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Policy Statement SCHOTTEL Industries GmbH

1. Commitment

The SCHOTTEL Group (SCHOTTEL) looks back on a tradition spanning more than 100 years and has established itself as a globally active group of companies that assumes responsibility on a global scale. SCHOTTEL Industries GmbH, as the Group's parent company, is firmly committed to upholding human rights and protecting the environment. It is the management's declared aim to respect and protect human rights and the environment throughout the entire value chain. Violations of internationally recognised human rights and of national and international environmental protection regulations will not be tolerated by the management.

The principles set out in this statement apply to all companies within the entire Group, both in Germany and abroad, and must be observed by senior management and all employees in the performance of their duties. Furthermore, SCHOTTEL expects all business partners to comply with human rights and environmental due diligence obligations.

Respect for and observance of human rights and environmental due diligence obligations are fundamental prerequisites for working with SCHOTTEL.

2. International Standards

SCHOTTEL adheres to international standards and frameworks based on the following guidelines:

- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Economic, Social and Cultural Rights
- Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO)

Our conduct takes into account the applicable national laws and legal requirements.

3. Responsibility

SCHOTTEL's human rights strategy aims to avoid or minimise human rights risks and to prevent, end or minimise the extent of human rights violations. To achieve this objective, we have implemented appropriate measures for our own business operations and our procurement processes. Our own employees, as well as those of our suppliers, are at the heart of every measure we take. In doing so, SCHOTTEL is always particularly committed to incorporating and taking into account the interests of those potentially affected in all areas.



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3.1 Risk Management

SCHOTTEL has established a structured risk management system with regard to human rights and environmental protection within its own business operations and supply chain. The established risk management process structures support the systematic implementation of measures and their continuous development. We review the effectiveness of the risk management measures regularly and as and when necessary, and make adjustments where required based on the results. The management of SCHOTTEL Industries GmbH is briefed on risk management at least once a year. Risk analysis, preventive measures, complaints procedures, corrective actions, effectiveness reviews, as well as documentation and reporting, form integral parts of this risk management process.

3.2 Responsibilities

Clear structures and defined responsibilities at SCHOTTEL support the implementation of and compliance with human rights and environmental protection requirements. The senior management of SCHOTTEL Industries GmbH is responsible at a strategic level for implementing the human rights strategy and ensuring compliance with environmental obligations. Our Chief Compliance Officer oversees and monitors all operational processes and measures. A sustainability working group meets regularly to discuss current human rights and environmental issues and works on implementing the human rights strategy across all relevant business processes and on improving internal processes. The interdisciplinary composition of this team, comprising employees from various departments, strengthens internal collaboration and contributes significantly to the holistic development of this area within internal processes.

3.3 Risk analysis

SCHOTTEL regards the exercise of due diligence in the area of human rights as an ongoing process within a constantly changing framework. We carry out annual analyses to identify potential and actual adverse impacts on human rights and the environment within our business operations and amongst our direct suppliers. To support a comprehensive and detailed analysis, we work with an external service provider.

The platform provided by the service provider enables a holistic assessment of our own business operations and those of our direct suppliers with regard to ESG issues. This is based on country- and sector-specific risks, critical news monitoring, and an assessment of our suppliers' sustainability performance using questionnaires. Furthermore, the service provider assists us in identifying potential sector-specific human rights and environmental risks at deeper levels of our supply chain.

SCHOTTEL is committed to incorporating the perspectives and interests of those potentially affected into our analysis. Furthermore, we include past complaints in our risk analyses to assess the actual risk within our own business operations and amongst suppliers.



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In the event of changes or restructuring of our business operations, we also carry out ad hoc risk analyses.

As a result of the risk analysis, we have identified and prioritised the following human rights and environmental risks within our own business operations and amongst our direct suppliers:

- Compliance with health and safety regulations
- Prohibition of discrimination
- Prohibition of child labour
- Prohibition of forced labour
- Compliance with environmental legislation

As a further outcome of the risk analysis, we have identified country-specific risks in particular, as well as activities in sectors that are in some cases classified as critical, as relevant human rights-related risk factors. On this basis, using our risk management system, we have identified suppliers who operate in higher-risk countries and whose turnover with SCHOTTEL exceeds a specified threshold. These suppliers have been assessed in accordance with the prescribed processes and, where necessary, qualified.

As part of our risk management framework, we subject identified risks to an appropriateness assessment and step up our investigative efforts on a case-by-case basis.

3.4 Preventive measures

Should there be an actual risk that our business activities have a negative impact on human rights or contribute to such impacts, we have developed effective processes to specifically counteract these risks.

Appropriate preventive measures are a fundamental part of these processes.

SCHOTTEL has implemented group-wide guidelines that set out our principles and requirements regarding respect for human rights within our own business operations and amongst our business partners.

The following guidelines serve as a binding framework for the day-to-day conduct of our employees, suppliers and business partners:

- The BME Code of Conduct forms the basis for SCHOTTEL's social, ethical and environmental values, as well as the corresponding expectations of our business partners. It sets out our requirements and expectations of our employees and suppliers based on the identified risks. We communicate it to internal and external stakeholders.
- The SCHOTTEL Group's Code of Conduct and Ethics brings together our fundamental principles and sets out our shared commitment to responsible



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behaviour within the company. It defines how we conduct our business. In conjunction with our management principles and our quality and safety guidelines, it sets out standards and compliance requirements that ensure the respectful and dignified treatment of our employees, suppliers and business partners, safe and fair working conditions, and a sustainable approach to the environment.

We ensure the implementation of these guidelines through comprehensive preventive measures within our own business unit.

If there are concrete indications of possible breaches at a direct or indirect supplier, we immediately incorporate them into our risk management and risk analysis processes and develop appropriate preventative and remedial measures.

3.5 Complaints Procedure

SCHOTTEL is aware that, despite the utmost care, breaches may occur in the areas of human rights and environmental protection. We provide those affected within our own business operations, at our suppliers and throughout the entire supply chain, as well as affected third parties, with confidential access to an appropriate complaints procedure to report potential breaches. We communicate our complaints procedure internally and publicly on our website, and investigate all reported concerns confidentially.

3.6 Remedial Measures

If the breach occurs within our own business operations, we ensure that it is brought to an end. If the breach occurs at one of our direct suppliers or with a party in our supply chain, we endeavour to resolve the matter appropriately. This is achieved through the following remedial measures:

- We expect and require our suppliers to put an immediate end to actual human rights violations. We develop a plan to put an end to the violation, with defined deadlines and responsibilities, in collaboration with the party responsible. Where necessary, we support our business partners in implementing the required measures. We reserve the right to temporarily suspend or terminate the business relationship if the violation is not brought to an end.
- As part of industry initiatives, we work together with other companies to develop appropriate solutions that help to put an end to violations in our supply chain.

3.7 Effectiveness Review

SCHOTTEL Industries GmbH ensures its due diligence regarding human rights through the measures described. However, in view of the ongoing changes in global circumstances and our business environment, we review the effectiveness of all the measures described



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annually and as and when necessary, and make adjustments where appropriate. Our established tools for this include on-site visits, audits, quick checks and the use of indicators. We regard respect for human rights as an ongoing process in which we continually strive for improvement.

3.8 Documentation

SCHOTTEL Industries GmbH documents all human rights due diligence activities within its own business operations and throughout the supply chain. Documents relating to our values and human rights due diligence, as well as details of our complaints procedure, are available on our website at www.schottel-industries.de. This policy statement is communicated both internally and externally and is publicly available on our website.

Christian Bock

CEO

SCHOTTEL Industries GmbH