

# Policy Statement

In this Policy Statement, the generic masculine is used for better readability. All references to persons apply equally to female, male and other gender identities.



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## 1 Our commitment to respect human and environmental rights

The Leadec Group accepts its social responsibility and is particularly aware of its corporate responsibility to respect human and environmental rights. Human rights due diligence is a comprehensive and important task that can only be fulfilled through the cooperation of everyone in the company. For this reason, our responsibility for human and environmental rights has been anchored in the Leadec codes of conduct. Sustainable business practices can only be effective if they encompass the entire supply chain. Leadec therefore respects human rights and environmental rights not only in its own business operations but also works to ensure compliance with these important rights in its upstream and downstream supply chains. Leadec gives those affected by human rights and environmental rights violations access to remedial action. We use internal regulations and instructions as guidelines with the help of which Leadec complies with the legal provisions regarding human rights and environmental due diligence.

**Leadec is committed to upholding the following international standards in its own operations and is happy to promote respect for these human rights in its relationships with business partners along the value chain:**

- The Ten Principles of the UN Global Compact, to which Leadec has committed itself since February 8, 2022. [Leadec Holding BV & Co KG | UN Global Compact](#)

## 2 Principles

Leadec's human rights and environmental strategy aims to prevent or reduce risks relating to human rights and the environment as best as possible and to prevent, end, or minimize the extent of violations thereof. To achieve this goal, Leadec has implemented appropriate measures in its own business and in its procurement processes. Our own employees and those of our suppliers are the focus of every measure. However, Leadec is also always particularly concerned to include and consider the interests of potentially affected parties in all areas.



This Leadec strategy includes the following contents:

## **2.1 Prohibition of child labor as well as forced labor and all forms of modern slavery**

Leadec rejects any form of forced or child labor, human trafficking and all forms of modern slavery, servitude or other forms of domination or oppression in the workplace environment, such as economic or sexual exploitation and humiliation.

Children must not be prevented from their education by gainful employment and in this way restricted in their development. Their dignity must be respected, and their safety and health protected.

Employment relationships are always voluntary. All employment relationships can be terminated subject to a reasonable or legally regulated period of notice.

## **2.2 Freedom of association and right to collective bargaining**

We recognize the right of our employees to form employee representative bodies, to collective bargaining to regulate working conditions, and their right to strike, in each case within the applicable legal framework. The formation of lawful employee representative bodies will not be hindered. The Leadec culture is characterized by trusting and constructive cooperation with the respective employee representatives. Even in the case of differing points of view, a fair balance is sought between the economic interests of the company and the interests of our employees in order to maintain a sustainable constructive relationship in the long term. Employees are not discriminated against on the basis of their membership or non-membership of a trade union or employee representative body.



## **2.3 Protection against discrimination / rights of minorities and indigenous peoples / promotion of diversity and inclusion**

Leadec respects human and women's rights as well as the rights of minorities and indigenous peoples worldwide. As a globally active group of companies, Leadec works together with employees and business partners of different nationalities, cultures, and world views. Leadec is committed to diversity, inclusion and equal opportunity and stands for a working environment that is characterized by respect and tolerance and in which all persons are valued.

Leadec does not tolerate discrimination, harassment, or disparagement. In particular, Leadec does not tolerate any discrimination based on national or ethnic origin, social origin, health status, disability, sexual orientation, age, gender, pregnancy or parenthood, marital status, religion or belief, political opinion, or any illegal discriminative practice. Unequal treatment also includes, in particular, the payment of unequal remuneration for work of equal value.

In addition, Leadec actively promotes diversity within the company and an open, inclusive corporate culture as part of a diversity and inclusion concept.

The sum of the unique skills, backgrounds, life experiences and perspectives that our employees bring to their work makes up our corporate culture and is of great importance to Leadec's sustainable success. Ensuring diversity & inclusion (D&I) plays an important role in meeting the needs of our customers, attracting and retaining talent, and on our path to becoming the leading service specialist for the factory of today and tomorrow.

## **2.4 Right to health and safety at work**

Leadec thrives on the commitment of its employees, who do everything they can every day to ensure that customers' processes run smoothly and safely. We strive to ensure the well-being of our employees by means of safety standards, suitable protective measures such as mandatory protective equipment, appropriate training and instruction, and to ensure that no one is harmed by their work. The aim is to prevent occupational accidents and work-related illnesses. Leadec consistently complies with the applicable occupational safety laws. "Safety – it's your life" is our motto. The health and safety of employees are respected and protected accordingly.

Employees are recruited and employed on the basis of fair and lawful working conditions.

