



L. Possehl & Co. with limited liability

Principles on the human rights strategy

(updated version 1.1 from April 2024)

I. Preliminary remark

L. Possehl & Co. mit beschränkter Haftung (L. Possehl) is the management holding company of the internationally active Possehl Group (Possehl). Possehl is a diversified technology group with more than 220 subsidiaries in ten economically independent divisions with more than 13,200 employees, around half of whom work in Germany. The business models of our ten divisions are highly diversified. Our business partners also include around 47,500 direct suppliers worldwide.

From 1 January 2024, the Possehl Group includes L. Possehl and Hako GmbH, a further Group company obliged to comply with the Lieferkettensorgfaltspflichtengesetz (LkSG) (German Supply Chain Duty of Care Act).

The Possehl Group is characterised by entrepreneurship, responsibility, tradition and progress in equal measure. On the one hand, Possehl can look back on a long company history since 1847; on the other hand, today's company portfolio also consists of innovative world market leaders. Our sustainable and forward-looking actions are also characterised by our sole shareholder, the non-profit Possehl-Stiftung (Possehl Foundation).

We are committed to respecting human rights and environmental obligations within our supply chains and consider the protection of human rights to be a central element of our business activities. Possehl recognises the International Bill of Human Rights. We also base our approach to human rights on the UN Guiding Principles on Business and Human Rights (UNGPs) and the core conventions of the International Labour Organization (ILO). Furthermore, we recognise the agreements on human rights and working conditions as set out in the LkSG. We regard these international conventions and declarations as the basis of our commitment and our understanding of how we do business.

II. Scope of application

This declaration of principles includes L. Possehl and all domestic and foreign companies over which L. Possehl exercises a decisive influence. This document sets out our fundamental internal and external objectives and implementation endeavours to respect human rights in our own business activities and in our relationships with business partners. Our definition of human rights also includes environmental aspects that may ultimately have an impact on human rights.

We integrate the principles set out in this declaration into our systems and processes and make them an integral part of them. The management of the Possehl divisions is responsible for ensuring that the measures and requirements defined in this declaration are implemented in their respective areas of responsibility. If local human rights conventions or standards conflict with international human rights conventions or standards, or if state jurisdiction and/or enforcement diverge from them, we will seek ways to respect human rights to the greatest extent possible in accordance with international human rights conventions and standards while complying with local laws.

III. Our human rights due diligence approach

III.1 Risk management

To safeguard and respect our human rights due diligence obligations, we implemented a Group-wide risk management system in 2023 to defend human rights and environmental related assets. Responsibility for implementation and monitoring lies with L. Possehl's management and the Human Rights Officer (Menschenrechtsbeauftragter) as well as the management of our subsidiaries and their respective Human Rights Officers. We will continuously review and improve the existing risk management system.

The position of Human Rights Officer is implemented at L. Possehl directly below the management. This ensures short and direct communication with the decision makers, especially when it comes to the immediate implementation of preventive and corrective measures. The main tasks of the Human Rights Officer at L. Possehl are to monitor the implementation of due diligence obligations under the LkSG across the Group and to act as a link between the Group's parent company, the operating divisions and the management. In addition, the Human Rights Officer at L. Possehl is tasked with making recommendations for the further development of the risk management system. The Human Rights Officer has appropriate resources and competences at his disposal to fulfil his duties.

Our risk management system takes into account the diversification of the Possehl Group and the associated different business activities. As the risk structures in the individual divisions are also different, we have created additional responsibilities in the individual divisions in addition to the central responsibility at the holding level and have thus put together a Group-wide team that can fulfil the complex and responsible task. This internal team is supported by external consultants.

Our risk management system consists of four interlinked elements:

1. Systematic identification and assessment of human rights risks;
2. Definition and implementation of measures to reduce risks in the Group companies and in the supply chain;
3. Implementation of appropriate controls;
4. Ongoing documentation and regular reporting.

We see the above elements as an interlocking system and a continuous process at the same time, with the aim of continuously adapting and improving our risk management system.

III.2 Risk analysis

Risk analysis for suppliers

We carry out the initial risk analysis of direct suppliers in two consecutive steps. First, the approximately 47,500 direct suppliers¹ are recorded in software developed together with an affiliated company and fundamentally categorised with regard to possible human rights violations. In the first round of risk analysis and risk assessment, which we carried out in 2023, the focus was on looking at direct suppliers and an initial risk mapping. We analysed the business relationships by taking a general approach by looking at industries, products, production locations and production countries. To analyse potential risks, we drew on various external studies and surveys as well as our own findings and direct assessments.

