

## KOSTAL Guideline Human Rights and Environmental



## Introduction

KOSTAL is over 100 years old, and in all those years we have been sustainably very successful in what we have done. To continue this, fidelity to the law and acting with integrity are essential, and it goes without saying that each and every one of us is committed to this.

As a globally active group of companies with supply chains all over the world, KOSTAL accepts its responsibility to respect human rights along its supply chains in accordance with the UN Guiding Principles on Business and Human Rights (UNGP). Wherever we operate, we are committed to ensuring that human rights are taken into account there. As a member of the UN Global Compact, KOSTAL is subject to internationally recognized standards in this regard.

As a family-run company, we know how to preserve, develop and pass on a heritage for future generations. Sustainable business practices that protect the environment and resources, and putting people first, are core to preserving our heritage - perhaps even more so today than in the past.

We believe that respecting and recognizing human rights is a fundamental element of sustainable and long-term success, so we strive to develop an organizational culture that supports these rights and avoids human rights abuses in our own business and supply chains.

We are committed to respecting all internationally recognized human rights and have developed a comprehensive human rights and environmental due diligence program in line with the UN Guiding Principles on Business and Human Rights to ensure this. In addition to legal requirements such as the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz), our actions are guided by international standards, the continuous involvement of all stakeholders and cooperation between all companies of the KOSTAL Group.

We are committed to respecting all internationally recognized human rights. Our internal policies and measures have been developed in accordance with the following standards:

- United Nations Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Discrimination against Women
- ILO core labor standards
- United Nations Guiding Principles on Business and Human Rights (UNGP)
- OECD Guidelines for Multinational Enterprises
- UN Women's Empowerment Principles

Furthermore, we acknowledge the following conventions:

- Minamata Convention on Mercury





standards we have set as a global player that lives family values. That is why, in addition to the requirements of a job and the minimum qualifications, we check whether an applicant's motivation also fits in with our corporate culture.

## **2. No child labor**

Any form of child labor, including the worst forms of child labor (e.g. illegal activities or work that may affect the health, safety or morals of children) is prohibited and must be refrained from at KOSTAL. KOSTAL shall ensure that children are not hindered in their development, their childhood, dignity, health, safety and education must not be impaired and must be protected by appropriate measures. To this end, KOSTAL will verify the ages of employees and job applicants and comply with ILO Conventions No. 138 on the Minimum Age for Employment and No. 182 on the Prohibition of the Worst Forms of Child Labor.

## **3. No forced or modern slave labor**

KOSTAL expressly rejects any form of forced or compulsory labor, (modern) slavery or human trafficking and aligns its employer practices at least with ILO Conventions No. 29 on forced labor and No. 105 on the abolition of forced labor. Employees carry out their activities on a voluntary basis and are free to separate from their employer at any time in compliance with the applicable termination provisions. The freedom of movement of KOSTAL employees may not be restricted. Identification documents remain the exclusive property of the employee. KOSTAL shall not impose any financial burdens such as fees or similar on the employee in the course of recruiting or the following.

## **4. Freedom of association and the right to collective bargaining**

Employees at KOSTAL have a right to freedom of association and to have their interests represented by elected representatives in accordance with ILO Conventions No. 87 on Freedom of Association and No. 98 on the Right to Organize. KOSTAL guarantees employees the right to collective bargaining and actively recognizes the right to collective bargaining without interference, discrimination, retaliation or harassment. Employees at KOSTAL are free to form and join unions or employee representative bodies, elect their own representatives and organize their activities. This will in no way result in discrimination or disadvantage.

If KOSTAL operates in countries where the aforementioned rights are restricted by local laws, alternative local solutions are established to safeguard the dialogue between KOSTAL and its employees.

## **5. No Discrimination - Equal treatment/ prohibition of discrimination/ diversity**

In accordance with ILO Convention No. 111 on discrimination in employment and occupation, KOSTAL rejects any discrimination based on age, gender, race, skin color, social or ethnic origin, nationality, wealth, marital status, pregnancy, sexual orientation, health, disability, religious or political conviction or any other legally protected characteristics. Hence KOSTAL prohibits any discrimination of or violence, whether physical or psychological, especially against women, girls, transgender or queer persons and children.

