

# serafin

## Policy Statement

# Act on Corporate Due Diligence Obligations in Supply Chains

Declaration of compliance with human rights and the associated environmental standards in accordance with Section 6 (2) LkSG

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# Contents

- 1. Preface ..... 2
- 2. Scope and expectations..... 2
- 3. Description of the procedure..... 4
  - Risk management (Section 4 (1) LkSG)..... 4
  - Risk analysis (Section 5 (1) LkSG) ..... 4
  - Preventive measures (Section 6 (3) to (5) LkSG)..... 5
  - Remedial actions (Section 7 LkSG) ..... 6
  - Complaints procedure (Section 8 LkSG) ..... 6
  - Indirect suppliers (Section 9 LkSG) ..... 7
  - Documentation and reporting obligation (Section 10 LkSG)..... 7
- 4. Identified and prioritised human rights and environment-related risks ..... 8

# 1. Preface

Serafin combines active entrepreneurship with a solid set of values. Our corporate values therefore also include respect for human rights and the associated environment-related standards in both our own business division and in the supply chain. As a globally active group, we are also subject to the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). Serafin GmbH, as the parent company of the group, has adopted this policy statement to ensure compliance with the legal requirements for corporate obligations in the supply chain and in its own business area.

# 2. Scope and expectations

The own business division, which is defined by the LkSG, comprises Serafin GmbH as the parent company and its affiliated companies, which are directly or indirectly held to a share of more than 50% and consolidated in the annual financial statements. Insofar as the policy statement is not directly binding for the affiliated companies for legal reasons, the respective management of each Group Company is required to ensure that the statements in the policy statement are observed in its company and all relevant subsidiaries. The principles of the policy statement therefore apply across all company hierarchies and to both domestic and foreign locations.

This policy statement is applicable to all human rights and environment-related due diligence obligations addressed in the LkSG. In particular, we condemn all forms of discrimination based on gender, skin colour, religion, nationality, political or other beliefs, ethnic origin, disability, age, sexual orientation and identity or other characteristics, as well as all forms of child labour, forced labour and slavery.

We also ensure that our environment-related expectations are met and condemn the creation of harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption. Environment-related obligations, particularly regarding the use, storage, transboundary movement or disposal of mercury (compounds), persistent organic pollutants or hazardous waste, must also be complied with. We also expect compliance with locally applicable occupational health and safety regulations, the payment of fair wages and are committed to protecting the rights of employees to freedom of association and collective bargaining.

We strongly oppose - both for our business and for our supply chain - the unlawful eviction and unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters whose use secures the livelihood of a person. The hiring or use of private or public security forces for the protection of the company's project is strictly prohibited if the prohibition of torture and cruel, inhuman and degrading treatment is disregarded or life and limb are damaged due to a lack of instruction or control on the part of the company when deploying the security forces. Furthermore, no actions will be tolerated that impair the right to organise or the freedom of association.

In this context, we expect that respect for human rights and the protection of the environment as an expression of sustainable social and ecological responsibility take precedence over purely profit-oriented interests. We want to achieve this through joint action and trust in cooperation, thereby promoting the fundamental principles of sustainability. We therefore strive for transparency in the supply chain and address expectations not only internally, but also to our contracting parties.

## 3. Description of the procedure

### **Risk management (Section 4 (1) LkSG)**

To implement the LkSG, we have established our own risk management system to ensure compliance with the due diligence obligations of the act. The Serafin Group does not see the fulfilment of these due diligence obligations as a linear and strict system, but rather as a continuous and permanent process of self-regulation and improvement.

In view of the central role of effective risk management for the timely identification of human rights and environment-related risks, we provide the necessary human and economic resources to ensure the appropriate execution of risk our management.

The risks addressed by the LkSG are identified and assessed by means of a comprehensive risk analysis (as seen below), which makes it possible to identify corresponding risks at an early stage and respond appropriately.

Serafin GmbH has appointed a Human Rights Responsible as of 01.01.2024. As a central element of ensuring all legal requirements, the Human Rights Responsible assumes a group-wide control function regarding human rights and environment-related standards and reports directly to the group's management on a regular basis. With his expertise around sustainable management, the Human Rights Responsible coordinates the implementation of strategies and actions to minimize risks throughout the Group and its supply chain.

### **Risk analysis (Section 5 (1) LkSG)**

We carry out an annual consolidated risk analysis to determine the human rights and environment-related risks in our own business division and at our direct suppliers. To implement the risk analysis, we use a leading external sustainability assessment platform that determines abstract country and industry risks as well as specific risks through a CSR assessment. Based on the results of the abstract risk analysis, the own operation of our companies or a supplier in the supply chain is categorised into different risk groups.

The risk candidates are prioritised according to the amount of risk candidates per Group Company. In particular, the criteria defined in Section 3 (2) LkSG (a) nature and extent of business activity, (b) ability to influence, (c) typically expected severity of a violation, (d) reversibility of a violation, (e) probability of a violation and (f) nature of the causal contribution are applied.

In addition, findings from the group-wide complaints procedure, supplier-specific live news and relevant certifications available online are considered.

In the event of categorisation in a high abstract risk class or a high prioritisation, the risks are analysed in greater depth. A specific risk analysis is carried out for this purpose. This is carried out via the external sustainability assessment platform, by requesting self-assessments or by the submission of certificates.

The implementation of the risk analysis is monitored by the Serafin Group's Human Rights Responsible. The results of the risk analysis of all Group Companies are reviewed annually on a consolidated basis and this policy statement is adjusted accordingly, unless an earlier occasion-related action becomes necessary.

