



Thinking and acting freely, sustainably and ethically has been important to us as a family business for four generations. We are convinced that socially, ecologically and socially responsible action promotes and secures the economic success of our company.

In accordance with the principle "**protect what we love together**", the protection of people and the environment is a central concern for us, whether within our group of companies or throughout our entire value chain.

Since January 1, 2023, we are subject to the German Supply Chain Due Diligence Act (LkSG). We have taken this as an opportunity to summarize our activities and approaches in the area of human rights and environmental protection in a strategy. In the following, we are laying down,

- how we are fulfilling our obligations under the LkSG,
- what priorities we set in doing so, and
- what expectations this places on our colleagues and suppliers.



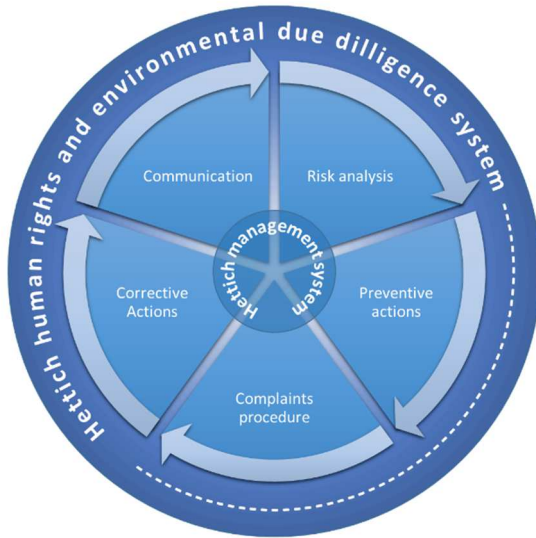

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How do we meet our obligations?



In accordance with our mission statement on human rights and environmental due diligence, our due diligence process is based on five elements:

- Risk analysis,
- establishment of preventive measures,
- complaints procedure,
- remedial measures and
- communication.

These elements are influencing each other, are continuously adapted and are anchored in our management system. We view implementation as a continuous process with the aim of constantly improving ourselves. We look forward to exchanging with our stakeholders and will report regularly on our progress both internally and externally.

- **Risk analysis** is primarily carried out by using an AI-based risk management system. In addition to abstract risks (industry and country risks), this system also provides us with publicly available information relating to individual suppliers. In addition, we draw on internal knowledge that we have gained, for example, through company inspections or audits, whether by ourselves or by third parties. We are combining these two sources in order to obtain a risk picture that is as accurate as possible.
- As **preventive and corrective measures**, we are using a coordinated set of tools to continuously advance ourselves and our suppliers in the area of human rights - from topic-related training, exchange and networking formats, audits, to business restrictions or, as a last resort, the termination of the business relationship.

The following key questions are helping us to prioritize and select measures:

- How likely it is that an identified risk will actually occur and how serious would the consequences be?
- What influence do we have to minimize an identified risk or end a violation that has occurred?
- What contribution do we possibly make, directly or indirectly, to a risk resulting in an actual injury?

The more likely a risk and the more serious the consequences, the greater our influence and contribution, the more we will focus on these risks or the part of the supply chain where they are present.

- Legally compliant behaviour is the basis of all our actions. We have set up a **whistleblower portal** (www.hettich.com/whistleblowing) to report possible violations of legal regulations or voluntary commitments. The system can be used in various languages and, if desired, anonymously, and is available to all persons both inside and outside the company.
- We have set up **communication and training material** for different internal and external stakeholders (co-workers, suppliers, customers, suppliers), as well as the general public, which we are using based on function and/or need.
- The requirements of the LkSG are comprehensively implemented in our internal **processes and guidelines**. Particularly noteworthy are



- Our supplier risk management process: This combines our demands on our suppliers with binding specifications for our purchasing department and defines how the risk level of our suppliers is reflected in their selection, development and management.
- Our supplier approval process: This sets out the conditions that our suppliers must meet with regard to LkSG risks in order to be approved by Hettich.
- Our **human rights officer** monitors our LkSG risk management.

What are our priorities?

We are monitoring our suppliers on an ongoing basis, but have not yet been able to identify any high-priority risks in relation to individual suppliers. Our focus is therefore on refining and further developing our risk analysis.

However, audits in our group's own business area revealed that individual administrative processes of a personnel service provider with regard to working hours and payroll accounting did not fully meet our expectations. Appropriate corrective measures were initiated and consistently followed up.

No submissions on LkSG-related topics were submitted via the established complaints procedure (see above) for 2023 (as at 14.12.2023).

What expectations do we have of our employees and our suppliers?

Our expectations are derived from our sustainability strategy and are expressed in the following documents in particular:

- Our **sustainability principles**, according to which we are committing ourselves to implementing our claim to respect human rights throughout our entire supply chain
- Our **Code of Conduct for all Hettich employees**. In it, we commit ourselves to respecting and protecting the human rights and dignity of all persons with whom we come into contact at Hettich. This includes the creation of a safe and healthy working environment, the right to freedom of association and unionization, non-discrimination and a commitment to diversity within the company.
- Our **Code of Conduct for business partners**, which forms the basis for cooperation with Hettich. It formulates our expectations of our business partners, including with regard to legally compliant behaviour as well as social and ecological sustainability. We are expecting our business partners to identify and minimize human rights and environmental risks in their own context and to work with us in a spirit of trust in this regard. In our cooperation, we follow the principle of "empowerment before withdrawal", i.e. our focus is on promoting and qualifying our suppliers. However, the Code of Conduct also sets out possible measures and sanctions in the event of violations and makes it clear that the last resort may be to terminate the business relationship.

If you would like to find out more about our activities in the area of human rights and environmental protection, take a look at our [Sustainability Report 2023](#).