



 **MARBACH**



POLICY STATEMENT

MARBACH GROUP



PERFORMANCE
since 1923

CONTENT

| | |
|---|---|
| Prologue | 3 |
| 1. Human rights and environmental strategy | 4 |
| 1.1. Basic understanding | 4 |
| 1.2. Health and safety | 4 |
| 1.3. Observance of human rights | 4 |
| 1.4. Environment, energy and climate protection | 5 |
| 2. Process description | 6 |
| 2.1. Risk management | 6 |
| 2.2. Risk analysis | 6 |
| 2.3. Preventive measures | 7 |
| 2.3.1. Implementation of appropriate procurement strategies | 7 |
| 2.3.2. Training and competence building | 7 |
| 2.3.3. Implementation of risk-based control measures | 7 |
| 2.4. Remedial measures | 7 |
| 2.5. Complaint procedure | 8 |
| 2.6. Reporting obligations | 8 |
| 2.7. Regular review | 9 |
| 3. Risk analysis | 9 |

PROLOGUE

Human rights principles and environmental protection principles are firmly anchored in the United Nations 2030 Agenda for Sustainable Development. As a global market leader in die cutting technology, we at the Marbach Group are aware of our responsibility and are committed to respecting human rights and the environment along our company's value chain, to identifying human rights and environmental risks, and to responsibly reducing identified risks.

Our actions are in line with the relevant legal regulations. We are guided by ethical values and principles, in particular integrity and probity as well as respect for human dignity, as set out in the principles of the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the core labor standards of the International Labor Organization (ILO) as well as the United Nations Guiding Principles on Business and Human Rights.

In implementing its human rights and environmental due diligence, the Marbach Group is subject to the requirements of the German Supply Chain Due Diligence Act (LkSG). Among other things, the LkSG requires, pursuant to Section 6 (2) of the LkSG, the publication of a policy statement outlining the company's strategy for protecting human rights and fulfilling its environmental obligations. Key elements of this policy statement are the description of the procedures Marbach uses to fulfill its legal obligations and the presentation of the human rights and environmental risks and expectations for our employees and suppliers identified on the basis of an annual risk analysis.

We understand the comprehensive risk analysis as a core requirement of the LkSG as an important basis for continuous progress in our human rights and environmental due diligence.

This policy statement applies to the Marbach Group.



A handwritten signature in blue ink, appearing to read 'P. Marbach', written in a cursive style.

Peter Marbach
Owner & Managing Director
Marbach Group

1. HUMAN RIGHTS AND ENVIRONMENTAL STRATEGY

Our human rights and environmental expectations of our employees and suppliers.

1.1. BASIC UNDERSTANDING

This Code of Conduct is based on a shared conception of socially responsible company management as defined by the following guiding principles.

We, the Marbach Group with all its locations, accept responsibility for the consequences of our business decisions and activities in respect of the legal, economic, technical, social and environmental implications as far as possible within our available scope of action. We thus contribute to the societal and economic development of the countries and regions in which we operate.

Our actions are consistent with the relevant legal regulations. We are guided by ethical values and principles, in particular integrity and honesty, as well as respect for the dignity of human beings as set out in the principles of the Universal Declaration of Human Rights of the United Nations, the OECD Guidelines for Multinational Enterprises, the Core Labour Standards of the International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights.

This Code of Conduct defines the basic principles of our actions, and we actively demand that it is observed by our employees worldwide. Its standards apply in all branch offices and business units within our company.

We expect the same basic understanding from our business partners. It is not intended to constitute a basis for third-party rights.

1.2. HEALTH AND SAFETY

We protect our employees' health by taking suitable measures in relation to health and safety at work (e.g. the implementation of a company health and occupational safety management system) that provide appropriate cover in the following areas:

- » Compliance with current laws and guidance set out in international standards relating to health and safety at work;
- » Suitable workplace design, safety regulations and provision of suitable personal protective equipment;
- » Implementation of preventive checks, emergency measures, an accident reporting system and further suitable measures for continuous improvement;
- » Provision of access to adequate quantities of drinking water and access to clean sanitary facilities for employees.

1.3. OBSERVANCE OF HUMAN RIGHTS

We pay attention to and support compliance with internationally recognised human rights and

- » respect the personal dignity, privacy and personal rights of each individual;

- » protect and uphold the right to freedom of speech and freedom of expression;
- » do not tolerate unacceptable treatment of employees such as physical and psychological hardship, sexual and personal harassment or discrimination.

