

Policy Statement LkSG

01.07.2024

Declaration of principles for social responsibility and human rights

Introduction

Respecting human rights and protecting the environment is one of the Edelmann Group's core values. This policy statement describes the underlying human rights strategy that we support, promote and continuously develop. It is based on the requirements of the German Supply Chain Law (LkSG) and reflects our commitment to ensuring decent working conditions and the protection of human rights for all workers, including temporary and migrant workers, student workers, agency workers, permanent employees and all other types of workers in our operations and throughout our supply chain. Our principles for respecting and protecting human rights and the environment are described in detail in our ESG policy.

Scope

This policy applies to all companies of the Edelmann Group worldwide and all of its legal entities. It covers all employees, managers, contractors and business partners. We also expect our suppliers, service providers and partners to commit to high ESG standards and to work to protect and preserve our livelihoods, as set out in our Supplier Code of Conduct.

Respect for human rights and protection of the environment

We recognize universal human rights and are committed to respecting and promoting them in all our business activities. This includes, in particular, the prevention of child labor, forced labor and discrimination as well as the promotion of fair working conditions. Our human rights strategy is based on international standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the core labor standards of the International Labor Organization (ILO).

We are committed to the principles of the Universal Declaration of Human Rights, including the International Bill of Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We are also guided by the following human rights standards and guidelines, among others:

- OECD Guidelines for Multinational Enterprises
- UN Convention on the Rights of the Child and Women's Rights
- United Nations Guiding Principles on Business and Human Rights and their implementation based on of the National Action Plan for Business and Human Rights (NAP)
- Paris Agreement on Climate Change
- Minamata Convention
- Basel Convention
- Stockholm Convention
- Principles of the UN Global Compact



Responsibility in the supply chain

We expect our suppliers and business partners to adhere to the same high standards. We work closely with them to ensure that human rights and environmental due diligence obligations are met. This includes the regular review and assessment of supply chain risks.

Transparency and reporting

We are committed to transparency in our business processes and to regular reporting on our progress and measures in the area of social responsibility and human rights. This includes the publication of an annual report in accordance with the requirements of the LkSG.

Training and sensitization

We promote the awareness and training of our employees and business partners with regard to human rights and social responsibility. Through training programs and workshops, we ensure that everyone involved is informed about their duties and responsibilities.

Complaints mechanisms

We have established an effective grievance mechanism in accordance with UN Guiding Principle 31 and the Whistleblower Protection Act, which allows concerns about business ethics, human rights or other issues to be raised anonymously, confidentially and without retaliation. For the early detection of grievances, business partners, interested parties and other third parties are expressly requested to report violations of this Code of Conduct as well as risks of a human rights or environmental nature to the Edelmann Group via our whistleblower system. This also applies in particular with regard to violations and risks in the business areas of the supplier's upstream suppliers and subcontractors.

Our whistleblower system is available for this purpose, which enables anonymous, confidential and secure communication with the investigation team: [Speeki Webportal](#)

Every reported tip-off is followed up, with particular care being taken to ensure that the whistleblower in question does not have to fear reprisals or other disadvantages as a result of using the whistleblowing system. We want to use the feedback to initiate a continuous improvement process.

Procedure for compliance with obligations

We have developed a comprehensive procedure to fulfill our obligations under § 4 (1), § 5 (1), § 6 (3) to (5) and §§ 7 to 10 of the LkSG. This process includes the identification, assessment and mitigation of human rights and environmental risks in our supply chain.

To this end, a cross-functional team has been formed from the ESG and Purchasing departments to embed human rights and environmental protection expectations in all relevant business processes. This team has developed and implemented processes for reviewing the supply chain, contacting suppliers and employees, due diligence and risk management.



