



## KSM CASTINGS GROUP POLICY STATEMENT

Respect for general human rights is an essential part of the KSM Castings Group's business activities. Together with our suppliers, we assume responsibility for compliance with the following applicable economic, environmental and social standards:

- Core conventions of the International Labor Organization (ILO)
- Charter for Sustainable Development in the International Chamber of Commerce (ICC)
- Decision on Conflict Minerals of the Securities and Exchange Commission (SEC)

### Expectations of employees and suppliers

As part of its business activities, the KSM Castings Group and its suppliers worldwide assume responsibility for compliance with the applicable economic, environmental, human rights and social standards. The scope of the corporate due diligence extends to the KSM Castings Group's own business area as well as employees and business partners along the supply chain.

Our understanding of human rights also includes the environmental aspects protected by the Supply Chain Due Diligence Act. Specifically, we expect our own employees and our suppliers to comply with the following minimum standards:

- The rejection of exploitative child labor. The statutory regulations on the minimum age for employees in accordance with the respective national regulations must be observed. Child labor must never be dangerous, prevent children from attending school or impair the physical, mental, spiritual, moral or social development of children.
- The prohibition of all forms of forced labor such as forced labor or human trafficking, as well as a ban on modern slavery.
- The rejection of physical and psychological punishment.
- The right of employees to unionize and bargain collectively.
- Compliance with the restrictions on working hours applicable at the respective location and an appropriate wage level that at least corresponds to the minimum wage set at the place of employment.
- The rejection of any form of discrimination, e.g. due to age, gender, skin color, religious or sexual orientation, illness and compliance with all legal requirements for ethical recruitment.
- Ensuring the minimum health and safety standards applicable at the place of employment.
- The natural foundations of life are preserved. Harmful changes to the soil, water and air pollution, noise emissions and excessive water consumption must be avoided if this harms the health of people, significantly impairs the natural basis for food production or prevents people from having access to safe drinking water or sanitary facilities.

- Supporting initiatives to promote environmental awareness.
- Supporting the aspirations of minorities of indigenous and tribal peoples, to maintain and develop control over their own institutions, ways of life, identities and the practice of their developments, languages and religions in the countries in which they live, in accordance with the ILO Convention.
- The rejection of any kind of forced eviction, deprivation of land and the obligation not to unlawfully deprive land, forests and waters through acquisition, development or other use.
- The rejection of any use of private or public security forces where there is a risk of torture and cruel, inhuman or degrading treatment, injury to life or limb or interference with the freedom of association and freedom of association due to a lack of instruction or control in the use of such security forces.
- Compliance with the „Act on Protection against Harmful Environmental Impacts from Noise“ (in Germany: „Federal Immission Control Act for Noise“) as well as the existing national legal regulations on protection against harmful noise and the reduction of environmental impacts caused by noise.

## Implementation of human rights due diligence obligations

We have implemented various preventive measures to implement and ensure compliance with the requirements and due diligence obligations of the Supply Chain Due Diligence Act. These are binding within the KSM Castings Group and in our relationships with our business partners. Compliance with and implementation of these processes is constantly monitored and, if necessary, they are further developed and adapted to changing conditions. All our employees and business partners are encouraged to report any circumstances that indicate a violation of the law or internal guidelines.

### Responsibilities, risk management

We have defined clear responsibilities for exercising and complying with our human rights due diligence obligations. Responsibility for implementing the human rights due diligence obligations lies with the management, which is supported in this by the KSM Castings Group's designated Human Rights Officer. He/She has been given the necessary resources and powers to do so. In implementing the human rights due diligence obligations, the Human Rights Officer is supported by the CSR manager, HR management, Purchasing and external service providers. In the course of implementing the requirements of human rights due diligence, this group of people reassessed the processes and procedures already in place and updated or supplemented them where necessary.

Suppliers are regularly informed about the human rights standards and environmental requirements of KSM Castings - prior to commissioning - and are requested to comply with these standards. Only those suppliers who undertake in writing to comply with the aforementioned standards in order to minimize risks and prevent a violation of human rights and environmental protection can become business partners of KSM. In addition, we ask our direct suppliers to demand this from their suppliers in an appropriate manner.

### Risk analysis procedure

Together with Purchasing, HR Management, the CSR Manager and an external service provider, the Human Rights Officer carried out a risk analysis for direct suppliers and its own business operations, weighted the risks and prioritized them. This risk analysis is reviewed and updated once a year or as required.

All direct suppliers were analyzed in terms of the product they supply, the turnover and country of origin and classified accordingly. The country risks were then weighted and the main suppliers were checked for abnormalities with the help of intensive internet research. An analysis of sector risks was also carried out. The probability of occurrence and the potential

severity of a breach of human rights due diligence were assessed with a factor as evaluation criteria for the risk analysis. The result was a human rights risk assessment for each supplier.

The next step was to assess the KSM Castings Group's ability to influence the respective suppliers. Preventive and remedial measures are defined for high and medium risks. Direct suppliers with low risk are considered as required.

The results of the risk analysis are regularly communicated to the management of the KSM Castings Group and, if necessary, further measures are agreed with the management.

