

STATEMENT

of our company on the Supply Chain
Due Diligence Act



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PREFACE

In the United Nations' 2030 Agenda for Sustainable Development, clear rules are established to protect human rights and the environment. As a globally operating company, we are aware of our societal responsibility. We strive to respect human rights and the environment in our business activities. Proactively, we seek potential challenges related to human rights or the environment. When such issues are identified, we take responsible actions to address them.

We adhere to international standards that assist companies in defining their approach to human rights and continuously improving, notably the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles). Our goal is to detect, assess, and take measures to address potential violations of human rights or environmental regulations early on, protecting the rights of those affected or minimizing them to the best extent possible.

FRoSTA AG follows the requirements of the German Supply Chain Due Diligence Act (SCDDA) in implementing its obligations regarding human rights and the environment. The SCDDA mandates, among other things, the publication of a policy statement outlining our strategy for compliance with human rights and environmental regulations. Key elements of this statement include describing the procedures through which FRoSTA fulfills its legal obligations and presenting human rights and environmental risks identified based on an annual risk analysis. Additionally, our expectations for our employees and suppliers are outlined.

We consider the comprehensive risk analysis required by the Supply Chain Due Diligence Act (SCDDA) as an essential foundation for continuously improving our efforts in the areas of human rights and environmental protection. The results of our risk analysis for the fiscal year 2024 are expected to be available to us by the end of 2024. Therefore, we plan to update our policy statement accordingly, starting from January 1, 2025.

This policy statement applies to the entire FRoSTA AG.

Bremerhaven, January 1, 2024

FRoSTA Aktiengesellschaft
The Board



HUMAN RIGHTS AND ENVIRONMENTAL STRATEGY

RESPECT FOR HUMAN RIGHTS

We are deeply aware that our business activities can have significant impacts on people and the environment. For this reason, we are committed to the respect and promotion of the following human and environmental rights with particular diligence:

Child Labor: We do not tolerate any form of child labor and demand that our suppliers strictly adhere to this prohibition. Children are our future, and it is our responsibility to ensure that their rights and innocence are protected.

Forced and Compulsory Labor: We tirelessly advocate for the strict prohibition of forced and compulsory labor throughout our entire supply chain. No one should be compelled to work against their will.

Freedom of Association and the Right to Collective Bargaining: We respect the right of our employees and suppliers to freedom of association and promote collective bargaining. The voices and opinions of our teams are invaluable.

Protection against Discrimination: We passionately advocate for equal opportunities and a workplace where discrimination has no place. Everyone deserves equal respect and opportunities.

Right to Health and Safety in the Workplace: The health and safety of our employees and suppliers are of paramount importance. We make every effort to ensure that everyone in the workplace is protected and secure.



Right to fair compensation: We ensure that fair and adequate compensation is guaranteed throughout the entire supply chain. Everyone should be remunerated appropriately.

Working hours: We promote reasonable working hours and a balanced work and private life.

Use of security forces: The deployment of security forces is carried out in strict compliance with human rights and with respect for the needs of local communities. Security should never come at the expense of human rights.

Rights of local communities and indigenous peoples: We respect the rights and needs of local communities and indigenous peoples in the areas where we operate. Their wellbeing and identity are of utmost importance to us.

Handling of risky raw materials: We are firmly committed to transparently managing the handling of raw materials associated with environmental risks while taking every measure to minimize potential impacts on the environment. Sustainability is our guiding principle.

Protection of personal data: We respect privacy and the protection of personal data in accordance with applicable data protection laws. Safeguarding sensitive information is of utmost importance to us, and we strictly adhere to legal regulations.



ENVIRONMENTAL PROTECTION

As a company with numerous products, systems, solutions, and services, we have farreaching impacts on the environment. Managing these environmental impacts goes beyond compliance with legal requirements to achieve the next level of environmental protection: We harmonize economic, ecological, and social requirements and embrace our societal responsibility. Our proactive commitment strengthens the competitiveness of our customers and lays the foundation for our future successes. Our goals include the identification and management of the environmental impacts of corporate activities in the value chain. This is done in many areas in collaboration with our business partners. Our commitments extend to, for example:

- **Our Employees:**

We ensure safe and fair working conditions and respect for their rights.

- **Interaction with Suppliers and Other Business Partners:**

We advocate for our suppliers and partners to share our values and adhere to the same high standards.

