

# LkSG – Declaration of principles

## *Introduction to the policy statement*

*The globalisation of many supply chains does not release clients from their responsibility for the effects of outsourced production, transport and disposal processes. Key problems include child labour, lack of occupational health and safety, exploitation and discrimination. In order to improve the international human rights situation in global supply chains, a legal framework was created when the Supply Chain Due Diligence Act (LkSG) came into force in January 2023, which calls on companies to fulfil their human rights and environmental due diligence obligations. To this end, the Act formulates requirements for responsible risk management that is integrated into all relevant business processes.*

*From 2023, all companies based or operating in Germany with more than 3,000 employees will be affected by the law. From 2024, the law will be extended and will therefore affect companies with a workforce of 1,000 employees. Specifically, these companies will be required to implement the core elements of human rights due diligence in order to fulfil their responsibility in the supply chain. A core element of the law is the publication of a **declaration of principles in accordance with § 6 para. 2**, with which companies publicly express that they fulfil their responsibility to respect human rights.*

# Declaration of principles

The personal designations used in this document always refer equally to male and female persons. Double designations and gendered terms are avoided in favour of better readability.

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## 1. Our promise

**JOACHIM LOH UNTERNEHMENSGRUPPE GmbH**, based in Haiger, is the leading management company within the JOACHIM LOH UNTERNEHMENSGRUPPE. The JOACHIM LOH UNTERNEHMENSGRUPPE serves a wide range of industries, sales markets and customer groups and is globally positioned with a broad range of products and services. The Hailo, META, EXPRESSO, Hailo Wind Systems and LOTUS divisions form the core of the Group. The activities are rounded off by the Hailo Digital Hub and AXSOL.

The **Hailo Group** is a leading manufacturer of ladders and waste bins for household and commercial use. Its activities are divided into the Home and Business division (ladders, waste bins and recycling bins, kitchen and bathroom accessories for the home and garden as well as for industry and commerce), Kitchen Installation Technology (waste separation and organisation systems for the kitchen industry and trade) and Professional (ladder systems and access technology for buildings and entrances of all kinds as well as shaft systems for industry and public facilities). The headquarters of the Hailo Group is in Haiger.

As one of the leading manufacturers of professional storage technology in Germany and Europe, the **META Group** develops, produces and sells stationary and dynamic shelving systems. The product range includes shelving, wide span, pallet, cantilever and mobile racking as well as flow racking. Many components can be combined to create customised system solutions. Shelving inspections and maintenance contracts round off the range of services. The META Group is headquartered in Arnsberg.

The **EXPRESSO Group** is a leading manufacturer and supplier of transport, handling, safety and loading technology. Its activities are divided into the following divisions: manual transport equipment (stacking trolleys, four-wheel trolleys, lifting scales, intelligent shopping trolleys), luggage trolley systems (luggage trolleys, automatic luggage trolleys), powered transport systems (lifts, balancers and drive units), loading and safety technology (including lorry securing systems, loading ramps) and services. The EXPRESSO Group is headquartered in Kassel.

The **Hailo Wind Systems Group** manufactures and develops systems for access to wind turbines. These include access systems with fall protection, lifts, climbing aids and accessories such as guardrails, ladder supports and wire ropes. The companies also offer the associated service with maintenance and commissioning of the systems, engineering as well as related product training and rescue training. The headquarters of the Hailo Wind Systems Group is in Haiger.

**LOTUS** provides services in the areas of information technology, finance and human resources for large parts of the Group. Information technology services include the provision of server infrastructure, applications, provision of hardware and its operation, software and licence management as well as project management and helpdesk. The Finance division covers accounting, including cash management and financial controlling. The Human Resources division provides accounting, training, recruitment and development services. LOTUS is headquartered in Haiger.

The **Hailo Digital Hub** was founded as a spin-off to develop customer-centred and technology-based indoor waste solutions. A small team utilises the full potential of new technologies, methods, networks and partnerships to develop real innovations for commercial customers. Everything revolves around IoT and smart components - in the customer's application, the cloud and on the waste bin itself. The Hailo Digital Hub is headquartered in Gießen.

**AXSOL** develops innovative battery storage systems for various applications. Energy Container Solutions integrate stationary battery storage systems in energy containers in combination with the in-house energy management system AXOS. These help to maximise the share of renewable energy sources, secure the supply, save costs and guarantee greater planning security. As a project partner, Axsol supports customers in the design, planning and implementation of customised battery storage systems. Complete solutions for solar systems, battery storage and charging infrastructure for electric cars are offered via a broad partner network. AXSOL is headquartered in Würzburg.

The JOACHIM LOH UNTERNEHMENSGRUPPE has been family-owned since its foundation. We are financially independent. This ensures our entrepreneurial strength. Through future-orientated management, we offer security for our employees as well as for our customers and suppliers. Flat hierarchies promote fast communication and direct management. This means that decisions can be made quickly and directly.

