

# Declaration of principles for the preservation and protection of human rights

*Pfleiderer Group B.V. & Co. KG*

Version January 2024



## 1. Our commitment to respecting human rights

As a globally operating group, Pfleiderer Group knows human rights and environmental risks can arise from business activities in its own business area and along the entire value chain. With this Declaration of Principles, the management of Pfleiderer Group would like to emphasize the importance of human rights and environmental standards and express their high priority for the entire Group. This Declaration of Principles ties in with our existing compliance policies, with which we emphasize our commitment to compliance with internationally recognized human rights and environmental standards and supplements them with the commitment to comply with human rights and environmental due diligence obligations in accordance with the German Supply Chain Due Diligence Act (LkSG).

We stand up for the respect of internationally recognized human rights and working conditions and expect all our employees, suppliers, and business partners likewise to respect them. Based on the structure of our supply chain, we have assessed the following human rights as particularly important for our Group:

- **The right to healthy, safe and dignified working conditions:** this includes the prohibition of the worst forms of child labor, forced labor, modern slavery and human trafficking (including ensuring freedom of movement for migrant workers), the right to be paid a living wage, the right to equal pay for equal work, the right to be paid at least the minimum wage set by applicable law, a limit on working hours, a right to health and safety at work and the prohibition of violations of the freedom of association and the right to strike.
- **The right to equality and non-discrimination:** no tolerance of discrimination because of disability, age, gender, ethnic origin, nationality, sexual identity, political opinion, race, religion or similar, no sexual or other personal harassment and no offensive behavior. Furthermore, we do not tolerate any socially inappropriate behavior, intimidation or violence or the threat of violence.
- **The right to adequate living conditions** by protecting the habitats of local communities and/or indigenous peoples, prohibiting harmful land, water, or air degradation, prohibiting the unlawful eviction or dispossession of land, water or forests, avoiding environmental hazards and endeavoring to prevent or reduce their negative health impacts.

## 2. Our approach to implementing due diligence obligations

In order to meet the requirements of the LkSG, we have created the following structures and measures.

### In-house responsibilities

Pfleiderer Group defined clear responsibilities to ensure compliance with human rights and environmental due diligence obligations within the meaning of the LkSG. Ultimately, the company management is responsible for compliance with human rights and environmental standards in its own business area and along the value chain.

From the 2024 reporting year, the Human Rights Officer appointed by the Executive Board will be responsible for monitoring risk management in relation to the duties required by the LkSG. The Human Rights Officer is based in the central Legal & Compliance department. In her role, she reports to the existing Sustainability Committee at least once a year and on an ad hoc basis on the status of risk management and any special incidents. The Group Management Board also takes part in the Sustainability Committee.

Various departments and units of Pfleiderer Group (in particular Legal & Compliance and Purchasing) participate in implementing the processes required by the LkSG and provide personnel capacities for such implementation.

### Risk management

By establishing a risk management system with a clear description of responsibilities and processes, Pfleiderer Group ensures that risks relating to human rights and environmental violations are identified and appropriate countermeasures are taken. Our approach for implementing the due diligence obligations required by the LkSG in an appropriate and effective manner is outlined in the subsequent sections.

## **Risk analysis**

An important part of fulfilling our due diligence obligations is identifying and prioritizing the risks that may arise along our entire value chain regarding human rights and environmental aspects. For this purpose, Pfeiderer Group uses a combination of modified, existing processes and a newly defined process for risk analysis.

As part of the adaptation of existing processes to the requirements of the LkSG, Pfeiderer Group implements the criteria in supplier approval and supplier evaluation processes so that human rights and environmental due diligence obligations are taken into account.

The systematic risk analysis is carried out once a year and on an ad hoc basis. As part of the regular risk analysis, business activities and direct suppliers with increased human rights or environmental risks are identified. For our own business operations, we draw on the internal knowledge of the departments and site managers. A multi-stage process is used for the regular identification of risks among direct suppliers. In the first step, the assessment criteria of country of origin, product group and realized turnover are used. If an increased risk is identified from this or on the basis of substantiated knowledge, the suppliers concerned are subjected to a more in-depth review.

