

Policy Statement on the Human Rights Strategy

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

Where this document refers to "Groz-Beckert business units," this refers to the internal, organizationally subdivided business units of Groz-Beckert. Where, however, the terms "business unit" or "own business unit" are used, this refers to the term as defined in the LkSG.

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 the protection of 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 act in accordance with global human rights frameworks.

This policy statement serves as a guideline for our commitment and our actions under the LkSG.

Measures to comply with human rights due diligence obligations

To fulfill our commitment to respecting human rights, we have taken the following measures:

I. Risk Management

We have established a LkSG-related risk management system to analyze, assess, and minimize human rights and environmental risks within our own business units and among our direct suppliers.

The goal of this risk management system is to uphold national and international standards and laws regarding occupational safety, environmental protection, and human rights, and to act in accordance with our values and principles.

Responsibilities for the implemented risk management system are defined as follows:

Purchasing: Purchasing is responsible for assessing suppliers regarding their compliance with human rights standards. Through the Supplier Code of Conduct, which forms part of the business relationship with Groz-Beckert, Purchasing requires its suppliers to ensure fundamental labor and human rights standards and to anchor them into their business processes.

Human Resources and Occupational Safety: The Human Resources department and the Occupational Safety and Environmental Protection department are responsible for assessing human rights risks within the own business units.

Compliance Function: The Compliance Function is responsible for implementing, monitoring, and improving the Compliance Management System. Within this framework, the substantive responsibility for the topics assigned to them (such as Purchasing for supply chain due diligence obligations), particularly for the implementation of compliance measures, lies with the respective responsible specialists. In Groz-Beckert's subsidiaries, this responsibility lies with the appointed compliance responsible persons.

Sustainability Management: The Sustainability Management Team is currently responsible for the final step in our risk management process: it documents and reports on the identified human rights and environmental risks as well as Groz-Beckert's human rights efforts. In doing so, measures are monitored and conclusions are drawn for future actions.

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

- Systematic risk analysis
- Preventive and corrective measures
- Complaint mechanism
- Reporting

II. Risk analysis

As part of our risk management, we conduct regular risk analyses to identify human rights and environmental risks along our supply chain. The results of the risk analysis are documented. Once identified, the risks are weighted and prioritized in accordance with the adequacy criteria defined in the LkSG.

To identify and assess the risks of direct suppliers, we follow a two-step approach that combines an abstract risk analysis with a subsequent detailed risk analysis. In the first step, we specifically select the suppliers necessary for the manufacture and distribution of our products. In the second step, these suppliers are assessed based on country and industry risks, freely available studies, and Groz-Beckert's own evaluation, taking into account the nature of the supply chain, the nature of the supplier's activities, and our influence and relationship with the supplier.

Our risk analysis process is structured in detail as follows:

Across all Groz-Beckert business units, all companies involved in the production and distribution of our products are included in the risk analysis. From these companies, in turn, all suppliers that provide materials

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

are also considered. In addition, freight forwarders and suppliers of merchandise, as well as suppliers of Groz-Beckert KG headquartered outside the EU, are considered.

To identify country and industry risks, the "CSR Risk Check" from MVO Netherlands is used. The criteria "Business Practices," "Human Rights & Ethics," "Labor Rights," and "Environment" are evaluated. For each criterion, the number of identified risks is summed across the considered country and industry combinations and transferred to an evaluation table. In addition, assessments are conducted for country- and industry-specific combinations, and in some cases, on a supplier-by-supplier basis

- a. regarding the nature of the business,
- b. the type of supply chain, and
- c. the relationship with and influence on the supplier.

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

The individual assessments from the risk analysis are then multiplied to yield an overall score. The highest and lowest overall scores are determined. Based on the highest overall score, the assessment is categorized 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 > or equal to 5% of the highest total score
1	low risk	< 5% of the highest total score

*For Level 2, an additional annual revenue threshold of >€30,000 applies

In Groz-Beckert business units, we regularly conduct risk analyses based on human rights criteria, distinguishing between high, medium, and low risks.

Environmental risks and occupational safety are regularly analyzed and documented through the ISO 14001:2015 (Environmental Management) and ISO 45001:2018 (Occupational Health and Safety Management System) certifications. Groz-Beckert KG and Groz-Beckert Europe GmbH are certified, while the production subsidiaries are audited internally according to the same guidelines. The audits are specified in an audit plan. In the Groz-Beckert business units Cutting Tools and Engineered Textiles, audits based on ISO 14001:2015 and ISO 45001:2018 are conducted at selected locations.

III. Identification of human rights and environmental risks

Through the risk analysis, in accordance with the requirements of Section 6 (2) Sentence 3 No. 2 of the LkSG, the following priority human rights and environmental risks that have a direct negative impact on human well-being have been identified:

- Disregard for occupational safety and work-related health hazards
- Destruction of the natural environment through environmental pollution
- Violation of freedom of association and the right to collective bargaining
- Prohibition of forced labor and all forms of slavery
- Prohibition of unequal treatment in employment
- Prohibition of child labor
- Prohibition of withholding fair wages

IV. Preventive measures

To live up to our commitment to recognizing and respecting human rights and to prevent potential risks, we have implemented measures.

These include our binding Code of Conduct for Suppliers, which establishes clear standards regarding human and environmental rights. We expect our suppliers to act in accordance with this Code of Conduct and ensure this by verifying, through a multi-stage qualification process, whether they comply with national and international standards and laws regarding occupational safety, environmental protection, and human rights. Employees responsible for supplier selection must take this into account and continuously review supplier relationships.

The process established to ensure compliance with due diligence obligations is documented in our Groz-Beckert Process House and is available for review by Groz-Beckert employees.

V. Remedial Measures

To minimize or eliminate the identified human rights risks, we will develop and implement appropriate corrective measures. In this context, we will cooperate with our direct suppliers to develop and implement a plan to address any violations. Should the supplier cause delays or obstacles, or refuse or reject necessary corrective measures, we reserve the right to take appropriate action depending on the situation. This may, if necessary, also include the termination of the business relationship.

VI. Complaint Mechanism

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 legal violations of any kind - including those related to human rights and environmental risks or obligations - as well as violations of internal regulations. It is irrelevant whether the suspicion is directed at individual Groz-Beckert employees or relates to a business transaction or a Groz-Beckert supplier.

In addition to this system, there is also the option to report violations by phone, in person, or in writing. The complaint mechanism is regularly evaluated for effectiveness and optimized as necessary.

To comply with the legal requirements under Section 8 (2) of the LkSG, we have published rules of procedure for the existing whistleblower system on our website.

VII. Indirect suppliers

If we obtain substantiated knowledge of a violation of human rights and environmental obligations by an indirect supplier, the measures required under the LkSG will be implemented as follows:

- We will conduct a risk analysis in accordance with Section 5 (1) to (3) of the LkSG that we deem appropriate for our own business units and direct suppliers.

- To the extent legally possible, we will adapt our risk management and require indirect suppliers to implement the same preventive measures as those required of direct suppliers. We will impose the same requirements for responsible procurement on indirect suppliers as we do on our direct suppliers.
- To the extent legally possible, we will develop and implement a plan to prevent, terminate, or minimize risks and, if necessary, update our policy statement in accordance with Section 6 (2) of the LkSG accordingly.

VIII. Documentation and Reporting Obligations

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

We will review this policy annually and as needed to ensure it remains current and effective, and will adapt it to changed circumstances as necessary.

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Chief Executive Officer	Chief Business Officer	Chief Business Officer	Chief Technology Officer