In 2023, the abstract risks for the material suppliers within the group were determined for the first time. More than 10,000 suppliers were included in the risk analysis. Abstract risks result primarily from country risks due to the Group Companies' global activities and worldwide location, as well as individual industry risks. Based on this, a more precise analysis is planned for 2024. For the group's own business division an incremental risk assessment is planned, whereby the first step will be to examine subsidiaries with a high level of abstract risk, as well as the highest levels of the Group Companies for specific risks.

## **Preventive measures (Section 6 (3) to (5) LkSG)**

Provided that potential risks are identified in the company's own business area or in the supply chain, appropriate preventive measures must immediately be developed, implemented and monitored on a case-by-case basis. The scope and nature of the preventive measure(s) depend on the specific risk in each individual case.

We have taken several preventive measures for our own business division. These include the successive certification of Group Companies in accordance with the most extensive ISO standards for environment-related, quality and occupational health and safety management (e.g. ISO 14001, ISO 9001, ISO 45001), an internal code of conduct for employees and training via the sustainability platform for the relevant specialist departments in order to raise awareness of human rights and environment-related obligations.

For direct suppliers, preventive measures are to be initiated depending on the risk profile. The measures include the mandatory agreement of a Supplier Code of Conduct for risk candidates from 2024, training via the sustainability platform, as well as a selection process for suppliers in which human rights and environment-related criteria are to be considered in an appropriate manner. The Supplier Code of Conduct also reserves the option to verify compliance with due diligence obligations through on-site audits.

## **Remedial actions (Section 7 LkSG)**

If a violation of a human right or environment-related obligation is identified, appropriate remedial action must be taken. The same applies to indirect suppliers with substantiated knowledge of violations of human or environment-related rights. If a violation or a high specific risk is identified, a process is established that provides for appropriate communication to the group. The responsibility for taking remedial action lies with the concerning Group Company, that is supported by the Human Rights Responsible if necessary.

The actions are determined on a case-by-case basis at the discretion of the responsible department and serve to prevent or end a violation or to minimize the extent of the risk.

In accordance with the requirements of the LkSG, the Serafin Group and the individual Group Companies reserve the right to terminate business relationships with suppliers in exceptional cases. This may be particularly relevant in the case of very serious legal violations, provided that no milder means are recognizable and the ability of the Serafin Group or the respective Group Companies to exert influence on the respective supplier does not appear promising to provide appropriate remedies.

Henceforth, it is planned to evaluate the effectiveness of the remedial procedures used in the company's own business area or by the supplier on a regular basis.

## **Complaints procedure (Section 8 LkSG)**

A key component of our process for preventing violations in our own business area and in the supply chain is an appropriate and effective complaints procedure.

To this end, all Group Companies in their own division provide a standardised, publicly accessible and confidential electronic reporting channel for internal and external complaints. This makes it possible to report alleged and actual violations of human rights and environment-related concerns in different languages. The complainants can decide for themselves whether to use the reporting channel anonymously or confidentially. In order to minimize any language barriers, the reporting channel also allows for verbal reporting.

The complaints channel is made publicly accessible and communicated appropriately by the respective group of companies.

The process is explained in more detail in the complaints regulation and is available to potential complainants before they submit their complaint. In order not to deter potential complainants, we strictly refrain from threatening reprisals.

The complaints procedure is reviewed regularly and, on an occasion-related basis and updated if necessary.

The Serafin Group does not tolerate any retaliation against complainants or whistleblowers.

### **Indirect suppliers (Section 9 LkSG)**

Indirect suppliers are subject to an occasion-related due diligence obligation. In the event of substantiated indications or findings of legal violations in the supply chain, it is intended to carry out an occasion-related risk analysis. In principle, this includes the availability of the Complaints procedure to complainants in the case of indirect suppliers, as well.

In the case of an incident-related risk analysis for indirect suppliers, risky supply chains are prioritized on the basis of abstract country and industry risks as well as specific findings and indications that give grounds for the occasion. Specific, high-priority supply chains are tracked based on the reassessed risk situation. In cooperation with the concerning direct partner, all high-priority indirect suppliers are subjected to a specific risk assessment with the assistance of tailored risk surveys and audits.

### **Documentation and reporting obligation (Section 10 LkSG)**

The due diligence obligations are documented. The documentation is carried out by the Group Companies using standardised processes and is consolidated at the central office on a regular basis. A reporting channel has been established for the company management to provide information at least once a year. The annual report is submitted to the competent authority via the established online channel and published on the Serafin Group website.



## 4. Identified and prioritised human rights and environment-related risks

The risk analysis identified potential abstract risks globally in the supply chain, in the extended area of own operation as well as in the Group Company's own operations. Priority human rights risks were identified in the areas of occupational health and safety, freedom of association, fair wages and unequal treatment. Relevant environment-related risks are soil pollution and hazardous waste.

The analysis identified industry-specific priorities. The diversity of the group proved to be a challenge for effective prioritisation. Nevertheless, products and services from the industries of construction products, construction services and plastics processing were prioritized as high-risk. In some of these high-risk areas, further human rights risks in our supply chain relate to child labour, forced labour and slavery, as well as environment-related risks relating to water and air pollution. Based on the abstract risks a specific LkSG risk analysis will be carried out in 2024, incorporating the appropriateness criterion, with priority placed on the high-risk areas.

To date, no specific violations of the legal positions protected by the LkSG have been identified.

Munich, 17. 07. 2024

Place, date

  
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Signature of managing director