Our decisions are made on the basis of Christian values. We therefore consciously bear responsibility before God and mankind. We develop managers from our own employee base. Young people are our future. We offer attractive apprenticeships and opportunities for professional development. We support families - in the parents' day-to-day work and with child-friendly programmes at various levels. The people around us should benefit. We make this possible by promoting voluntary work, with donations and with concrete help. Careful and future-orientated handling of raw materials and resources is part of our responsibility towards God's creation.

## 2. Our strategy for the protection of human rights and the environment

Since the company was founded in 1947, jlu has recognised its corporate responsibility and has been committed to social and environmental issues. As a relevant global market player, we want to intensify this commitment even further in the future. The technological possibilities of making our value chains transparent and influencing them in close collaboration with other players are improving rapidly. At the same time, international standards and regulatory developments are creating a framework to promote corporate commitment to human rights and the environment, facilitate its financing and motivate companies that were previously unwilling to transform to make the necessary changes. One important lever is the German law on corporate due diligence obligations to prevent human rights violations in supply chains and the European Supply Chain Directive (CSDDD), which is currently being finalised.

We also welcome this development on behalf of our customers, shareholders, financial partners, employees and other stakeholders. In their interest and in anticipation of future obligations, we take the necessary technical and organisational measures to disclose and responsibly manage human rights and environmental risks in our core business processes. To manage these measures, we carry out careful risk analyses as part of our Group-wide risk management. An analysis of the country-specific net risks shows that our risks are very low to low both in our own business area and with our direct suppliers, but that we will continue to strive for improvement, particularly with regard to the due diligence obligations of our suppliers from China and Sri Lanka. While we can and do have an effective influence on human rights practices at our own production sites, we can only influence our supply chains indirectly by supporting and monitoring our direct suppliers in the fulfilment of their human rights due diligence obligations. We therefore ensure that potential suppliers share our values and principles when selecting them and, where possible, oblige all business partners to comply with the respective Supplier Code of Conduct of the jlu business units and to hold their suppliers to the same standards.

### 3. Scope and target groups

This policy statement is aimed at our employees, business partners, all jlu business units, their management and supervisory bodies and the relevant supervisory authorities. It describes the key steps and measures that we take to identify and avoid potential human rights and environmental risks in our business activities and thus implements the requirements of the German Supply Chain Due Diligence Act (LkSG). The declaration of principles applies to jlu's business activities in the part of its value chain that can be directly influenced.

In addition to our own business processes, the voluntary commitment set out in this document therefore also applies to all other jlu companies and our direct business partners in the upstream and downstream supply chains.

They are also required to implement our human rights strategy as part of their business activities.

The following international standards are decisive for the commitment we are making:

- UN Guiding Principles on Business and Human Rights of the United Nations
- ILO core labour standards
- International Charter of Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination against Women
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- 10 principles of the UN Global Compact

The standards and values anchored in the aforementioned frameworks are also reflected in our own guidelines and policies. These include the Code of Conduct, the Code of Conduct for Suppliers, Supplier Self-Disclosure and the Whistleblower Policy, which have been adopted at the level of the respective business divisions. They form the binding framework for our employees, business partners and suppliers.

With these standards, we oblige all employees to behave appropriately and lawfully towards colleagues, customers and business partners. We also expect our partners to pass on our commitment to respecting human rights to their business partners and to always behave ethically and with integrity.

## 4. Structure and responsibilities

The management of jlu is ultimately responsible for the implementation of and compliance with this declaration of principles on respect for human rights in accordance with the LkSG. The managing directors of the domestic group companies monitor the operational implementation of the declared corporate principles for their respective divisions within jlu. Regular and event-driven internal reporting to them on the results of the continuous risk analysis relevant to human rights, information from the complaint mechanisms and information on the effectiveness of remedial and preventive measures taken ensures that information-based decisions can always be made. A central human rights officer at jlu is responsible for monitoring the risk management system and other tasks, otherwise the management of jlu.

The responsibility extends to creating and implementing trainings and audits as well as ensuring that external reporting on human rights due diligence is carried out and that the management of human rights and environmental due diligence is continuously reviewed and improved. The results of the review are reported at least once a year. The managing directors of the domestic Group companies are responsible for the operational implementation of the human rights due diligence processes. They are supported by the relevant specialist departments, in particular Purchasing, Human Resources, Quality Assurance and Compliance, as well as other specialist departments.

## 5. Risk analysis

According to Section 5 LkSG, we are obliged to carry out an appropriate risk analysis in order to minimise the human rights and environmental risks in our own business area and with our direct suppliers.



## 5.1 Methodology

We first analysed the country risks for our operating sites and procurement markets using established global human rights and environmental indices. We then checked the plausibility of the results using text-based research. This helped us to improve our understanding of the risks and identify particularly vulnerable regions and industry risks. Following on from this, we prepared a net risk assessment by weighting and prioritising the identified potential risks based on recognised standards and with regard to the criteria listed in the LkSG. In doing so, we took into account the particularities of the respective business activity as well as the probability and severity of possible violations. We also considered our company's potential contribution to violations and our ability to prevent them.