Equal treatment and equal opportunities as well as the principle of equal pay, i.e. equal remuneration for work of equal value irrespective of gender within the meaning of ILO Convention No. 100 are recognized and practiced at KOSTAL. The personal dignity of each individual is protected and respected, and KOSTAL, as a globally active company, appreciates and supports diversity. Any insulting, hostile or intimidating behavior is just as little tolerated by KOSTAL as sexual harassment or psychological and physical abuse.



## 6. Fair working conditions (salaries and working hours)

KOSTAL complies with national labor laws without exception and respects the legal minimum wages to enable employees to at least secure their livelihood and stands for fair working conditions along the entire supply chain; the internationally recognized standards of the International Labor Organization (ILO) are binding for KOSTAL.

When determining working hours, KOSTAL follows the requirements of ILO Convention No. 1 and No.30 on Working Hours. The safety and protection of employees is KOSTAL's top priority, which is why KOSTAL complies with local laws on breaks, rest periods and time off. Overtime and overtime are only arranged on a voluntary basis and to the extent permitted by law.

## 7. Education and training

One of KOSTAL's corporate values is "We promote what we demand." This reflects KOSTAL's belief that well-trained and accomplished employees are of utmost importance for long-term success and competitiveness. KOSTAL encourages its employees to continuously develop professionally and personally by offering a comprehensive range of further education and training courses. Digital learning opportunities are continuously being expanded and improved, giving all employees access to individual development opportunities.

KOSTAL promotes the skills and talents of its employees within the framework of the Excellent Leadership Initiative and provides individual support for their professional and personal development. KOSTAL endeavors to fill vacant positions with its own employees first, thereby offering them long-term prospects for the future and binding them to the company.

## 8. Health and safety at work

The respective applicable national legislation on occupational health and safety is always taken into account by KOSTAL and it is ensured that humane working conditions are observed.

Within the KOSTAL Group, accidents and illnesses are prevented in the best possible way by applying appropriate occupational health and safety management. This includes the identification, assessment and reduction of actual and potential accident and health risks, the recording and investigation of incidents, the training and instruction of employees in a form that they can understand, the provision of suitable work equipment and protective gear, and appropriate measures for emergency prevention and defense.

KOSTAL regularly and systematically analyzes the globally binding standards, implements them internally by developing new programs and obligates employees to strictly comply with safety regulations.

## 9. Security personnel

KOSTAL does not hire or use public or private security personnel for protection of projects without proper supervision and training to avoid torture, cruel, inhumane or degrading treatment, risks for life and limb or impairments of the freedom of associations.

## 10. Minorities and Indigenous Peoples Protection

KOSTAL respects the rights of local communities and indigenous peoples who may be affected by KOSTAL's business activities and always considers the local impacts of its business activities. To the extent possible, KOSTAL will take appropriate measures to prevent potentially harmful impacts on the health, safety and livelihood of local communities and indigenous peoples.



In accordance with ILO Nr. 169, KOSTAL complies with the principles of free, prior and informed consent of indigenous peoples in all its activities. KOSTAL respects the rights of indigenous peoples and their social and cultural heritage, as well as their environmental and economic interests, including their relation to the land and its management.

## 11. Responsible procurement of raw materials

Economic activity and environmental protection are interdependent and form the basis of sustainable and resource-conserving value creation. Thus, along the supply chain, KOSTAL makes a significant contribution to the sustainable use of resources (including responsible sourcing of raw materials, in particular of conflict minerals) for environmental and climate protection. In doing so, KOSTAL does not engage in any acts constituting or aiding unlawful eviction or unlawful taking of land or other property such as forests or waters.

KOSTAL conserves resources by continuously adapting the production, quality and performance of its products with a view to their environmental compatibility, their influence on climate and by reducing the consumption of energy, water and raw materials and supplies, and uses renewable energy wherever possible. This includes in particular compliance with the (i) Minamata Convention on Mercury, (ii) Stockholm Convention on Persistent Organic Pollutants, (iii) POPs Convention, (iv) Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and (v) Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste.

KOSTAL has established an OECD-compliant due diligence process for the procurement of conflict minerals and regularly reviews the supply chain to ensure that minerals used only come from traceable and certified sources. In particular, minerals must not be sourced from high-risk smelters identified by name. The sources of supply are always checked against the regularly updated list of conflict and high-risk areas (CAHRAs).