In our assessment of risks, we considered criteria such as the type and scope of business activities, the ability to influence the direct causer as well as the severity, reversibility, and probability of the causal contribution. Based on the findings, guidelines were developed for the individual business areas, which can be used to carry out further analyses.

We have categorised suppliers into three risk categories. This involved identifying direct suppliers with a potentially increased risk in relation to human rights violations - usually as a combination of country and product risk. We identified the following as priority risks: non-compliance with labour protection regulations, non-compliance with the freedom of association and the ban on unequal treatment in employment, particularly in China, Malaysia and Mexico. In a second step, we analysed and assessed these potentially risky direct suppliers in more detail using a questionnaire (*Self-Assessment Questionnaire*). We also refer to other qualified certifications in our further analyses. If the SAQs were not answered completely or satisfactorily by our suppliers, we actively remind these suppliers and we undertake further clarification measures such as independent on-site audits or commission external audit companies.

If we have substantiated knowledge based on our own findings or external indications of possible risks at the upstream stages of our business relationships, we will also extend our risk analysis and our risk assessment to indirect suppliers. To date, we have not gained any substantiated knowledge or received any external indications of such risks at upstream stages.

In the course of 2024, we will continue to develop the risk analysis for our direct suppliers. In particular, we will review the criteria for the risk analysis and adjust them if necessary. The results of the SAQs and on-site inspections will be used for this purpose, among other things.

Risk analysis in own business area

In 2023, we also carried out an appropriate risk analysis in our own business division as part of the established risk management system. In this context, corresponding self-audits were carried out at our own Group companies. We used the same SAQs that we sent to potentially risky suppliers. This enables us to create a high level of transparency regarding potential risks in our own business activities.

No prioritised human rights or environmental risks or violations were identified as part of the initial risk analysis in our own business area. The findings concerned incomplete documentation and

¹ Where we have come to the conclusion that certain supplier groups have no risk potential, we have not included them in the further risk analysis. In particular, we did not include private individuals in the further analysis process.

missing or insufficiently documented improvement measures. We will develop and implement improvement measures in cooperation with the operating companies.

We analyse and assess risks once a year. If there are fundamental changes in the business relationships, we will also analyse and assess risks for these on an ad hoc basis.

We inform all relevant departments at L. Possehl and in our companies of the results of the risk analysis and assessment that are required to implement the objectives and measures derived from them.

III.3 Prevention

Own business division

Possehl employees are obliged to respect and promote human rights within their sphere of influence. Possehl has anchored the values and principles described in the international frameworks in a Code of Conduct that all employees are required to observe.

If we identify specific risks relating to human rights or the environment as part of our risk analysis, we immediately take necessary and appropriate risk-based preventive measures. When selecting measures, we are guided by the objective of how the risks can be prevented most effectively. If such risks are discovered in our own business area, we will take measures that lead to the immediate avoidance of the identified risk. The type and scope of the measures taken depend on the causal contribution and Possehl's ability to exert influence.

Value chain

We have already integrated preventive measures and controls into our procurement processes in order to prevent the violation of human rights and environmental obligations by our direct suppliers wherever possible. These measures concern both the acceptance process for new suppliers and the ongoing procurement process.

If we identify human rights or environmental risks at direct suppliers as part of our risk analysis, our measures include in particular the implementation of training and audits as well as the establishment of contractual control mechanisms. In this case, we will obtain confirmation from our suppliers that they are complying with our expectations and passing these on in the supply chain.

As part of upcoming contract negotiations, we reserve the right to review compliance with our human rights and environmental expectations and to take appropriate action in the event of violations. Possehl has drawn up a Group-wide Supplier Code of Conduct and published it on the L. Possehl website. This Supplier Code of Conduct is binding for all Group companies and can be supplemented by division-specific requirements if necessary.

III.4 Remedy

If, as part of our risk analysis, we determine that a violation of a human rights or environmental obligation has already occurred or is imminent, we or the respective Group company will immediately take appropriate remedial measures to prevent or end the violation or minimise its extent. If there is a violation in our own business division in Germany, Possehl will take remedial measures that lead to the cessation of the violation.

In the event of breaches at direct suppliers, Possehl will work with the supplier concerned to develop a plan to end or minimise the breach, including a timetable. The immediate termination of business relationships is not our primary goal, but rather to take all appropriate measures to remedy the violation as quickly as possible. If this is not possible, we will also consider terminating the supply relationship.

