) about enquiries from data subjects as well as about identified or possible data protection violations is ordered by a directive yet to be published. Process diagrams on data protection violations and requests for information will support the DIT in its work.

New goals Heimbach - Data Protection 2022

- No reportable data breaches
(GRI 418-1 Substantiated complaints related to breaches of customer privacy and loss of customer data).
(2019 = 0; 2020 = 0; 2021 = 0)
- Implementation of all short-term recommendations for action by our Data Protection Officer
 - Recommunicate all guidance and policies
 - Investigation of all third-party services
 - Analysis of our website and creation of a complete and content-appropriate privacy policy

IT Security

Storing and processing data contributes significantly to the smooth running of our business. Protecting this data is extremely important to us.

Digitalisation and networking are advancing all the time. In addition to all the advantages, the dangers to our data are also increasing at the same time, and with them the requirements for their protection. We are aware of this growing responsibility and adequately secure our IT infrastructure. We regularly check all technical and organisational measures. Whatever needs to be adapted to current circumstances is done by us immediately. This applies not only to our systems, but also to the further training and sensitisation of our employees.

With regard to the 2020-2022 reporting period, our IT security continues to be rated positively in an increasingly tense security situation worldwide. Despite the publication of some major security breaches such as Log4J and Microsoft Exchange Server, Heimbach was spared any IT security incidents.

Since August 2021, the Heimbach Group has also been using an awareness training system on IT security in addition to many technical tools such as virus and malware scanning, attachment filtering

and sender checks. This platform provides users with low-threshold training in the use of IT hardware and software, gives tips on how to behave and explains common scenarios of threats in the IT environment. Constantly new and interestingly prepared content ensures a high acceptance and participation rate. The simulation carried out with test mails showed a comparatively low click rate of 8.3% already in the first year. The goal is to further reduce this rate and bring it below 5%. Every click is a security risk!

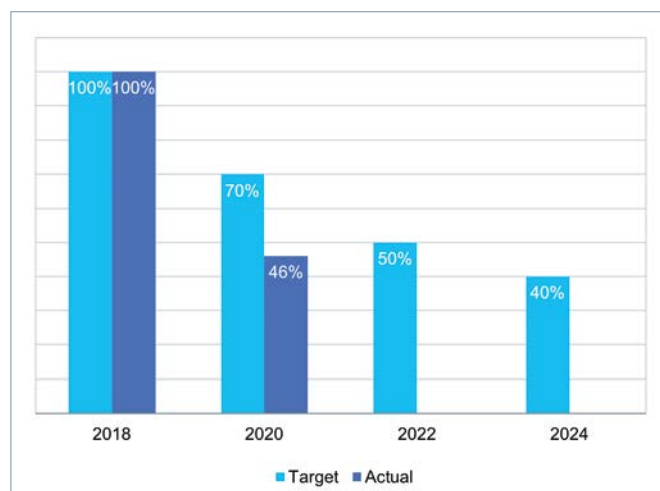
The participation rate in the training offered is 57% after 9 months, which is a good value compared to other companies.

The next step is to introduce an obligation to complete selected basic modules by the end of 2022 to ensure a target achievement level of 75%.

A new penetration test to check the security of all IT systems at the Düren site is scheduled for Q4/2022. An external service provider has been commissioned to check all IT systems that can be accessed via the internet for vulnerabilities according to a test plan that was already defined in 2020. These vulnerabilities will then be remedied in the short term. Subsequently, an attack by an intruder who has gained access to the internal network is also simulated. Here, each system is checked for the presence of already known security vulnerabilities, and in addition, password security is tested by attacking individual accounts.

These penetration tests were already carried out in 2018 and 2020. The goal was to reduce the number of vulnerabilities found by 30% within two years. The result of the test conducted again in 2020 showed a reduction of 54%. The number of vulnerabilities found that were classified as very critical was reduced from 444 in 2018 to 303 in 2020.

Security recommendations



It should be noted here that these are mostly not old, unaddressed security advisories, but largely newly published vulnerabilities.

