

Policy Statement on the Human Rights Strategy 2023

in accordance with Section 6 (2) of the Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – hereinafter referred to as “LkSG”)

In cases of doubt regarding the interpretation of the Policy Statement on Human Rights and Environmental Due Diligence Obligations, the text of the German version shall take precedence over other versions.

Foreword

As an internationally active company, we are aware of our responsibility within global supply chains. We measure the success of our company not only by economic results, but also by principles based on firm values. We have anchored these principles, which also include respect for human rights, in our globally applicable Code of Conduct.

Groz-Beckert expects all business partners (e.g. suppliers, partners, customers) to respect human rights and to act in accordance with the global human rights framework.

This declaration of principles serves as a guideline for our commitment and our measures within the framework of the LkSG.

Measures to comply with human rights due diligence obligations

We have taken the following measures to implement our commitment to respect human rights:

I. Risk management

We have set up an LkSG-related risk management system to analyse, assess and minimize human rights and environmental risks in our own business area and at our direct suppliers.

The aim of this risk management is to comply with national and international standards and laws regarding occupational safety, environmental protection and human rights and to act in accordance with our sustainability goals.

The responsibilities for the introduced due diligence management are defined as follows:

Purchasing department: The purchasing department is responsible for evaluating the company's suppliers with regard to their compliance with human rights standards. With the Code of Conduct for Suppliers as part of the business relationship with Groz-Beckert, the purchasing department obliges its suppliers to guarantee basic labor and human rights standards and to anchor them in their business processes.

Compliance Function: The task of the Compliance Function is to implement, monitor and improve the compliance management system. Within this framework, responsibility for the content of the topics assigned to them (e.g. purchasing for supply chain due diligence obligations), in particular for the implementation of compliance measures, lies with the respective specialist managers. In Groz-Beckert's affiliates, this responsibility lies with the compliance responsible persons.

Sustainability management: The sustainability management team is currently responsible for the final step in our risk management system: it documents and reports on the identified human rights and environmental risks as well as the company's human rights efforts. This involves monitoring measures and drawing conclusions for future measures.

As part of LkSG-related risk management, we have established a multi-layered system consisting of the following components:

- Systematic risk analysis
- Preventive and remedial measures
- Complaints mechanism
- Reporting

II. Risk analysis

As part of risk management, we carry out regular risk analyses to identify human rights and environmental risks along our supply chain. The results of the risk analysis are documented. The risks are weighted after identification and prioritized taking into account the appropriateness criteria defined in the LkSG.

In order to determine and evaluate the risks of direct suppliers, we pursue a two-stage approach that combines an abstract risk analysis with a subsequent detailed risk analysis. In the first step, we specifically select the suppliers that are required to manufacture and distribute our products. In the second step, these are evaluated based on country and industry risks, from freely available studies and Groz-Beckert's own evaluation, with regard to the type of supply chain, the type of activity of the supplier and according to our influence and our relationship with the supplier.

Our approach to risk analysis is structured in detail as follows:

For the Textile Tools division, all companies involved in the production of our products are considered in the risk analysis. In turn, all suppliers of these companies who provide materials,

- a. which become part of our products or
- b. which are sent to the customer with our product or
- c. that come into contact with the products during the manufacturing process,

are considered. In addition, forwarding agents and suppliers of merchandise, as well as suppliers of Groz-Beckert KG based outside the EU, are also considered.

The "CSR Risk Check" from MVO Netherlands is used to determine the country and sector risks. The criteria of business practices, human rights & ethics, labor rights and the environment are evaluated. The number of risks identified for each criterion is added up from the country and sector combinations considered and transferred to an evaluation table. In addition, assessments are made for the country and sector combinations or, in some cases, for suppliers regarding

- a. the type of activity,
- b. the nature of the supply chain and/or
- c. the relationship and influence on the supplier.

These individual values are also transferred to the aforementioned evaluation table.