## III. Environmental protection requirements

### 1. Environmental diligence

Within the scope of its various business activities in the international environment, KOSTAL is confronted with a wide variety of environmental regulations as well as environmental standards that go beyond or supplement these. Compliance with these regulations and standards to safeguard human rights and the associated environmental law is a constant interdisciplinary process for KOSTAL, which is ensured by regular and systematic monitoring of compliance with the designated regulations and standards within the KOSTAL Group but also in the upstream supply chain. KOSTAL complies with the requirements of the international conventions of Minamata (mercury), Stockholm (persistent organic pollutants) and Basel (hazardous waste) and is constantly working to develop and implement its own guidelines and procedures to protect the environment.

We act with care when we design and manufacture our products therefore, we are:

- Operating our business in compliance with all applicable laws and regulations,
- Define clear targets of environmental impact reduction for ourselves and our suppliers,
- Implement processes to assess our environmental impacts across our value chain and define strategies and initiatives to achieve our targets.
- Integrate environmental aspects in our supplier risk assessment and supplier qualification strategies,



- Implement internationally recognized environmental management systems and independently certify our manufacturing operations.

As part of the Sustainability Report, KOSTAL reports on its goals and its path to reducing and preventing environmental hazards and damage, as well as commitments, challenges and progress made accordingly. It goes without saying that the relevant environmental requirements and issues within the KOSTAL Group are managed by expert employees who keep their specialist knowledge up to date through regular training.

## 2. Climate protection

We recognize the scale and urgency of the climate change and its severe consequences for our planet, society and for the quality of human life. With our global manufacturing footprint, substantial supplier base, and with millions of customers using our products, we have an important impact on the environment. We are constantly focusing on operating our business in an environmentally responsible manner, with a focus on reducing our carbon footprint.

KOSTAL has defined appropriate measures for Scope 1, 2 and 3 emissions in its corporate goals in order to work towards achieving the Paris Climate Agreement. KOSTAL monitors its carbon footprint in line with the requirements of the GHG protocol, at product level and prepares a report on this.

Moving along on the journey to sustainable manufacturing, KOSTAL recognized that the energy consumption, especially the electricity consumption of our manufacturing locations, are resulting most of our Scope 1 and Scope 2 Greenhouse gas emissions. Keeping this in mind, we are focusing our efforts on renewable energy generation, sourcing renewable energy, which also reduces our risk exposure to dependence on fossil-based energy and fosters resilience throughout our operations.

At KOSTAL we view carbon offsetting as a “last resort” in achieving climate neutrality, therefore, we focus our activities on reducing the emissions we can mitigate, either directly or indirectly. There is a hierarchy in addressing carbon emissions. Making our processes and technologies more effective, this using less energy. Then turning our energy needs into renewable source.

## 3. Resource conservation (forest/ water) Biodiversity

KOSTAL uses natural raw materials such as water, input raw materials and energy as sparingly and consciously as possible in its procurement and own production.

At KOSTAL we define a clear path to achieve resource efficient production processes on all our manufacturing locations. Resource efficiency for us, means using the limited resources of our nature in a responsible manner while minimising our impact on the environment. As part of our sustainability and operational efficiency efforts, we are focused on our energy use, water consumption and waste generation.

The manufacturing operations of KOSTAL does not require a significant amount of water input. We draw water from municipal sources at most of our facilities and discharge wastewater to public treatment systems.

We are committed to use water responsibly, by review the water scarcity at each of our facilities, regularly review the water consumption of our locations and implement water reduction activities especially on facilities which are located at high-risk areas.

Within the scope of its own business activities, KOSTAL ensures that no contributions are made to the illegal conversion of natural ecosystems or that KOSTAL benefits from such. This includes illegal deforestation. Furthermore, KOSTAL also takes special care in the legal deforestation and conversion of other natural ecosystems with regard to the protection of biodiversity and pursues the goal of also eliminating legal deforestation and conversion of ecosystems in the value chain.



## 4. Hazardous substances and waste

The use of hazardous substances in production and operations is subject to strict legal and industry regulations. Under the umbrella of our ISO 14001 Environmental Management System, we perform regular audits of our chemical management processes to verify our compliance with the external and internal requirements. When handling chemicals and other hazardous substances that are stored or processed on KOSTAL's premises or are generated during production, KOSTAL will identify and label them accordingly and ensure the provision of suitable storage areas and processing procedures as well as the instruction of employees. Hazards emanating from these substances, such as air and soil pollution, water pollution and other harmful effects, will be avoided as far as technically possible.