In the lead function, an employee was externally trained and entrusted with the tasks of a human rights officer in accordance with the LkSG (“Human Rights Officer”) and officially appointed. The core task of the Human Rights Officer is to monitor risk management in accordance with Section 4 (2) LkSG. In order to fulfill this task, the Human Rights Officer is provided with all necessary resources and granted corresponding powers, e.g. the right to inspect files and the right to request information. The Human Rights Officer reports to the management of the Edelmann Group at regular intervals, but at least once a year, on the implementation of monitoring activities.

Riskanalysis

For the risk analysis, we use EcoVadis, an established sustainability platform for risk management in global supply chains.

The risk analysis is carried out in three steps:

- **Identification of abstract gross risks:** Automated risk mapping of the entire supply base based on country and industry risks. AI-based collection of public sustainability information from suppliers.
- **Analysis of concrete net risks:** In-depth, evidence-based risk assessment of selected suppliers with EcoVadis ratings and validation by experts. The results are presented in dashboards and scorecards.
- **Continuous risk monitoring:** Ongoing assessment of new and existing suppliers through contactless AI data mining and live news monitoring. Suggestions for corrective measures and their follow-up.

Based on the results of the abstract risk analysis, we have asked our suppliers to undergo the EcoVadis sustainability assessment process. This enables us to identify the relevant risks for our high-risk suppliers.

The sustainability assessment methodology used by EcoVadis measures the quality of a company's sustainability management system based on its commitment, measures and results. The assessment considers various sustainability topics, including the human rights and environmental risks listed in the LkSG (Section 2 (2) and (3)). The assessment process is based on a questionnaire completed by our suppliers, which requires them to provide EcoVadis with formal, up-to-date and trustworthy documentation related to their company's sustainability management system. EcoVadis also draws on external compliance databases and public sources (such as international agencies, trade media and NGOs) to identify negative findings and potential human rights violations and environmental risks.

A team of expert sustainability analysts reviews the documents submitted by the company as well as information from external sources and publishes scorecards that provide a score from 0 to 100 for each supplier, as well as a number of strengths and areas for improvement. The improvement areas related to the LkSG risks are evaluated to inform us of the risks identified and serve as the basis for implementing targeted corrective action plans and preventive measures.

Priority human rights and environmental risks are identified on the basis of this risk analysis. This analysis helps us to take targeted measures to minimize these risks and ensure compliance with human rights and environmental standards.



In accordance with this process, the following risks were given at least a high or medium priority for action:

- Import and export of hazardous waste under the Basel Convention
- Worker health and safety
- Child labor, forced labor and human trafficking
- Social dialogue
- Pollution
- Diversity, discrimination and harassment
- Failure to pay decent wages
- Prohibition on hiring or using private or public security forces
- Prohibition of persistent organic pollutants under the POPs Convention
- Use of mercury under the Minamata Convention

These risks are appropriately weighted and prioritized according to the ability to influence the direct causer, the expected severity of the injury, the reversibility of the injury and the probability of the injury occurring.

Preventive measures

We have implemented appropriate procurement strategies and risk-based control measures to avoid and mitigate identified risks. The effectiveness of all measures (internally and vis-à-vis direct suppliers) is regularly reviewed.

Expectations for employees and suppliers

Based on the results of our risk analysis, we have defined clear human rights and environmental expectations for our employees and suppliers. These expectations are anchored in our codes of conduct and supplier agreements and are regularly reviewed and updated.

Compliance with environmental standards

We are committed to complying with international environmental guidelines such as the Minamata Convention on Mercury Emissions and the Stockholm Convention on Persistent Organic Pollutants. These agreements aim to protect human health and the environment from harmful chemicals.

Closing words

This policy statement is an integral part of our corporate philosophy and our commitment to sustainable and responsible business practices. We will continuously work to improve our processes and do our part to promote human rights and social responsibility.



Allocation of Responsibility and Policy review

A dedicated ESG team has been appointed by management. The policy is regularly updated by the ESG team, and all changes will be communicated to interested parties. Please direct any questions you may have to the Human Rights Officer.

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