

Policy statement of the Murrelektronik Group pertaining to human rights and environmental due diligence obligations

Preamble

The Murrelektronik Group is an international automation specialist in a wide range of industries spanning over 50 countries. Thanks to our innovative products and solutions, we create decisive competitive advantages for our customers, in particular, by minimising CO2 emissions in the usage phase. Within prevailing global supply chains, we are acutely aware of our social responsibility. It is our deep-seated conviction that respect for human rights and the preservation of the environment are indispensable for sustainable business success. We are, therefore, committed to strengthening human and environmental rights, preventing violations and taking appropriate remedial action against any violations. In this spirit, and with this policy statement, we hereby commit to respecting human rights and environmental due diligence obligations in our own business, as well as along our global supply and value chains.

International standards and guidelines

The Murrelektronik Group bases all its business activities on the Murrelektronik Code of Conduct, and, in particular, on the following internationally applicable standards and guidelines:

- the Universal Declaration of Human Rights of the United Nations (UN)
- the United Nations Guiding Principles on Business and Human Rights (UNGPR)
- the conventions and recommendations of the International Labour Organization (ILO) on labour and social standards
- the principles of the United Nations Global Compact (UNGC)
- the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- the Stockholm Convention on Persistent Organic Pollutants
- the Minamata Convention on Mercury

Scope

This policy statement applies to Murrelektronik GmbH and all relevant affiliated companies of the Murrelektronik Group. It contains binding principles on respect for human rights and fair working conditions, it forms the basis of our societal responsibility throughout our value chain and demonstrates our corporate due diligence obligations to respect human rights vis-a-vis our employees, suppliers and business partners, as well as wider society in general.

Responsibilities and organisation

The management team of Murrelektronik GmbH is responsible for ensuring respect for human rights and compliance with environmental due diligence in our own business area, as well as along our supply value chains.

A Human Rights Officer has been appointed to monitor and ensure the efficacy of all measures. The latter informs the management team at regular intervals – at least once a year – about ongoing risk management measures, identified risks, reports and remedial measures. The Compliance Committee is responsible for the operational implementation of all necessary measures. This Committee consists of members from the Quality, Global Procurement, Supply Chain Management, Human Resources and Compliance departments. The Compliance Committee systematically evaluates these processes, in order to minimise human rights and environmental risks in advance.

The respective management function of the relevant Group companies is responsible for the local implementation of (and compliance with) the due diligence obligations and principles laid down here, whereby the central Compliance Committee and the Human Rights Officer accompany and monitor the proper implementation.

All employees of the Murrelektronik Group are obliged to comply with the principles laid down by law and, in addition, those set out in this policy statement.

Risk management according to Section 4 (1) German Supply Chain Due Diligence Act (LkSG)

The implementation of human rights and environmental due diligence obligations is ensured by a risk management system that covers the risks faced in the company's own business operations, as well as in the supply chain, and is subject to continuous further development. To this end, the above responsibilities and authorisations have been defined, which anchors the principle of risk management in all relevant areas and business processes. The Compliance Committee, as well as the Human Rights Officer, monitor the fulfilment of all pertinent due diligence obligations with regard to existing responsibilities and risk management (Section 4 [3] German Supply Chain Due Diligence Act [LkSG]).

Risk analysis according to Section 5 (1) German Supply Chain Due Diligence Act (LkSG)

The risk management system in place includes, in particular, a risk analysis to be conducted at least annually, in order to identify human rights and environmental risks. In addition, event-related risk analyses are carried out if substantial indications pertaining to a possible violation at an indirect or direct supplier become known, or if changes in our business activities may lead to significantly changed or new risks. The findings from said risk analysis serve as a basis for targeted preventive and remedial measures.

When identifying potential risks, we focus on:

- the proprietary business area – including all employees
- the business area of our relevant group affiliated companies
- our suppliers

In methodical terms, we determine risks according to defined criteria. If a risk is identified, remedial action is taken immediately by the Compliance Committee. The risk analysis is carried out with the help of a software tool in two essential steps:

Step 1: Abstract consideration of pertinent risks

First, classification and evaluation are carried out according to country- and commodity group-specific indices. This is a risk classification of the individual commodity groups and countries to which our suppliers and companies belong. The risk profile of the country and the commodity group in question is assessed using a wide range of indices.

Step 2: Detailed consideration of the risks

Suppliers associated with an increased risk due to country- and commodity group-specific indices are subjected to further scrutiny. Part of this further assessment is the creation of a so-called 360° score. The contents of this score are the actual determinations of risks and injuries. A classification is made in the relevant areas of the German Supply Chain Due Diligence Act (LkSG) so that a targeted risk assessment can be made. In the subsequent assessment of the ongoing review and any action taken on this basis, the ability to influence the supplier is taken into account.