III.5 Complaints procedure

Irrespective of the risk analysis and the risks identified in the process, we have set up an internal company complaints procedure outsourced to a third party, which enables all affected persons to report human rights and environmental risks as well as violations of human rights and environmental obligations. The complaints procedure is publicly accessible via the L. Possehl website at <https://www.possehl.de/die-gruppe/#compliance>. Access to the complaints procedure is therefore available to the company's own employees and third parties (e.g. those affected by human rights risks), including in connection with subsidiaries and suppliers.

The complaints procedure we have implemented fulfils the requirements set out in Section 8 LkSG, in particular it ensures barrier-free and low-threshold access to the complaints mechanism. Communication with the whistleblower is guaranteed. The procedure is described in detail in the rules of procedure also published here. The effectiveness of the complaints procedure is reviewed by us on an ongoing basis, but at least once a year, and adjusted if necessary in cooperation with the law firm commissioned by us.

Incoming reports are treated confidentially. The whistleblower system is designed to ensure that complainants are not disadvantaged as a result of their reports. The persons entrusted with processing the reports and discussing the facts are obliged to act impartially and maintain confidentiality. They fulfil their duties independently and without being bound by instructions.

III.6 Documentation, reporting and review of risk management

We continuously document the measures and decisions taken to fulfil our due diligence obligations in the operating divisions and subsidiaries as well as centrally in the Group holding company on the basis of an established process and retain these for seven years. We use standardised Group-wide digital tools for documentation wherever possible.

At least once a year, the Human Rights Officer will report to the management of L. Possehl on the implementation of the human rights strategy and on recommendations for possible adjustments. On this basis, the management of L. Possehl will decide and determine necessary improvements and further steps with regard to risk management and the implementation of the human rights strategy. The individual measures and steps for the effective implementation of our due diligence obligations are documented and archived by us on an ongoing basis.

In addition, we publish an annual report on the fulfilment of our due diligence obligations starting at the end of our financial year on 31 December 2023. This will be published on our website no later than four months after the end of our financial year and will be available free of charge for a period of seven years.

IV. Human rights and environmental expectations

We expect our suppliers and business partners to equally respect internationally recognised human rights and environmental standards and to apply them appropriately in their own actions and in their own supply chains.

Possehl expects its own employees, suppliers and business partners to comply with the applicable national laws, the legal requirements of the European Union and the globally recognised social and ecological standards as set out in the United Nations Guiding Principles on Business and Human Rights (UNGP), the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD) and the core labour standards of the International Labour Organisation (ILO).

The Possehl Group's expectations of employees, suppliers and business partners include, in particular, compliance with the prohibition of child labour, slavery, forced labour, disregard for occupational health and safety, disregard for freedom of association, withholding of appropriate wages, causing harmful soil change, water pollution, air pollution, harmful noise emissions or excessive water consumption, unlawful forced eviction and unlawful seizure of land, unlawful use of private or public security forces and the ban on the use of mercury under the Minamata Convention, the use of banned chemicals under the Stockholm Convention on Persistent Organic Pollutants (POP Convention) and the ban on the handling of hazardous waste under the Basel Convention.

V. Implementation of the principles

The members of the L. Possehl management team implement this declaration of principles. Those responsible in the divisions and at each location are responsible for local implementation. This policy statement is binding for all managers and employees of L. Possehl and all controlled Possehl Group companies worldwide. It is made available to all our employees in a suitable form.

Questions and suggestions regarding this Policy Statement can be directed to the Compliance Department at Possehl via email to compliance@possehl.de. Complaints or reports of non-compliance with this policy statement can be submitted via the L. Possehl website at <https://www.possehl.de/die-gruppe/#compliance>.

This declaration of principles enters into force upon signature. No rights of individuals or third parties can be derived from this declaration of principles. This declaration of principles has no retroactive effect. This policy statement has been adapted to the results of the first risk analysis carried out in 2023. It also includes some linguistic adjustments and textual additions. The policy statement will continue to be reviewed regularly and on an ad hoc basis in accordance with the results of the risk analysis and amended as necessary.

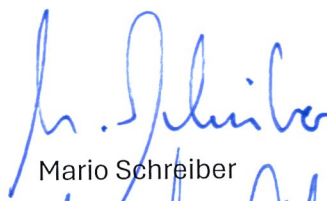
Lübeck, April 2024



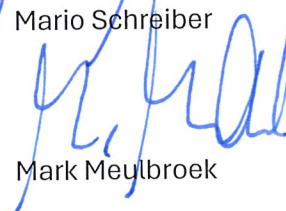
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