

Declaration of principles on human rights and environmental rights

Foreword

As a family-owned group of companies, Scheidt & Bachmann contributes to the development of sustainable and safe mobility with its various business divisions and its innovative products and systems. As part of our international business activities, we are aware of our special corporate responsibility within the global value chain. Our actions are geared towards ensuring that the impact of our business activities and those of our suppliers are in harmony with people and the environment. Our aim is therefore to strengthen human and environmental rights along our value chain and to prevent, mitigate and remedy any violations of these rights. In order to fulfill this responsibility, the management of Scheidt & Bachmann GmbH, as the parent company of the group of companies, has adopted this declaration of principles. It complies with the requirements of Section 6 (2) of the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz - LkSG).

Respecting the rights of every individual and protecting the environment and resources in a sustainable manner have always been at the heart of our corporate identity. We live by these core values both in our own business activities and in our cooperation with our business partners. They apply to all employees of the Group worldwide.

Confession

Scheidt & Bachmann is guided by the principles of the following internationally applicable standards and guidelines when anchoring human rights and environmental rights within its own business activities and global supply chains:

- Universal Declaration of Human Rights of the United Nations (UN)
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- National Action Plan for Business and Human Rights of the Federal Republic of Germany (NAP)
- Principles of the United Nations Global Compact (UNGC)
- The 17 international Sustainable Development Goals (SDGs)

In the course of our business activities, people along the supply chains and at Scheidt & Bachmann are exposed to various human rights and environmental risks. In order to protect those potentially affected from these risks, Scheidt & Bachmann has developed a risk management system that creates the basis for fair cooperation with our employees, business partners and suppliers. We see this risk management as a continuous process that is firmly integrated into our operational procedures and is subject to regular adjustment.

In order to manage risks in our own business activities and along the supply chain in a proportionate and targeted manner, we have established a multi-stage risk management process. This process enables us to identify human rights and environment-related risks in our own business activities and within our supply chains, take targeted measures and take remedial action where necessary. The process described below forms the basis of this holistic and continuous risk management within the framework of the LkSG. The centralized corporate purchasing department of the Scheidt & Bachmann Group forms the interface between all companies of the Group and the suppliers and is therefore responsible for the risk management of the supply chain.

Risk analysis of own business activities and supply chains

The risk analysis is used to determine and assess the potential and actual impact of the company's own business activities and the entire supply chain with regard to human rights and environment-related risks. The starting point for this process is an abstract risk analysis in which the company's own business activities and supply chains are examined for their country- and sector-specific risks. Scheidt & Bachmann involves external experts for this purpose.

As part of the risk analysis of the company's own business activities, all affiliated companies are analyzed and evaluated with regard to their own location and business activities.

The risk analysis of direct suppliers and indirect suppliers (event-driven) comprises an abstract analysis based on locations and industries in the first step and a concrete analysis of the main risks for each supplier in the second step. For this purpose, the relevant suppliers are faced with the respective risks and requested to provide further information in order to be able to carry out a holistic assessment.

Prioritization of risks

In view of our global business activities and our broad product portfolio, we source a wide range of products, components and services. Many of our direct suppliers are dealers and manufacturers from Europe. The indirect supply chain extends across a large number of countries, including East and Southeast Asia for electronic components. In this respect, we initially see prioritized risks for human rights and environmental rights in the indirect supply chain. We are aware that different causes of human rights and environmental risks can arise in our own business activities and along the supply chains.

Various purchasing and supplier data is used to check the plausibility of the risks. Plausible risks are weighted taking into account the expected severity of the violation of a human right or environment-related right. This includes the degree, extent and reversibility of the impairment as well as the probability of occurrence and our ability to influence it. The ability to influence results from the form of our business relationship and a potential contribution to causation based on the purchasing volume from the supplier.

Implementation of holistic risk management

We have implemented the following basic measures in the context of our risk management:

- We review annually the extent to which there are risks of violations of human and environment-related rights in our own business activities and at our direct suppliers and, on an ad hoc basis, at our indirect suppliers, and whether there are any changes to the existing risk assessment.
- The results of the risk analysis are incorporated into the decision-making processes for both supplier selection and the strategic operation of supplier management.
- Immediate suppliers are subjected to a corresponding risk analysis at the beginning of the business initiation process.
- Preventive and remedial measures are taken in accordance with Sections 6 and 7 LkSG. These measures are based on the identified risks and violated rights, taking into account proportionality and appropriateness.
- Preventive and remedial measures are reviewed for their effectiveness and further developed as part of a re-evaluation of the risks.
- The risk management processes and this policy statement are reviewed annually and adjusted accordingly if necessary.
- All results, measures, procedures and effectiveness are documented and published annually in a report. Scheidt & Bachmann GmbH will report to the Federal Office of Economics and Export Control for the first time from the 2024 financial year as part of the statutory obligation under the LkSG.

Complaints management

A complaints procedure has been set up for the entire Scheidt & Bachmann Group. Potentially affected persons can report their concerns via the company website. The protection of whistleblowers required by the LkSG is guaranteed. Internally defined processes ensure efficient and controlled processing, which is coordinated by Compliance Management with the involvement of the Human Rights Officer. We encourage our own employees to report potential violations of the protected legal interests of the LkSG.

Expectations

This declaration of principles applies to the management and all employees of Scheidt & Bachmann GmbH and its affiliated companies in accordance with §§ 15 ff. AktG (German Stock Corporation Act). We expect from our suppliers and business partners to live by the values and principles to which we are committed in this declaration of principles and to proactively support us in preventing and remedying any risks.

Mönchengladbach, 01.01.2024



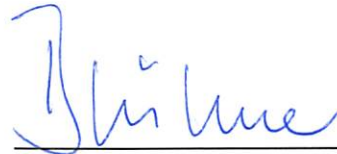
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