Within the proprietary business area, the risk analysis is carried out by means of a comprehensive audit catalogue, and is equally complemented by the above analysis measures.

In order to ensure the efficacy of our risk management approach, all relevant due diligence processes within our organisation and with our business partners are regularly evaluated and monitored for effectiveness. Our risk analysis complies with the corresponding requirements of the BAFA handout “*Determining, weighting and prioritising risks*”.

The risk analysis was conducted for the first time in 2023 in our proprietary business division – including the relevant Group-affiliated companies in accordance with Section 2 (6) German Supply Chain Due Diligence Act (LkSG) – as well as at our suppliers, in order to use the knowledge and experience gained to support us going forward in managing and improving the measures and activities within the framework of the German Supply Chain Due Diligence Act (LkSG) in a targeted manner.

Identified risks according to Section 6 (2) No. 2 German Supply Chain Due Diligence Act (LkSG)

The results of the risk analysis are updated annually and written down and published in a separate document.

Preventative measures according to Section 6 (3-5) German Supply Chain Due Diligence Act (LkSG)

We use appropriately effective preventive measures to avoid human rights and environmental risks.

These include a voluntary commitment to the Murrelektronik Code of Conduct and the obligation of our suppliers to comply with the Murrelektronik Supplier Code of Conduct. All employees are required to fully comply with applicable laws and internal policies at all times.

Our procurement strategy is to ensure that all our direct suppliers accept our Supplier Code of Conduct as the cornerstone for any legally compliant form of cooperation. All suppliers must adhere to the legal and moral principles to which we have committed ourselves. They shall continue to comply with internationally and nationally applicable laws and the core labour standards of the International Labour Organization (ILO), and pass on this commitment throughout their own supply chain. In our Supplier Code of Conduct, we reserve the right to carry out on-site inspections of our suppliers on an ad-hoc basis, in order to reduce the risk of human rights and environmental property rights violations. Regular supplier self-disclosure efforts and/or a review of existing certificates of the relevant suppliers ensure compliance

with the law. In the case of identified violations or other anomalies with a risk of future violations, an action plan is to be drawn up together with the supplier, which is reviewed for its efficacy according to a specified schedule.

Specific German Supply Chain Due Diligence Act (LkSG) training aims to sensitise our employees to the relevant human rights and environmental risks:

- Training on human rights and environmental due diligence
- Occupational safety training
- Training on energy and environmental management

These training sessions are conducted regularly and are documented by means of a training certificate.

A software tool currently in use analyses news about suppliers from publicly available online media sources and social networks in around 150 countries worldwide, and automatically notifies us of potential risks with highly relevant and specific alerts.

Remedial measures according to Section 7 German Supply Chain Due Diligence Act (LkSG)

If we become aware of an actual or potential breach, we will review this information and take appropriate remedial action. For this purpose, an instruction for action has been issued, which is applied in the case of corresponding events. We take all reports very seriously and check them immediately. Actual violations within the proprietary business area will be stopped immediately by taking appropriate measures. In the event of violations attributable to our direct suppliers, depending on the human rights or environmental obligation and the extent of the violation, we will take appropriate measures within the framework of our procurement strategy, supplier management or other processes within the purchasing environment, which in a worst case may extend to the termination (or suspension) of the business relationship. If an identified violation cannot be remedied by way of reasonable means, measures are taken to prevent it in the future and to minimise its impact.

Complaint mechanism according to Section 8 German Supply Chain Due Diligence Act (LkSG)

Violations that have become known (or are justifiably feared), as well as other serious misconduct, must be disclosed so that they can be prevented and, if necessary, appropriately punished.

Our complaints procedure enables our employees, as well as external third parties, to anonymously report suspected violations of human rights and environmental protection and to contact us. All information is evaluated in confidence, carefully and transparently by the Compliance Committee. If a suspicion is confirmed, appropriate remedial action is taken.

Points of contact: Compliance Officer

Phone: +49 7191 47-0

Address: Compliance Officer

Falkenstraße 3

71570 Oppenweiler

E-mail: compliance@murrelektronik.de

Website: [Whistleblowing system](#)

We facilitate an open and trust-based approach to communication with both external and internal stakeholders, in order to ensure the sustainable development of the Murrelektronik Group.

Documentation and reporting according to Section 10 German Supply Chain Due Diligence Act (LkSG)

Based on prevailing statutory requirements, the human rights and environment-related risk management process is documented internally on an ongoing basis. We will provide information on the results of the risk analysis and on the review of its effects, as well as on the preventive and remedial measures annually on our homepage – including vis-a-vis the authority (BAFA – Federal Office of Economics and Export Control).

Continuous further development

This policy statement and our human rights and environmental due diligence processes are the subject of continuous review and adapted in light of our experience, the development of our business and all pertinent national and international legislation.

As of 03.07.2023

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Dr Ulrich Viethen
Managing Director