

Report on the LkSG (Supply Chain Due Diligence Act)

Reporting period from 1 January 2024 to 31 December 2024

Name of organisation: Pfeiderer Group B.V. & Co. KG

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A. Strategy & Implementation

A1. Monitoring risk management & management responsibility

What responsibilities for monitoring risk management were defined during the reporting period?

Human Rights Officer Dr Stefanie Eichiner (Head of Sustainability) reports to the Sustainability Committee (consisting of the Management Board and the heads of Sustainability, Health & Safety, Legal, HR, Environment, Timber Procurement and Treasury); any necessary decisions are taken by the Committee.

A. Strategy & Implementation

A1. Monitoring risk management & management responsibility

Has management established a reporting process that ensures that it is regularly informed – at least once a year – about the work of the person responsible for monitoring risk management?

It is confirmed that the management has established a reporting process which, within the meaning of Section 4 (3) LkSG, ensures that it is regularly – at least once a year – informed about the work of the person responsible for monitoring risk management.

- Confirmed

Describe the process that ensures reporting to management on risk management at least once a year or on a regular basis.

Reporting by the Human Rights Officer takes place within the framework of the Sustainability Committee. Meetings are held quarterly. The topic of the LkSG is placed on the agenda at least once a year (more frequently if necessary). In addition, the topic of the LkSG is discussed quarterly in the Compliance Committee.

A. Strategy & Implementation

A2. Policy statement on human rights strategy

Is there a policy statement that has been prepared or updated based on the risk analysis carried out during the reporting period?

The policy statement has been uploaded

https://www.pfleiderer.com/fileadmin/content/Documents/Company/2024-11-25_Grundsatzerklaerung_Okt_024_final_de.pdf

A. Strategy & Implementation

A2. Policy statement on human rights strategy

Was the policy statement communicated for the reporting period?

It is confirmed that the policy statement has been communicated to employees, the works council (if applicable), the public and direct suppliers where a risk has been identified in the risk analysis.

- Confirmed

Please describe how the policy statement was communicated to the relevant target groups.

The management issued the policy statement for the first time in January 2024. The policy statement is available to the public in German and English on the company website and can also be viewed by employees via the intranet. Communication to affected suppliers has taken place and will be carried out by email via the purchasing department.

A. Strategy & Implementation

A2. Policy statement on human rights strategy

What elements does the policy statement contain?

- Establishment of a risk management system
- Annual risk analysis
- Anchoring of preventive measures in our own business area, at direct suppliers and, if necessary, indirect suppliers, and review of their effectiveness
- Remedial measures in our own business area, at direct suppliers and, where applicable, indirect suppliers, and review of their effectiveness
- Provision of a complaints procedure within your own business, at suppliers and verification of its effectiveness
- Documentation and reporting obligations
- Description of the identified priority risks
- Description of human rights and environmental expectations of own employees and suppliers

A. Strategy & Implementation

A2. Policy statement on human rights strategy

Description of possible updates during the reporting period and the reasons for these.

The policy statement was issued by the management upon the law coming into effect and supplemented with the results of the risk analysis once this had been carried out. The remaining content was reviewed to ensure it was up to date. In addition, a new Human Rights Officer was appointed following the departure of the initial appointee from the company. The link to the whistleblower system was also updated following technical revisions.

A. Strategy & Embedding

A3. Anchoring the human rights strategy within the company's own organisation

In which relevant departments/business processes was the anchoring of the human rights strategy ensured within the reporting period?

- Personnel/HR
- Environmental management
- Occupational safety & occupational health management
- Purchasing/procurement
- Supplier management
- CSR/Sustainability
- Legal/Compliance
- Quality
- Auditing

Describe how responsibility for implementing the strategy is distributed within the various departments/business processes.

Overall responsibility lies with the management, advised by the legal and compliance department/human rights officer and the Sustainability Committee. In the departments concerned, the department heads are responsible for implementing and complying with existing processes and guidelines.

Describe how the strategy is integrated into operational processes and procedures.

There are guidelines, processes and instructions for the entire organisation. Of particular note here are the Business Conduct Guidelines, which form the basis for all other guidelines and instructions. These contain clear commitments regarding, among other things, compliance with human rights. Every manager is responsible for ensuring that these and all other guidelines, processes and instructions relevant to their area of responsibility are observed and complied with.