Reducing the amount of chemical substances used by our manufacturing sites not just mitigate the impact of those materials but also supports our ambition to reduce the amount of hazardous waste generated.

KOSTAL manufacturing locations are actively working on reducing the amount of hazardous substances used, by regularly analyse these material and looking for less harmful alternatives.

Minimizing the amount of waste generated by our business operations and maximizing the amount of waste recycled or reused, support our ambition to reduce our carbon footprint, limit our negative impact on the environment.

When it comes to waste management, our primary goal is simple; we are focusing on to eliminate the generation of waste from our operations. In the meantime, knowing that it's impossible to entirely avoid the production of waste, we are working on closing the loop. While designing our products and optimizing our manufacturing processes we are seeking for materials that can be reused or efficiently recycled and utilizing manufacturing processes which limits the amount of waste generated.

At KOSTAL locations where waste is generated, we always comply with the site-specific legal, social, and environmental regulations to dispose of waste responsibly. To understand our progress in minimizing waste, we have defined waste related performance indicators and regularly review the amount of waste generated, as well as the amount of waste that are diverted from ll for reuse and recycling.

## 5. Energy management

While implementing operational efficiency improvements, KOSTAL Group is focused on optimizing the energy use, which may result in savings in overall energy costs. However, as KOSTAL Group continue to see growth in production volume, and sales and increasing it's global presence, over the medium-term, total energy consumption may increase.

Keeping this in mind, KOSTAL is focused on becoming more energy efficient and measuring the energy consumption relative to the revenue. Implementing the "Energy intensity" metric, will enable the organization to monitor energy efficiency improvement over the time.

To drive energy efficiency within KOSTAL, the company developed interim energy consumption reduction targets and aiming to reduce energy uptake relative to our revenue over the years.

## 6. Environmental management

KOSTAL is aware that all activities associated with the development, manufacture and distribution of the products have a direct or indirect impact on the environment. KOSTAL has therefore established an ISO 14001 certified environmental management system and reports on the environmental impact and remedial measures taken as part of the Sustainability Report.





## IV. Implementation of the corporate due diligence obligations

### 1. Organizational Setup

KOSTAL has a dedicated human rights management and environmental system in place. Human rights management procedures are designed to best react to dynamic and ongoing assessment of human rights risks.

KOSTAL regards compliance with human rights and safeguarding in the supply chain as an interdisciplinary task. The responsible person appointed by the Management Board, together with a specific steering committee consisting of various technical experts, is responsible for evaluating the different individual aspects of human rights.

Regular meetings are held to discuss human rights activities and identify cross-functional needs to further improve the human rights approach.

The responsible person appointed by the Management Board collaborates closely with all relevant internal stakeholders and subject matter experts. Our subject matter experts include representatives from the Legal & Compliance, Human Resources, Procurement & Supply Management, Quality, CSR and Controlling departments

In addition, there is a regular exchange between these departments and the experts from our Group companies to ensure that best practice examples are identified and communicated within the KOSTAL Group.

The responsible person appointed reports on human rights-related risk and development directly to the Management Board of KOSTAL.

KOSTAL ensures by appropriate means that the measures undertaken to protect human rights are properly documented and stored in order to fulfil all applicable reporting obligations.

In addition, KOSTAL considers also environment-related risks that can ultimately affect human rights. The ISO 14001 certified environmental management system is also designed to manage and ensure compliance with applicable environmental regulatory requirements.

### 2. Risk and consequence analysis

A responsible approach to risks is an essential factor for KOSTAL in the context of its business activities. In this context, the commencement of a business activity is not only dependent on economic, legal and technical criteria; social, ethical and ecological standards are also taken into account as a matter of course.

This involves an ongoing assessment of the impact of our actions on human rights as part of the human rights management system. Based on the assessment, the most serious adverse human rights impacts and risks are prioritized.

Prioritization forms the basis for focused, proactive risk and action management by KOSTAL.



The risk analysis is carried out at least once a year and documented in a reportable form. The risk analysis process covers the own business area and direct suppliers. If necessary on the basis of the risk assessment determined by KOSTAL, an event-related risk analysis can also be carried out.