## **2.5 Right to adequate remuneration as a contribution to livelihood**

Leadec offers all employees appropriate remuneration and fair working conditions that at least meet the legal requirements. In terms of remuneration, the respective locally applicable legally guaranteed minimum standards and minimum wages of the respective economic sectors are complied with, to the extent that they exist, in order to enable employees to secure their livelihood and thus their existence. Wages as well as expenses to be reimbursed are paid punctually and in full and may only be withheld with sufficient legal basis in payroll accounting. Legal garnishment limits for earned income to secure subsistence are observed.

## **2.6 Working hours**

For Leadec, working time is also a question of employer attractiveness. Work-life balance is a high priority for us. Statutory minimum requirements apply to all employees; in particular, the statutory maximum working hours are not exceeded and the statutory provisions on night work, rest periods, annual leave, and breaks are observed. In the absence of minimum standards or legal requirements, the international standard of the ILO (International Labor Organization) of a maximum of 48 hours per week, with a break of at least 24 hours every seven days, is to be applied. Furthermore, according to the ILO, a maximum of 12 hours of overtime per week may be worked at times and in emergencies.

## **2.7 Dealing with high-risk raw materials and environmental impacts**

As a service specialist, Leadec's responsibilities include ensuring the environmental compatibility and sustainability of its sites and services. To this end, Leadec relies on environmentally compatible, advanced, and efficient technologies, pays attention to the careful use of natural resources and a continuous reduction of environmental impact. In addition, Leadec regularly evaluates and improves the environmental compatibility of its own services.

As part of our "Leading Edge" strategy and the environmental and energy policy, the short-, medium- and long-term goals and measures for environmental and energy management are defined. Leadec is working towards the clear goal of a climate-neutral factory – production without negative environmental impact. Therefore, Leadec acts in an environmentally

conscious manner, striving in particular for compliance with the Minamata Convention on Mercury of October 10, 2013, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of March 22, 1989, and the Stockholm Convention on Persistent Organic Pollutants of May 23, 2001 (POPs Convention), as well as the Biocidal Products Regulation (EU) No 528/2012 (BPR).

## **2.8 Unlawful eviction and unlawful taking of land, forests, and waters**

Leadec is committed to counteracting the loss of biodiversity and, where relevant, minimizing land use and counteracting deforestation. Leadec shall refrain from any illegal eviction and any illegal deprivation of land, forests, and waters, the use of which secures a person's livelihood.

## **2.9 Harmful soil alteration, water pollution, air pollution, noise emission, or excessive water consumption**

Leadec promotes the reduction of energy consumption as well as the reduction of greenhouse gas emissions (decarbonization), water consumption, waste production, and emissions to air and water, and, where relevant, animal welfare. Leadec invests in the use of renewable energies and promotes the energy transition. Leadec uses resources and raw materials efficiently and sustainably, increases recycling and reuse of resources, and ensures responsible use of chemicals. Leadec protects soil quality and reduces noise emissions.

Leadec is committed to collecting, monitoring, and reporting all relevant environmental key performance indicators (KPIs), including energy, water, and waste. Leadec reports its greenhouse gas (GHG) emissions.

Leadec promotes decarbonization in production and logistics. Leadec invests in the continuous improvement and development of sustainable products and services and seeks more sustainable solutions to reduce the carbon footprint and support our business partners in achieving their climate and sustainability goals.



## **2.10 Deployment of security personnel**

Furthermore, Leadec does not tolerate unlawful behavior, especially human rights violations, on the part of security personnel towards employees or third parties. Security service providers are obligated to comply with the law and with standards customary in the industry. The personnel employed to perform the agreed services must have the professional qualifications and experience required to provide the services.

## **3 Implementation**

### **3.1 Risk management and responsibilities**

Leadec understands the implementation of human rights and environmental due diligence processes as a continuous, comprehensive task that requires an appropriate management system and corresponding organizational set-up. Leadec has established governance structures that are continuously improved to ensure that:

- a. risks relating to human rights and environmental rights are identified and prioritized through regular and ad hoc analyses,
- b. these risks are addressed with effective preventive measures and, in the event of violations, with appropriate remedial measures,
- c. measures are integrated into all relevant functions and operational processes,
- d. the effectiveness of the selected preventive and remedial measures as well as the complaints procedure are regularly reviewed.

Safeguarding human and environmental rights in our business activities and in the supply chain is of paramount importance to Leadec. The Board of Management therefore receives regular and ad hoc information about the measures taken to implement and comply with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz). The monitoring of legal due diligence requirements and processes in accordance with the Supply Chain Due Diligence Act, in particular risk management, as well as the implementation of the policy statement has been assigned to the Human Rights Committee, which reports directly to the Board of Management on a regular basis, at least once a year, as well as on an ad

hoc basis. Within the individual Leadec companies, compliance officers perform the compliance tasks relating to the Declaration of Principles.

Responsibility for effective implementation lies primarily with the relevant operating units of the Leadec Group companies, which must fulfill the due diligence obligations that apply to them.