The following specific processes can be cited as examples:

In purchasing, suppliers are subject to our Supplier Code of Conduct. Alternatively, the contractual partners' own compliance guidelines are reviewed and approved internally if they are not prepared to sign our Supplier Code of Conduct.

In the area of occupational safety, comprehensive risk assessments are carried out on a regular basis to monitor and continuously improve existing processes within the company. Regular audits are conducted to confirm compliance with applicable

legal regulations.

In the area of human resources, existing collective agreements and works agreements ensure that certain employment standards are met.

Describe the resources and expertise provided for implementation.

A project team consisting of managers and employees from the legal/compliance (Head of Legal, Compliance and Insurance; Compliance Manager), sustainability (Human Rights Officer) and purchasing (Head of Procurement; Director of Direct & Indirect Spend; Director of Wood Purchasing; Purchasing Excellence, Purchasing Processes & QM) departments has been set up for operational implementation.

In addition, the Sustainability Committee, with the participation of management and most of the relevant departments (including Sustainability, Environment, Human Resources, H&S), was already involved in the implementation of the LkSG within the company; furthermore, interviews were conducted with all relevant departments to carry out the risk analysis and, in the event of findings, corrective measures were determined together with those responsible.

B. Risk analysis and prevention measures in accordance with the German Corporate Governance Code ()

B1. Implementation, procedure and results of the human rights risk analysis

Was a regular (annual) risk analysis carried out during the reporting period to identify, weigh and prioritise human rights and environmental risks?

- Yes, for our own business area
- Yes, for direct suppliers

Describe the period during which the annual risk analysis was carried out.

The regular risk analysis for our own business area and our direct suppliers was carried out in the second half of 2024 after extensive preparations.

Describe the risk analysis procedure.

When conducting risk analysis in accordance with the LkSG, it is important to note that the aim is to assess the risks to persons (e.g. employees within the supply chain) resulting from the economic activities of the company or a company in the supply chain, not the risks to the company resulting from a possible violation (e.g. financial risks, damage to reputation). A change of perspective is necessary here.

The risk analysis for suppliers (both regular and ad hoc) is carried out in two steps.

In the first step (abstract risk analysis), suppliers are categorised according to country- and industry-specific risks and the groups of persons potentially affected are identified. The results of the abstract risk analysis are then specified and prioritised as part of the concrete risk analysis.

Human rights and environmental risks exist if, based on actual circumstances, there is a reasonable probability that one or more of the following prohibitions will be violated:

Human rights risks:

1. Prohibition of child labour;
2. Prohibition of the worst forms of child labour;
3. Prohibition of forced labour;
4. Prohibition of all forms of slavery;
5. Prohibition of non-compliance with occupational health and safety obligations under the law of the place of employment;

6. Prohibition of interference with freedom of association;
7. Prohibition of unequal treatment in employment;
8. Prohibition of withholding fair wages;
9. Prohibition of causing harmful soil contamination, water pollution, air pollution, harmful noise emissions or excessive water consumption;
10. Prohibition of unlawful eviction, deprivation of land, forests and water;
11. Prohibition of the commissioning or use of private or public security forces that disregard the prohibition of torture, cruel, inhuman or degrading treatment, violate life and limb or impair freedom of association and coalition.

Environmental risks:

1. Prohibition of the manufacture of products containing mercury, the use of mercury and mercury compounds in manufacturing processes, and the treatment of mercury waste contrary to the provisions of the Minamata Convention;
2. Prohibition of the production and use of chemicals, environmentally unsound handling, collection, storage and disposal of waste contrary to the Stockholm Convention;
3. Prohibition on the export of hazardous waste and other waste contrary to the provisions of the Basel Convention.

Three independent indices are used to assess risk in the area of "people and the environment".

Country-specific risk classification is based on the scores of the three indices HFI, EPI and CPI.

Abstract risk analysis

The following steps are carried out for the abstract risk assessment of suppliers:

1. Spend Cube analysis of the respective previous period (usually the previous calendar year) to identify the purchasing volume of all active suppliers or invoicing suppliers. The Spend Cube analysis obtains the address data/ (supplier master data), i.e. usually the registered office of the company/invoice issuer, from SAP as the source data for the country for the respective supplier.
 2. The Pfeleiderer risk classification (high, medium, low) is determined independently for each of the three country-specific indices (HFI, EPI and CPI). The three indices are then combined to form the overall COUNTRY RISK according to the "worst risk" principle. The worst (individual) risk classification determines the overall COUNTRY RISK.
 3. Classification of material risk and industry risk with the aid of research
- report 543

4. Combination of country and industry risk for an overall risk assessment.

The results of the abstract risk analysis are validated as part of the specific risk analysis. For the results of the abstract regular risk analysis, this is done at the current only for "high risk" suppliers by obtaining further information and conducting research and an assessment of the existing risks based on the risk classification shown in the figure above.
mentioned criteria.