## 5.2 Results and conclusions

Our results mainly showed us countries with very low to medium risks; only for China was a high net risk identified for a subsidiary with regard to § 2 para. 2 no. 11 LkSG. All other risks are currently being successfully mitigated and controlled by preventive/remedial measures. Nevertheless, we are endeavouring to mitigate these low to medium risks as well.

We focus our risk management on the following six areas of human rights risks, which we have identified at a low to medium level in our Corporate Group and our supply chain:

1. disregard of occupational health and safety and work-related health hazards, § 2 para. 2 no. 5 LkSG;
2. disregard of freedom of association and the right to collective bargaining, § 2 para. 2 no. 6 LkSG;
3. unequal treatment in employment, § 2 para. 2 no. 7 LkSG;

4. destruction of the natural basis of life through environmental pollution, § 2 para. 2 no. 9 LkSG;
5. unlawful violation of land rights, § 2 para. 2 no. 10 LkSG;
6. torture, injury to life and other injuries to life and limb, § 2 para. 2 no. 11 LkSG.

We have also identified the following three environmental risks in our supply chain, which we also include in our risk management:

1. Mercury production, use and treatment, § 2 Para. 3 No. 1 to No. 3 LkSG;
2. Chemicals production, use and waste treatment, § 2 Para. 3 No. 4 LkSG;
3. Ban on the import and export of hazardous waste, § 2 Para 2 No. 7 and No. 8 LkSG.

### 5.3 Outlook

In future, we will repeat the risk analysis at least once a year or whenever there are significant changes in our value chain. At the same time, we will continue to develop our risk management system based on the results of the analyses. The starting point for this is our existing Enterprise Risk Management (ERM). Environmental, social and governance (ESG) issues become part of our ERM policy and therefore include human rights and environmental aspects in the analysis of corporate risks.

Our customers' audits, in which our performance in the areas of human rights and the environment is regularly put to the test, are also extremely important for our risk management. We already have positive external ratings in most of the group's divisions. We also use the results to measure the effectiveness of our preventive and remedial measures and to manage them.

## 6. Preventive and remedial measures

We have taken preventive measures to mitigate the identified risks: We will scrutinise new suppliers for possible human rights and environmental violations in their value chains as part of a careful source and document study. We also require them to provide self-disclosure and evidence of their management of occupational safety, health and environmental aspects in accordance with recognised international standards.

As part of the onboarding process, potential suppliers should also commit in writing to the Supplier Code of Conduct of the respective business unit. If a supplier refuses to recognise and comply with our Supplier Code of Conduct or does not have a comparable Code of Conduct of its own, we will generally not enter into the supply relationship.

Should it become apparent during the research and/or against the background of the potential supplier's self-disclosure that entering into the supply relationship would entail new or higher human rights or environmental risks, jlu will generally refrain from entering into the supply relationship without recognisable suitable preventive and remedial measures on the part of the potential supplier. The same applies if existing risks would be disproportionately intensified by entering into the supply relationship. If suppliers are slower than expected in implementing our expectations of their preventive and remedial measures or have difficulties in implementing them, we promise our suppliers support.

With regard to the identified risks in particular, we have drawn up a catalogue of preventive/remedial measures for our own business area as well as for our suppliers, which we will make use of depending on the situation.

## 7. Complaints procedure

In order to effectively manage human rights and environmental risks, we rely on those affected or observers to inform us of their problems. We have therefore set up special channels through which our employees and external persons can send us complaints and information about human rights violations or environmental offences.

As an external whistleblower, you can reach our Group-wide central and multilingual whistleblower platform via the following link:

<https://www.jlu.de/en/compliance/>

Further details on the complaints procedure and the channels for our employees can be found there.

All persons involved in the investigation have a special responsibility to effectively protect whistleblowers from possible disadvantages or reprisals. They are obliged to treat information about the identity of the whistleblower confidentially and to inform them that they can also submit their complaint or report anonymously. Even if the person has disclosed their identity, the respective contact person may not pass on this data or use it to contact them again without their consent. The contact person will ask the whistleblower whether they wish to receive feedback on the investigation at a later date. This option is made possible in the whistleblower portal, where it is possible to be contacted again while maintaining anonymity. Ensuring voluntariness is important for the effectiveness of the procedure and the measures to protect the whistleblower.

However, if information about the identity is required for further investigations - including investigations by the authorities - the contact person should ask the whistleblower to cooperate, but not without pointing out the possible legal consequences of false suspicions.

## 8. Internal and external communication

These principles have been communicated to our employees via the company intranet. The contents are regularly communicated in training sessions. The relevant document is published on the website for suppliers and made available for download. The introduction of a software solution that tracks the receipt and confirmation of the regulations by suppliers is currently being examined.

Haiger, in February 2024

for the **JOACHIM LOH UNTERNEHMENSGRUPPE GmbH**

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