Experts in HR & Organization (for labor and social standards), Occupational Health & Safety, Purchasing, Global HSE and Global Sustainability work risk based to ensure that Leadec respects the relevant human and environmental rights in its own operations.

Purchasing is responsible for guiding the due diligence processes in the supplier network.

Other departments such as Occupational Health & Safety, Global HSE and Global Sustainability also report regularly and as required, and additionally in accordance with defined requirements in the context of the Supply Chain Due Diligence Act, to the internal bodies responsible for monitoring the Supply Chain Due Diligence Act, in particular the Human Rights Committee.

### **3.2 Risk analysis**

Leadec views human rights due diligence as an ongoing process with a constantly changing environment. Leadec conducts annual analyses to identify potential and actual negative impacts on human rights and the environment in its business and at direct suppliers. This also applies to newly developed and expanded business activities.

Along the global value chains, the following groups of people may in principle be affected with regard to human rights and environmental issues either potentially by our business activities or in the course of their business activities:

- Own employees (including temporary staff and trainees),
- Business partner employees,
- Employees in the direct and indirect supply chain,
- Groups of people with indirect links to the supply chain: members of local communities and indigenous peoples.

To effectively perform due diligence, Leadec identifies those individuals within these groups who are at higher risk of adverse human rights impacts. These potentially affected persons occupy a separate position within our due diligence processes.

### **3.3 Risk identification, risk analysis and assessment, and prioritization of risks**

As a result of the risk analysis, we have identified the following human rights and environmental risks; these correlate with our industry, our company profile and regional activities.

In our own business area, we see risks abroad (Mexico, Poland, India, Brazil, China) in the areas of environment, discrimination, working conditions & wages, corruption & bribery; these are classified as medium after concrete analysis, weighting and prioritization.

For suppliers, we see risks abroad (varying by region and sector) in the areas of forced labor & mistreatment, freedom of association & collective bargaining, health & safety, corruption & bribery. Following concrete analysis, weighting and prioritization, these are classified as medium

### **3.4 Preventive and corrective measures and effectiveness testing**

#### **Prevention measures**

Leadec conducts regular and mandatory internal compliance training. If there is an actual risk that our business activities cause or contribute to negative effects on human rights, Leadec has developed efficient processes to counter these risks. Appropriate preventive measures are a fundamental part of these processes.

Leadec has implemented directives to express the commitment regarding the respect for human rights in its own business and on the part of its business partners. The following directives apply as a binding framework for the daily actions of employees, suppliers, and business partners:

- **Code of Conduct of the Leadec Group:**



The Leadec Group's Code of Conduct contains requirements for areas of daily working life and a commitment by the Board of Management to act in accordance with Leadec's values.

- **Business Partner Code of Conduct for suppliers and subcontractors**

Our suppliers and subcontractors make a significant contribution to Leadec's success. Therefore, a common understanding of law-abiding, ethically correct, and sustainable actions is important to Leadec and Leadec sees this as a prerequisite and basis for cooperation. Leadec follows the imperative of sustainability and bears responsibility for the economic, ecological, and social effects of its actions. Leadec expects this equally from business partners, especially with regard to occupational health and safety, human rights, and environmental protection.

The codes are published internally and externally.

In addition, Leadec maintains an internal control system with numerous directives, including (but not limited to)

- **Compliance directive**
- **Diversity & inclusion directive**
- **Risk management directives**
- **Sustainability directive**
- **Purchasing directive**

The directives are announced to the employees in the House of Governance. Leadec ensures the implementation of the above directives through the following preventive measures in its own area of operations:

Regular training of employees in the individual departments, e.g., purchasing, ensures high quality in the implementation of the human rights and environmental strategy and awareness of the relevance of the issues.

Leadec counters actual human rights or environmental risks at direct suppliers with appropriate preventive measures as part of its risk management. Leadec is committed to responsible procurement of materials and services.

Leadec applies strict criteria when selecting a direct supplier, taking into account specific environmental and human rights risks. Before entering into contracts with new business partners, Leadec therefore conducts a transparent and risk-oriented reliability check to the extent permitted by law, which is part of the respective purchasing department's responsibility, and contractually obligates its direct suppliers to comply with the human rights and environmental expectations set forth in the Business Partner Code of Conduct. Business Partners are required to enforce compliance with the minimum standards set out in the Business Partner Code of Conduct with their own suppliers and subcontractors as well.

If Leadec has actual indications (substantiated knowledge) that violations may exist at an indirect supplier, the originator is immediately involved in the risk management and risk analysis and corresponding preventive and remedial measures are developed in a supportive manner.