The individual scores from the risk analysis are then multiplied to give an overall score. The highest and lowest overall values are determined. The total value is used as the basis for classification into three risk levels:

Risk level	Description	Determination
3	High risk	> and equal to 75% of the highest total score
2*	Medium risk	< 75% and > and equal to 5% of the highest total score
1	Low risk	< 5% of the highest total score

*for level 2, an additional annual turnover-related value limit of >€30,000 is applied

We regularly carry out risk analyses on human rights criteria in our own business area.

Environmental risks and occupational safety are regularly analyzed and documented via the ISO 14001:2015 (environmental management) and ISO 45001:2018 (occupational health and safety management system) certifications. Groz-Beckert KG is certified, whereby the production subsidiaries are audited internally according to the same guidelines. The audits are defined in an audit plan.

III. Identification of human rights and environmental risks

The risk analysis has identified the following priority human rights and environmental risks that have a direct negative impact on the well-being of people in accordance with the requirements of Section 6 (2) sentence 3 no. 2 LkSG:

- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard for freedom of association and collective bargaining
- Prohibition of forced labor and all forms of slavery
- Prohibition of unequal treatment in employment
- Ban on child labor
- Prohibition of withholding an appropriate wage

IV. Preventive measures

We have introduced measures to live up to our commitment to recognizing and respecting human rights and to prevent potential risks.

This includes our binding Code of Conduct for Suppliers, which sets out fixed standards with regard to human and environmental rights. We expect our suppliers to act in accordance with this Code of Conduct and ensure this by conducting a multi-stage qualification process to determine whether they comply with national and international

standards and laws regarding occupational safety, environmental protection and human rights. Employees who are entrusted with the selection of suppliers must take this into account and continuously review supplier relationships.

The process established for compliance with due diligence obligations is documented in our Groz-Beckert process house and can be viewed by every Groz-Beckert employee.

V. Remedial measures

In order to minimize or eliminate the identified human rights risks, we will derive and establish appropriate remedial measures. In this context, we will cooperate with our direct suppliers in order to develop and implement a concept to end these violations. If the supplier refuses to accept delays, obstacles or the implementation of remedial measures, we will consider specific measures depending on the situation, including the possibility of terminating the business relationship.

VI. Complaints procedure

Our anonymous whistleblower system "tell.us" can also be used for complaints under the LkSG. The system can be used to report any suspicion of actual or potential violations of the law of any kind - including human rights and environmental risks or obligations - as well as violations of internal regulations. It is irrelevant whether the suspicion is directed against individual employees of Groz-Beckert or exists in connection with a business or a supplier of Groz-Beckert.

In addition to this system, there is also the option of reporting violations by telephone, in person or in writing. The effectiveness of this complaints mechanism is regularly reviewed and adjusted if necessary.

In order to meet the legal requirements in accordance with Section 8 (2) LkSG, we have published rules of procedure for the existing complaints procedure on our website.

VII. Indirect suppliers

If we gain substantiated knowledge of a violation of human rights and environmental obligations at an indirect supplier, the measures required under the LkSG are implemented as follows:

- We will carry out a risk analysis in accordance with Section 5 (1) to (3) LkSG, which we consider appropriate for our own business area and direct suppliers.
- As far as legally possible, we will adapt our risk management and require indirect suppliers to implement the same preventive measures as direct suppliers. We will impose the same responsible procurement requirements on indirect suppliers as we do on our direct suppliers.
- As far as legally possible, we will create and implement a concept to prevent, terminate or minimize and, if necessary, update our policy statement in accordance with Section 6 (2) LkSG accordingly.

VIII. Documentation and reporting obligations

We continuously document the measures taken to comply with the due diligence obligations described in this policy statement and retain this documentation in accordance with the regulations.

In addition, the technical resources and the interface provided by the Federal Office of Economics and Export Control are used to prepare the annual report in accordance with Section 10 (2) LkSG.

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Chief Executive Officer

Eric Schöller
Member of the Executive
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