Risk identification is carried out by systematically collecting data to identify environmental and human rights risks. The data is derived from external data sources (country and commodity group risks), risks arising from the internal business purpose, and findings obtained through complaints or information from partners.

This data is evaluated and weighted taking into account legal adequacy criteria, severity of the risk and probability of occurrence. The resulting assessment of the risk situation is further substantiated by questionnaires and audits to determine the actual negative impact on people and/or the environment. KOSTAL considers also environment-related risks that can ultimately affect human rights. KOSTAL will continue with the risk analysis process and will subsequently assess, weigh and prioritize these risks in more detail.

Prioritizing the risks and impacts identified in this way according to the degree of KOSTAL's own responsibility, as well as evaluating the ability to influence and the contribution to causation through appropriateness criteria following the assessment, has a significant impact on the subsequent corporate decision-making processes at KOSTAL. For example, the selection of suppliers and business partners is significantly influenced by this assessment.

In addition, the lessons learned are used to adjust internal regulations, processes and training as necessary and to take into account changing requirements for our due diligence processes as part of the annual adjustment procedures.

KOSTAL is committed to develop the risk analysis process in the future in order to further enhance the understanding of human rights risks along the supply chain.

### **3.. Control and prevention measures**

Based on the risk analysis, KOSTAL has defined a set of preventive measures concerning its own business area and direct suppliers to promote human rights along the supply chain and minimize human rights risks.

In line with applicable laws and regulations, preventive measures comprise, inter alia, the above commitment of the Management Board, the implementation of dedicated procurement strategies and purchasing practices and a supplier onboarding process which per design takes human rights aspects into account. In particular, KOSTAL promotes clear expectations on the preservation and promotion of human rights and the environment in its supply chain. KOSTAL's sourcing is guided by international standards such as the UN Guiding Principles on Business and Human Rights, the UN Sustainability Development Goals (SDGs) and all applicable supply chain due diligence laws.

All employees at KOSTAL are regularly sensitized to human rights and environmental due diligence through training. In addition, further risk-based training is used as a supplement in the relevant business areas such as purchasing, development and production. KOSTAL has a Code of Conduct for employees in place which stresses the importance of compliance with the above laws, regulations and international human rights standards. KOSTAL employees are trained regularly on the Code of Conduct and the importance of human rights and sustainability for KOSTAL's business. [



KOSTAL intends to further encourage collaboration with suppliers in order to promote human rights and mitigate existing human rights risks. Preventive measures vis-à-vis direct suppliers comprise, inter alia, contractual assurances with regard to human rights and tailored trainings. Preventive measures vis-à-vis direct suppliers are designed to empower direct suppliers to enhance the human rights situation not yet satisfactory instead of banning them from the supply chain. KOSTAL will make risk-based use of contractual control mechanism (such as audits) to identify any deficiencies which would have to be remedied under a dedicated corrective actions plan with precise deadlines. KOSTAL will continuously review and improve those preventive measures in light of the dynamic and ongoing risk management process.

KOSTAL's Code of Conduct for Business Partners contains the same requirements vis-à-vis its suppliers like the Code of Conduct for employees. The Code of Conduct for Business Partners is an integral part of the contractual relations and clearly communicates KOSTAL's values and expectations towards human rights and environment-related risks in a clear and structured manner. KOSTAL explicitly contractually requires its Business Partners and their affiliates to adhere to the principles described in this guideline on human rights and environment and to address these along their supply chains and towards their suppliers. KOSTAL reserves the right to verify compliance with these obligations (e.g. by audits or on-site inspections). KOSTAL will continue to use its influence to prevent and address human rights risks in its supply chain. [

#### **4. Remedy**

KOSTAL applies a zero tolerance policy regarding violations of human rights. Although KOSTAL has a dedicated human rights management system in place to protect human rights to the best extent possible, even such human rights management system cannot prevent any risks to 100%. In line with compliance best practices, KOSTAL has strong policies and procedures in place to detect any violations of human rights and react appropriately.

If KOSTAL identifies or obtains substantiated knowledge of human rights violations resulting from or caused by our business activities, KOSTAL will investigate immediately. KOSTAL is committed to provide for, or cooperate in, their remediation in order to immediately end or mitigate the violation based on internal guidelines and an escalation and remedial actions plan.