### **Remedial action**

If the breach is within Leadec's own business, Leadec will ensure a termination of the breach and, where necessary, enter into an agreement for redress. If the breach is with a direct supplier or a stakeholder in our supply chain, Leadec will seek appropriate remediation and redress through the following remediation actions:

- Leadec expects and requires direct suppliers to immediately end actual human rights violations. If required, Leadec supports business partners in implementing necessary measures and, where necessary, develops a concept for ending the violation with defined deadlines and responsibilities together with the stakeholder causing the violation. Leadec reserves the right to pause or terminate the business relationship if no termination of the violation occurs. Such steps may be waived, if applicable, if the business partner credibly assures and can prove that it has taken immediate countermeasures to avoid future violations. Leadec reserves the right to take further legal steps, in particular claims for damages, in the event of a violation of the Business Partner Code of Conduct.

In the supply chain, especially with indirect suppliers, the companies of the Leadec Group take action when they have substantiated knowledge. Leadec initially responds to justified

suspicious of violations that have already occurred or specific indications from ongoing media monitoring with an ad hoc risk analysis.

### **Effectiveness testing**

Leadec ensures its due diligence with regard to human rights with the measures described. However, global conditions and our business environment are constantly changing. For this reason, Leadec reviews the effectiveness of all the measures described annually as well as on an ad hoc basis and makes adjustments where necessary. Our established control instruments include employee surveys, audits, and comprehension checks following training in our own business. In the supply chain, Leadec checks the effectiveness of measures through continuous analyses, risk-based audits, and on-site visits. Leadec sees respect for human and environmental rights as an ongoing process in which we continuously strive for improvement.

### **3.5 Complaints and information**

All persons have the option and the right to report violations or suspicious cases to Leadec. The report can be made anonymously.

In the complaint system Leadec Integrity Line [leadec - Homepage \(integrityline.com\)](https://www.leadec.com/integrityline.com) which can be accessed via the Leadec website under the menu item Compliance and which has been set up specifically for this purpose, all persons can quickly and easily, as well as anonymously, point out human rights and environmental risks and violations of human rights-related or environmental obligations under the German Supply Chain Due Diligence Act (LkSG). Rules of procedure published in the complaints system describe the complaint procedure. Leadec assesses each report individually and takes appropriate action on an individual basis. Leadec works continuously to make the complaints mechanisms easily accessible and effective for potentially affected groups along the value chain. The persons entrusted by the company with the implementation of the procedure offer a guarantee of impartial action; in particular, the complaint handlers are independent and not bound by instructions. They are bound to secrecy. Leadec ensures that all reported concerns are investigated and informs complainants during the process. Leadec strives for an appropriate redress of grievances by the responsible body.



If, based on concrete indications, an employee believes in good faith that a violation of laws or the Code of Conduct has occurred or could occur, he or she may exercise his or her right to report such a violation or suspected case to Leadec and shall not expect any disadvantages of any kind as a result. Leadec will, if necessary, take measures in individual cases to protect the reporting employee against such disadvantages. To the extent legally possible, Leadec will treat confidentially the identity of employees who have reported a violation or suspicion thereof in accordance with these requirements. Leadec shall review the effectiveness of the existing complaint system once a year as well as on an ad hoc basis if Leadec has to expect a changed or extended risk situation in its own business or at the direct supplier, for example due to the introduction of new products, projects, or a new business field. The measures are to be repeated immediately if necessary.

### **3.6 Scope**

The scope of corporate due diligence extends across the Leadec Group's own business operations incl. all affiliated companies over which we as Leadec have a determining influence, as well as to employees and business partners along the entire supply chain, to the extent permissible and not otherwise required on a country-specific basis.

### 3.7 Documentation, communication, announcement, and report

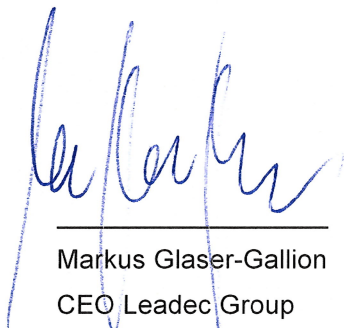
Leadec documents the human rights due diligence activities in its own business area and in the supply chain and reports on the current human rights and environmental due diligence processes as required. Like the grievance procedure, further documents on the implementation of due diligence such as the Codes of Conduct are available on our website. This Policy Statement is communicated internally (to all employees and their representative bodies) and externally and is therefore publicly available on our website.

### 3.8 General


In individual countries, business areas, or markets, or vis-à-vis business partners, stricter regulations may exist than those described in this Policy Statement. In such cases, the stricter regulations must always be applied.

In the event of conflicts between national legislation and the content of this Policy Statement, the relevant bodies will work with the relevant Leadec company to achieve an effect that comes closest to the pursued objective of this Policy Statement. Where necessary, Leadec will work out and follow up on improvement measures to close potential gaps in a reasonable time without violating the law of the respective country.

No rights of individuals or third parties may be derived from this Policy Statement.



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