Outlook IT Security 2022

Since the beginning of May 2022, the WLAN is being expanded in production. The aim is to provide stable and secure coverage to all areas that have not yet been connected. Access to the Heimbach WLAN is secured via radius authentication. A logically separated guest network (VLAN separation, IP separation) is available for guests and can only be used with a login via a token. Access to the Heimbach internal network is thus not possible.

The project to physically separate the production network from the administration network will be resumed and started in Q4/2022.

Further projects such as intrusion detection and intrusion prevention are planned for the future.

External audits

Due to the Corona pandemic, no on-site customer audits were conducted in 2021. However, as in the previous year, a lively digital exchange on the topic of sustainability took place with various customers in 2021.

Customer audit

One of our Group customers conducted a "Supplier Sustainability Audit" at Heimbach in Düren in May 2022. We were happy to answer the extensive catalogue of questions about quality / hygiene, health and safety / business continuity / production / performance reports / the environment and sustainable development. It was with some pride that we were able to accept a rating in the top 25%.

DINO

For external confirmation of Heimbach's sustainability performance, we successfully completed a third-party audit in 2021 and received the corresponding certificate from the German Institute for Sustainability and Ecology (DINO).

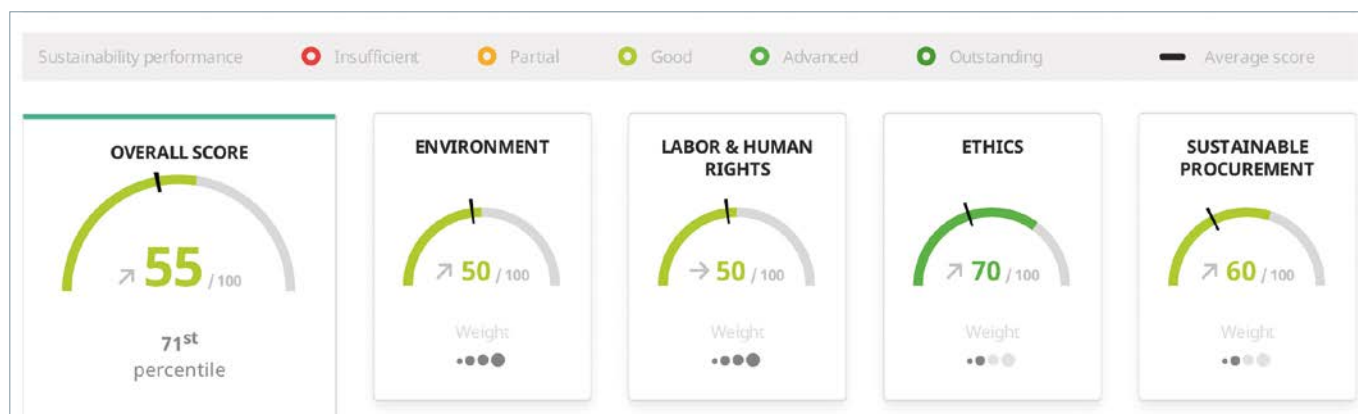


Compliance Check VIV

In May 2022, the Compliance Officer of the VIV (Vereinigte Industrie Verbände) carried out a "Compliance Check" at Heimbach in Düren. The company's own compliance guidelines were checked for internal plausibility and basic requirements for a compliance organisation, and optimisation proposals were made. The guidelines cover sustainability aspects as well as ethical requirements.

Ecovadis

An assessment was initiated again in 2021 via the internet portal Ecovadis. The criteria assessed included Ethics, Labour and Human Rights, Environment and Procurement. We achieved 55 out of 100 points - and are thus clearly above average in the assessment group "Other technical textiles". The goal for 2022 is a score of 60 points, ideally even higher. To achieve this, we will work even more intensively on the requirements of EcoVadis in order to better map the existing processes on the platform. In addition, we will derive a plan for further process improvement for 2023.



Ecovadis Scorecard 2021