KOSTAL will seek dialogue with suppliers and business partners to find a common solution and end or mitigate the violation. KOSTAL will use the entire set of contractual assurances to support the investigation or to bring the violation to an end.

As ultima ratio, KOSTAL reserves the right to end a business relationship if the supplier or business partner does not take appropriate action to prevent, end or mitigate the violation.

#### **5. Effectiveness control**

To ensure that the measures taken by KOSTAL to prevent or mitigate negative human rights and environmental impacts are effective and that our requirements are met, we review the effectiveness of our measures annually as well as on an ad hoc basis using a risk-oriented approach. This also includes a risk-oriented review of whether incoming complaints about potential human rights violations have been dealt with.

In our supply chain, we review the effectiveness of measures by, among other things, conducting risk-based audits of our direct suppliers, including on-site inspections. In addition, KOSTAL employees are encouraged to regularly prepare and submit a brief due diligence analysis during business visits.



## V. Target group and scope

### 1. Within the KOSTAL business divisions

This guideline applies worldwide to all legal entities of the KOSTAL Group, regardless of their legal form, the country of the branch office, the operating facility or the location. It applies to all employees (managing directors, executives, employees of these units regardless of their position, function or employment level), all members of the corporate bodies of these units, as well as persons who are functionally equivalent to employees of these units, such as temporary workers.

When implementing this guideline in the international companies, the respective overriding national and supranational law and the respective cultural practices as well as - if applicable - the participation rights of the responsible or legitimized employee representative bodies must be observed. The necessary adjustments are to be made in consultation with the publisher of these guidelines.

### 2. In the supply chain of KOSTAL

KOSTAL expects that human rights and environmental obligations in the supply chain will be respected and that KOSTAL's partners are committed to upholding and respecting human rights as set forth in the United Nations Global Compact, the International Bill of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work of June 18, 1998, and the United Nations Guiding Principles on Business and Human Rights of June 16, 2011.

KOSTAL's purchasing contracts contain provisions that bind direct suppliers to comply with human rights and environmental obligations, and KOSTAL reserves the right to verify compliance with these obligations. KOSTAL obligates its direct suppliers to take human rights and environmental obligations into account appropriately in their supply chain.

In case of substantiated knowledge of violations of human rights at indirect suppliers, KOSTAL will implement appropriate preventive measures and take appropriate remedial actions to immediately end or mitigate such violations.

## VI. Reporting options

KOSTAL maintains an independent compliance hotline (<https://www.speakupfeedback.eu/web/kostalexternal>) through which possible violations of human rights and environmental obligations, laws and other serious misconduct can be reported, also anonymously. It is also possible to report by name, which is preferred for easier communication and clarification of the facts, but this is voluntary and not mandatory. Reports can be made via a website, but also by telephone in a wide range of languages.

Not only employees, but also business partners and other stakeholders - including direct and indirect suppliers - from around the world can use this reporting and communication channel at any time to report such suspected violations, including flagrant violations of human rights and environmental laws.

The Compliance Hotline is accessible via the KOSTAL Intranet (Metis) as well as via the public website of the KOSTAL Group.

Every incoming report is taken seriously, treated in strict confidence and processed. All reports are handled in a neutral and fair manner; case handlers are independent and not bound by instructions. Any breaches of the rules detected are time-y remedied and appropriately sanctioned.. Reports are reviewed impartially and carefully.

Employees who report possible violations in good faith are comprehensively protected against discrimination or disciplinary measures, even if the report subsequently turns out to be unjustified. KOSTAL



does not tolerate any discrimination against employees and external reporters who report possible or existing violations in good faith.

Please refer to KOSTAL Reporting Guideline for the rules of procedure and further information on the accessibility, responsibility and implementation of the complaint mechanism.

## VII. Documentation and reporting

### 1. Reporting

KOSTAL will inform about the human rights and environment-related voluntary commitments as well as about the established due diligence processes and their effectiveness. Annually, we report to the German Federal Office of Economics and Export Control on the material human rights and environmental risks we have identified and on impacts of our business activities within our supply chain. This report is published on our website.

### 2. Review

KOSTAL will continuously adapt and, if necessary, improve due diligence measures and review all implemented measures for effectiveness at least annually and on ad hoc basis e.g. in the event of significant changes in the risk situation or if there are specific indications that preventive measures' (including the complaint mechanism) and/or remedial actions' functionality is significantly impaired.

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