The results of the abstract, event-driven risk analysis are always investigated further, as there is already concrete suspicion and not just an increased probability of a violation.

An Excel tool is used for the specific risk analysis of suppliers, in which specific risks are queried and evaluated.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Were any event-driven risk analyses carried out during the reporting period?

- No

Please explain your answer.

There was no reason to do an event-driven risk analysis during the reporting period.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(es) in your own business area?

- None

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(es) of direct suppliers?

- None

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Were the risks identified during the reporting period weighted and, if applicable, prioritised, and if so, on the basis of which adequacy criteria?

- No

Please justify your answer.

There were no relevant risks within the reporting period.

B. Risk analysis and preventive measures

B2. Preventive measures in your own area of business

Which risks were prioritised in your own business area during the reporting period?

- None

If no risks were selected, please explain your answer.

As this is the first reporting cycle, we did not specify any priorities, but discussed all relevant risks with the business areas.

B. Risk analysis and preventive measures

B2. Preventive measures in your own area of business

What preventive measures were implemented during the reporting period to prevent and minimise the priority risks in your own business area?

- Training courses in relevant business areas

Describe the measures implemented and specify in particular their scope (e.g. number, coverage/area of application).

E-learning on the LkSG for OFK, purchasing and sales employees (Q2, 307 people). Workshop in Q3 with an external law firm specifically for purchasing employees on how to deal with remedial measures (32 people).

Describe the extent to which the training courses are appropriate and effective in preventing and minimising the priority risks.

Training courses always serve to raise employee awareness. We will only be able to determine their effectiveness over time. If necessary, training will be repeated or provided in a different form based on the findings.

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

Which risks were prioritised for direct suppliers during the reporting period?

- None

If no risks were selected, please explain your answer.

As this is the first reporting cycle, we have not specified any priorities, but have discussed all relevant risks with the business units.

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

What preventive measures were implemented during the reporting period to prevent and minimise priority risks at direct suppliers?

- None

If no preventive measures were selected, please explain why.

No risks were identified; however, we have defined a comprehensive catalogue of possible preventive measures in general.

B. Risk analysis and preventive measures

B5. Communication of the results of the risk assessment

Were the results of the risk analysis(es) for the reporting period communicated internally to relevant decision-makers?

It is confirmed that the results of the risk analysis(es) for the reporting period have been communicated internally in accordance with Section 5 (3) LkSG to the relevant decision-makers, such as the board of directors, the management or the purchasing department.

- Confirmed

B. Risk analysis and preventive measures

B6. Changes to the risk disposition ()

What changes have been made to the prioritisation of risks compared to the previous reporting period?

We have not prioritised this to date, but are considering doing so for the upcoming reporting period, therefore no change.

C. Determination of infringements and remedial

measures

Identification of violations and remedial measures in your own business area

Were any breaches identified in your own business area during the reporting period?

- No

Describe the procedures used to identify violations in your own business area.

Violations can be reported by third parties via the established whistleblower procedure, which is accessible to the public. In addition to using the whistleblower system, our employees can submit reports to the Legal and Compliance Department, their managers, the Human Resources Department or the Works Council. All of these bodies will ensure that reports are processed and that violations are uncovered.

C. Determination of infringements and remedial

measures Identification of violations and remedial measures at direct suppliers

Were any violations identified at direct suppliers during the reporting period?

- No

Describe the procedures used to identify violations at direct suppliers.

Evaluation of the suppliers' self-assessment questionnaire, press releases, reports in the whistleblower system, association communications, discussions between the purchasing employee and the supplier, etc.

C. Determination of infringements and remedial

measures
Identification of violations and remedial measures at indirect suppliers

Were any violations identified at indirect suppliers during the reporting period?

- No

D. Complaints procedure

D1. Establishment of or participation in an appeal

procedure

What form did the complaint procedure take during the reporting period?

- Company-specific complaint procedure

Describe the company's own procedure and/or the procedure in which your company participates.