Prohibition of child labour

We do not tolerate any child labour. We do not employ any employees who cannot prove that they are at least 15 years old, and we require proof of age to be submitted. For countries which fall within the exception for developing countries according to ILO Convention No. 138, the minimum age can be reduced to 14 years. We do not hire employees for dangerous work who, according to ILO Convention No. 182, cannot prove that they are at least 18 years old.

Prohibition of forced labour

Forced labour, modern slavery or comparable acts that involve the deprivation of liberty are forbidden. All work must be voluntary, and it must be possible to end the employment relationship.

Freedom of association and collective bargaining

We respect the right of employees to freedom of association, freedom of assembly and to engage in collective bargaining and pay negotiations, providing this is legally permissible and possible in the relevant country in which we are operating. If this is not permissible, we look for appropriate compromises for our employees.

Promotion of diversity, equal opportunities

We encourage equal opportunities and do not tolerate discrimination. We treat all people equally regardless of gender, age, skin colour, ethnic origin, sexual identity and orientation, disability, religious affiliation, worldview or other personal attributes.

1.4. ENVIRONMENT, ENERGY AND CLIMATE PROTECTION

We act in compliance with current legislation and are guided by international standards in order to minimise negative impacts on the environment and continuously improve our activities in respect of environment and climate protection. All employees are made aware of environmental issues and the necessary training is offered. We have implemented appropriate environmental protection measures (e.g. the implementation of a company environmental management system) that cover the following topics appropriately:

- » Setting objectives, defining and implementing measures and ensuring the continuous improvement of these;
- » Environmental aspects such as the reduction of CO2 emissions, increasing energy efficiency, using renewable forms of energy, safeguarding the quality of water and reducing water consumption, safeguarding air quality, encouraging resource efficiency, reducing waste and disposing of waste in the proper way and responsibly handling substances that are dangerous to human beings and the environment.

2. PROCESS DESCRIPTION

Our procedures for implementing human rights and environmental due diligence.

2.1. RISK MANAGEMENT

Identifying risks and potential impacts and deriving effective measures from these are core elements of implementing human rights and environmental due diligence. We understand the fulfillment of this responsibility as a continuous process of improvement. Early identification of human rights and environmental risks plays an essential role in an effective risk management system.

We therefore ensure that sufficient financial and human resources are available for monitoring the supply chain. Effective risk management enables us to deal more comprehensively and at an earlier stage with the assessment of any human rights issues and environmental risks in our operating business and to integrate the main risk areas. To date this has included:

- » Supplier selection process
- » Results of the CSR report
- » Evaluation of supplier audits carried out
- » Conducting an annual risk analysis of suppliers

2.2. RISK ANALYSIS

To identify potential risks in our supply chain, Marbach follows a risk-based approach. This risk-based approach is divided into three areas, which are explained in detail below:

1. Own business unit

In our own business area, an internal analysis is conducted to investigate potential risks related to human rights and environmental concerns. Our objective is to identify potential violations of relevant laws and regulations in order to take appropriate action and ensure compliance.

2. Immediate suppliers

For direct suppliers, an analysis tool is used to review the country and industry risk of each supplier with regard to the prohibitions set out in the Supply Chain Sourcing Obligations Act. Based on these findings, suppliers with an increased risk can be identified and appropriate measures undertaken.

3. Indirect suppliers

We use the same analysis tool for indirect suppliers as for direct suppliers as soon as we have indications that these suppliers may be in violation the prohibitions set out in the Supply Chain Segregation Obligations Act. Here, too, suppliers with an increased risk are identified on the basis of these findings and appropriate measures undertaken.

2.3. PREVENTIVE MEASURES

2.3.1. IMPLEMENTATION OF APPROPRIATE PROCUREMENT STRATEGIES

In case of an identified risk, the business units of Marbach are obliged to immediately develop, anchor and control appropriate preventive measures in their own business unit. The measures must be suitable for preventing or minimizing human rights violations and environmental risks. We also ensure that the defined measures are complied with and implemented in the individual business areas.

If a risk is identified with regard to direct suppliers, appropriate preventive measures are anchored immediately with regard to the direct suppliers and their implementation is monitored on a risk basis. To implement appropriate purchasing practices, Marbach has integrated human rights and environmental requirements into the supplier selection process. In addition, a Code of Conduct for our suppliers has been developed, which obligates our suppliers to comply with human rights and environmental rights.

If we have a reasonable suspicion based on factual indications suggesting the possibility of a breach of duty by an indirect supplier, we will take appropriate preventive measures and thus also support our indirect suppliers in complying with human rights or environmental obligations.