At Pfeiderer Deutschland GmbH and its subsidiaries, wood as well as wood products and paper required for production are sourced in accordance with FSC and PEFC Chain of Custody standards. These standards contain minimum requirements that further reduce the risk of a breach of human rights obligations within the meaning of the LkSG. These minimum requirements include among other things:

- Abolition of child labor
- Elimination of all forms of forced or compulsory labor
- Elimination of discrimination in respect of employment and occupation
- Respect for freedom of association and effective recognition of the right to collective bargaining

Strict requirements apply with regard to environmental risks under the German Waste Wood Directive, which we require our suppliers to comply with every time they make a purchase.

## **Identified risks**

The results of the risk analysis for the financial year 2024 will be available in the course of 2024 and are expected to be published with the update of this policy statement at the end of 2024.

## **Preventive and remedial measures**

To meet its responsibility to respect the environment and human rights, minimize risks and prevent violations, Pfeiderer Group relies on the interaction of various preventive measures in its own business operations and towards its direct suppliers. In doing so, Pfeiderer Group follows the compliance principle "Prevent, Recognize and React". A key component of the preventive measures is the definition and communication of behavioral requirements, both to employees and to suppliers and business partners, via internal guidelines (e.g. the Business Conduct Guidelines), external documents (e.g. the Code of Conduct for Suppliers) and training and information offerings. This also includes the requirements in accordance with the LkSG. The requirement to comply with the relevant rules is considered in employment and procurement contracts.

At the certified Group companies, internally created structures and processes are verified for compliance with the relevant standards through regular audits and recertifications. These include certifications in accordance with ISO 9001 (quality management), ISO 14001 (environmental management), ISO 45001 (occupational health and safety management), ISO 50001 (energy management) as well as FSC and PEFC.

Based on the results of the risk analysis, the units of Pfeiderer Group will evaluate LkSG aspects in supplier management - for example in the processes for supplier approval and supplier evaluation.

If an increased risk is identified in the course of the risk analysis, a specific suspected case is reported via our whistleblower system or otherwise comes to our attention, we carefully examine the situation and initiate the necessary preventive or remedial measures to prevent, end or minimize the extent of a violation. Issues relevant under the LkSG are addressed on a regular basis in the meetings of the Sustainability Committee.

### Complaint procedure

To ensure that human rights and environmental risks or violations along the entire value chain of Pfeiderer Group can be addressed directly, Pfeiderer Group uses a web-based whistleblower system from the provider EQS. The system offers the possibility of submitting information on alleged and verifiable violations by name or anonymously. The whistleblower system can be used by employees and third parties alike via the Pfeiderer Group website ([bkms-system.com](https://bkms-system.com)). The system is available in German, English and Polish, but reports can be submitted in any language. Every report is sent to the Pfeiderer Group's Compliance Department and carefully checked. The process for handling reports is documented internally.

### Implementation of obligations for direct and indirect suppliers

Pfeiderer Group's complaint procedure is available for reports of alleged or verifiable violations at direct and indirect suppliers. If Pfeiderer Group obtains substantiated knowledge of a (potential) human rights or environmental violation by an indirect supplier, an incident-related risk analysis is triggered, and appropriate preventive and remedial measures are initiated.

### Documentation and reporting

The documentation of supply chain risks and measures, as well as their continuous update, is the responsibility of the Legal & Compliance department. Further, this department prepares the annual report required according to the LkSG, submits it to the Federal Office of Economic Affairs and Export Control and publishes it on the company website for at least seven years.

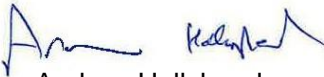
### Continuous efforts to improve our approach

Due to the constantly changing circumstances, there may be a need to adapt the implementation of due diligence obligations. We commit to monitoring the fulfillment of all due diligence obligations required by the LkSG on an annual and incident-related basis and to continuously optimizing them in terms of appropriateness and effectiveness.

### Pfeiderer Group B.V. & Co KG



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