- **Affected and Potentially Vulnerable Groups:**

We consider the impacts of our activities on local communities and potentially vulnerable groups.



PROCEDURE DESCRIPTION

RISK ANALYSIS

To identify potential risks in our supply chain, FRoSTA employs an approach based on risk assessment. Our existing procedures for risk analysis already cover a broad range of prohibitions outlined in the Supply Chain Due Diligence Act (SCDDA) and, in some cases, even exceed the prohibitions defined therein. We have now further refined our risk analysis to better align with the requirements of the SCDDA.

Our comprehensive risk analysis follows a structured and methodical approach:

Firstly, we conduct a thorough investigation to identify potential risks in our supply chains. This step is akin to a detailed research process where we systematically trace all possible risk factors.

In the next step, we carefully assess the impacts of these identified risks on people and the environment. This involves considering the potential consequences to understand the potential scope of the risks. This step is similar to an indepth analysis where we thoroughly examine the possible effects.

Finally, we prioritize the identified risks based on their significance and the likelihood of occurrence. This involves creating a ranking, similar to prioritizing tasks based on their urgency and relevance. This allows us to focus our efforts on addressing the most significant and likely occurring risks.



CONTROL, PREVENTION, AND REMEDIES

To ensure that our supply chains adhere to prevailing standards and potential risks are minimized, we implement targeted measures:

We establish and implement rigorous control mechanisms that allow us to continuously monitor compliance with our standards. These controls are akin to maintaining a constant overview of our supply chains to ensure they meet the highest requirements.

Our approach is not only reactive but also preventive. We take measures to minimize potential risks in advance. This means actively working to prevent problems before they occur. Similar to building a structure with a solid foundation, we focus on the longterm stability of our supply chains.

If, however, violations of our standards do occur, we do not hesitate to take immediate remedial actions. Our response to violations is comparable to swift and decisive intervention, ensuring that any deviations from our standards are corrected and improved.



COMPLAINT MECHANISMS

FROSTA provides all employees and external parties with secure reporting channels to report violations of external and internal rules, including human rights or environmental risks, as well as breaches of human rights or environmental obligations arising from the economic activities of a direct or indirect supplier. Reports generated through these channels are forwarded to two members of our Compliance Core Team, who also serve as Human Rights Officers, and are further investigated and monitored.

Our compliance reporting system is a company-wide, transparent, public, and easily accessible complaint procedure. The system provides a secure reporting channel available 24/7 in various languages, allowing individuals to submit reports online, by phone, and, if desired, anonymously. FROSTA employees, as well as customers, suppliers, and other interested parties of FROSTA AG, can use the reporting system. The reporting system is technically managed by an independent operator, and the data is stored on secure servers in Germany. The substantive processing is carried out exclusively by FROSTA AG.

In addition to this reporting system, there is also the option to contact the Compliance Core Team directly via email or phone. Here, employees and third parties can confidentially and anonymously report any observed incorrect business practices within the company.

Furthermore, violations, especially by employees, can be reported directly to the respective supervisor, the Human Resources Department, and the works council. The confidentiality of the whistleblower's identity is always maintained, also when it was revealed.



REPORTING

We are transparent and accountable:

Our commitment to respecting human rights and environmental protection, as well as the implementation of the UN Guiding Principles on Business and Human Rights, is regularly reviewed by the FRoSTA Board and the FRoSTA Supervisory Board. Progress, challenges, and improvement measures are discussed during these reviews.

The Compliance Core Team, which also holds the role of Human Rights Officers in accordance with § 4(3) SCDDA (German LkSG) through one member, reports regularly and as needed to the Board to ensure compliance with human rights, environmental, and other obligations under the SCDDA.

The Sustainability, Compliance, and Procurement departments are involved in steering the „Human Rights“ topic to embed human rights more deeply into the company processes and business operations.

The annual reports of FRoSTA AG are published on the FRoSTA AG website. The sustainability reports of FRoSTA AG are also available there.

REGULAR REVIEW

The aforementioned procedures for implementing human rights and environmental due diligence according to the SCDDA are regularly reviewed – at least once a year. The risk analysis for the individual prohibited circumstances under the SCDDA also includes continuous monitoring of risk developments. Insights from handling complaints from the complaint procedure are taken into account during the review of the procedures.