To ensure that human rights and environmental risks or violations can be addressed directly throughout the Pfeiderer Group's value chain, the Pfeiderer Group uses a web-based whistleblower system provided by EQS. The system allows reports of alleged and verifiable violations to be submitted either anonymously or by name. The whistleblower system is available to employees and third parties alike via the Pfeiderer Group website. The system is available in German, English and Polish, but reports can be submitted in any language. Each report is forwarded to the Pfeiderer Group's Compliance Department and carefully reviewed. The process for handling reports is documented internally.

D. Complaints procedure

D1. Establishment of or participation in an appeal

procedure

Which potential stakeholders have access to the complaint procedure?

- Own employees
- Communities near the company's own sites
- Employees of suppliers
- External stakeholders such as NGOs, trade unions, etc.
- Others: anyone can report via the website

How is access to the complaint procedure ensured for the various groups of potential stakeholders?

- Publicly available rules of procedure in text form
- Information on how to contact us
- Information on responsibility
- Information on the process
- All information is clear and understandable
- All information is publicly accessible

Publicly accessible rules of procedure in text form

Optional: Please describe.

See website: <https://pfleiderer.integrityline.app/>

Pfleiderer attaches great importance to ethical and legally compliant conduct. We therefore encourage our employees, business partners and third parties to report any observations of violations within the meaning of the Whistleblower Protection Act and of internal guidelines. Reports can be submitted via our whistleblower system. This can also be done anonymously; you can still contact us via a secure mailbox.

Our employees are protected from negative consequences if they report "in good faith", i.e. if they are convinced of the accuracy of a report.

Information on availability

Optional: Please describe.

See website: <https://pfleiderer.integrityline.app/>, available around the clock

Information on responsibility

Optional: Please describe.

Procedural rules See website: <https://pfleiderer.integrityline.app/>

Information about the process

Optional: Please describe.

See website: <https://pfleiderer.integrityline.app/>

All information is clear and understandable Optional:

Describe.

See website: <https://pfleiderer.integrityline.app/>

All information is publicly accessible Optional: Describe.

See website: <https://pfleiderer.integrityline.app/>

D. Appeal procedure

D1. Establishment of or participation in an independent complaint mechanism ()

Were the rules of procedure publicly available during the reporting period?

File uploaded

Regarding the rules of procedure:

See website: <https://pfleiderer.integrityline.app/>

D. Appeal procedure

D2. Requirements for the appeal procedure

Please specify the person(s) responsible for the procedure and their function(s).

Dr Melanie Tuchbreiter, Head of Legal, Compliance and Insurance

It is confirmed that the criteria for responsible persons contained in Section 8 (3) LkSG are met, i.e. that they guarantee impartial action, are independent and not bound by instructions, and are obliged to maintain confidentiality.

- Confirmed

D. Appeal procedure

D2. Requirements for the appeal procedure

It is confirmed that arrangements have been made for the reporting period to protect potentially involved persons from disadvantage or punishment as a result of a complaint.

- Confirmed

Describe the measures taken, in particular how the complaint procedure ensures the confidentiality of the identity of whistleblowers.

Guideline and works agreement Whistleblower system, obligation Statement of principles, anonymous reports possible, communication via postbox possible

Describe the precautions that have been taken, in particular what additional measures are in place to protect whistleblowers.

Guideline and works agreement Whistleblower system, obligation, declaration of principles, anonymous reports possible, communication via mailbox possible

D. Appeal procedure

D3. Implementation of the complaint procedure in accordance with the German Act on Whistleblowers ()

Were any reports received via the complaint procedure during the reporting period?

- No

E. Review of risk management

Is there a process in place to review the adequacy and effectiveness of risk management across the board?

In which of the following areas of risk management are adequacy and effectiveness reviewed?

- None

Please explain your answer.

This process is currently being
planned.

E. Review of risk management

Are there processes or measures in place to ensure that the interests of your employees, employees within your supply chains and those who may be directly affected in a protected legal position by the economic activities of your company or by the economic activities of a company in your supply chains are adequately taken into account when establishing and implementing risk management?

In which areas of risk management are there processes or measures in place to take into account the interests of those potentially affected?

- Resources & expertise
- Preventive measures
- Remedial measures
- Complaint procedures

Describe the processes or measures for the respective area of risk management.

See risk management description and complaints procedure.