2.3.2. TRAINING AND COMPETENCE BUILDING

In order to properly fulfill our obligations, continuous and target group-oriented competence building among our employees plays fundamental role. In this context, employees of the Marbach Group receive training on the topic of the „Supply Chain Due Diligence Act“ in order to better identify potential risks.

2.3.3. IMPLEMENTATION OF RISK-BASED CONTROL MEASURES

In case of an identified risk in the supply chain, we will immediately define appropriate preventive measures towards the suppliers and control their implementation on a risk-based approach. We will ensure that the established measures are also implemented. Suppliers are monitored according to the results of the risk analysis.

2.4. REMEDIAL MEASURES

If we become aware of possible imminent or actual violations of the prohibitions of the LkSG or our Code of Conduct for Suppliers, we will immediately initiate corrective measures to prevent, end or minimize such violations. To this end, we ensure that any information received or becoming known about possible violations of the provisions of the LkSG by Marbach or by the company's suppliers will be immediately forwarded to the responsible employees.

In the own business area, the remedial measures must lead to the prevention or termination of the violation. In the case of [imminent] violations at direct suppliers, we shall work to ensure that the responsible purchasing managers immediately draw up a corrective action plan and associated

schedule for ending or minimizing (or avoiding) the violation together with the affected suppliers. We will then monitor its sustainable implementation, provided that the business relationship is to be continued. In the case of indirect suppliers, in the event of substantiated knowledge of a (threatened) violation, we will develop a concept for the prevention, termination or minimization of environmental or human rights violations and ensure its implementation.

Based on the principle of „development before termination“, we generally reserve the right to terminate the business relationship in accordance with the requirements of the LkSG. Exceptional cases include where the following is valid:

- » Very serious violations of the law
- » No remedy through implemented measures after the specified time has elapsed
- » No milder means recognizable and influence does not appear promising.

2.5. COMPLAINT PROCEDURE

Marbach offers all employees and all external third parties protected reporting channels to report violations of external and internal rules, including human rights or environmental risks as well as violations of human rights or environmental obligations caused by the economic actions of a direct or indirect supplier. Marbach's „whistleblower system“ is a company-wide, transparent, public and barrier-free accessible complaint procedure. It offers a secure reporting channel, which can be used around the clock, seven days a week, to report violations worldwide, online or by phone, and anonymously if desired. Marbach employees or managers as well as customers, suppliers and other stakeholders of our company can contact the „whistleblower system“. The „whistleblower system“ is Marbach's reporting channel for complaints in terms of §8 LkSG. All incoming tips on possible violations of the Code of Conduct are handled in a binding company-wide procedure. This procedure is impartial and resumes the innocence of the accused and ensures the participation rights of the employee representatives. The confidentiality of the identity of the whistleblower is maintained, unless the whistleblower has chosen to remain anonymous. Appropriate disciplinary measures will be undertaken in the event of verifiable violations. Marbach will not tolerate any retaliation against complainants or whistleblowers. Marbach's „Whistleblower Policy“ according to the LkSG is published on Marbach's website: www.marbach.com/en/daten/whistleblower-system.

2.6. REPORTING OBLIGATIONS

Our commitment to respect for human rights and protection of the environment is monitored by our Human Rights Officer. Progress as well as challenges are discussed with the respective departments concerned and thus improvement measures are derived. In accordance with §4 Para. 3 LkSG, the Human Rights Officer reports regularly as well as on an ad hoc basis to the managing directors on compliance with human rights, environmental and other obligations under the LkSG. Marbach's annual reports according to §10 LkSG are published on Marbach's website. Here, the Code of Conduct for the own business unit, for suppliers as well as the sustainability report of Marbach are available.

2.7. REGULAR REVIEW

The aforementioned procedures for the implementation of human rights and environmental due diligence according to the LkSG are reviewed regularly - at least once a year - and on an ad hoc basis. The risk analysis for individual prohibited actions stipulated in the LkSG also includes continuous monitoring of risk developments. Findings from the processing arising from the complaints procedure are taken into account in the review of procedures.

3. RISK ANALYSIS

Information on identified risks, their prioritization and defined preventive measures can be viewed at our company from the first quarter of the following financial year.

Notification of violations

We offer our employees and business partners access to a protected mechanism to confidentially report possible violations of the principles of this Environmental Policy.

If you have a tip, please contact us directly or anonymously at: whistleblower-DE@marbach.com

Detailed information can be found on our homepage:

www.marbach.com/en/daten/whistleblower-system



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