## Preventive and remedial measures

### Supplier CoC and own CoC

We expect our direct suppliers to comply with human rights and environmental expectations. This means that compliance with our Supplier Code of Conduct is mandatory for all suppliers, regardless of the risk assessment. In this Supplier Code of Conduct, the above-mentioned expectations are specified and documented in a binding manner. This Supplier Code of Conduct is adapted accordingly when new risks are identified and selected high-risk suppliers are asked to comply again.

Selected suppliers (with a high country or sector risk) are approached directly by those responsible in the purchasing department or reviewed in the form of surveys. In addition, independent control measures, e.g. in the form of on-site audits, are implemented for suppliers with a high risk in terms of human rights or environmental due diligence obligations. We also expect our suppliers to have and actively implement a human rights strategy and that employees with decision-making authority receive regular training on this.

The KSM Castings Group is a member of the German Foundry Industry Association (Bundesverband der Deutschen Gießerei Industrie e.V.). (BDG), the trade association of the German foundry industry, which represents the interests of iron, steel and non-ferrous metal foundries. KSM is also a member of the Lower Saxony Metal Employers' Association, the Saxony-Anhalt Metal and Electrical Industry Association, the North Rhine-Westphalia Metal and Electrical Industry Association and the Wood and Metal Employers' Liability Insurance Association. A regular exchange on potential risks also takes place as part of these memberships.

KSM provides a publicly accessible option for reporting complaints. The contact details are published on the KSM homepage, on all external documents of the KSM Castings Group and in the e-mail signature. Any reports that become known about this will be evaluated by the Human Rights Officer, HR management and other responsible persons of the KSM Castings Group, further analyzed and (if necessary) corrective measures will be established. The persons entrusted with conducting the procedure must guarantee impartiality and are obliged to maintain confidentiality.

Binding rules of procedure for dealing with complaints regulate the processes within the company; these rules of procedure are publicly accessible. Incoming reports are treated confidentially and the procedure is designed to ensure that the complainants are not disadvantaged as a result of their reports. The whistleblower receives confirmation of receipt of the report (if the whistleblower is known) and is informed about the further follow-up of the report, but at the latest about the outcome of the case.

If a tip-off leads to substantial knowledge of a breach of due diligence obligations at an indirect supplier, risk management is adjusted immediately and a new risk analysis is carried out. In such cases, individual preventive measures are also developed and a concept for prevention, termination or minimization is drawn up and implemented. If the injury has already occurred in the past, preventive measures are taken to avoid a recurrence.

The effectiveness of these measures is reviewed at least once a year and as required in a team with the Human Rights Officer, Human Resources Management, the CSR Manager and the Quality Supplier Manager in Purchasing. This also applies to any necessary revision of this policy statement.

#### CoC for own business operations

We also expect compliance with these standards in our own business operations and from our employees. To this end, we have implemented an internal code of conduct in which these expectations are specified. For example, a human rights strategy is pursued that monitors and manages the handling of human rights aspects in the supply chain.

For this purpose, decision-makers and employees, particularly in purchasing, receive regular training via the internal training system.

For decision-makers in the purchasing process, additional training on human rights due diligence is provided by an external partner. The training results are documented. Only by making employees aware of the human rights risks can these be reduced or prevented in advance.

Close cooperation with the works council of the individual plants is of crucial importance in our own business area. The HR managers at the plants regularly consult with the respective Works Council Chairman and the Head of HR Europe as well as the Chairman of the General Works Council.

KSM has set up an internal complaints procedure. Employees can (anonymously if they wish) submit complaints at any time in writing to the complaints boxes displayed in the plants, by e-mail to [compliance@ksmcastings.com](mailto:compliance@ksmcastings.com) or by telephone on +49 5121-505 1888 to the responsible office, which will forward the information to the person responsible. This complaints procedure is also available for reports of potential violations of the Supply Chain Due Diligence Act. No distinction is made between internal and external complaints in the further procedure.

#### Remedial measures

In the event of an unforeseeable violation of environmental or human rights, KSM has established various remedial measures to minimize or, if possible, eliminate such violations. If it is determined that the behavior of employees is not compatible with human rights, appropriate sanctions are introduced.

If we have a well-founded suspicion or concrete indication of possible human rights violations in our company or along our upstream and downstream value chain, we make direct contact and work together to develop possible remedial measures (such as training, instruction, development of standards or other event-related measures).

We oblige our business partners to support us in clarifying the facts of the case and to cooperate fully within a reasonable timeframe. Depending on the severity of the violation, we reserve the right to respond appropriately in connection with our business partners. These range from a request to remedy the breach immediately to legal action and termination of the business relationship. This also includes exchanging ideas and collaborating with other companies in the industry.

The effectiveness of the remedial measures is reviewed after the measures have been implemented and then regularly, at least once a year.

## Reporting

KSM publishes an annual report on identified violations and risks in accordance with the Supply Chain Due Diligence Act. In addition, this policy statement on compliance with due diligence is part of the report and is updated as required. The expectations of employees and suppliers are also listed, as is an assessment of the effectiveness of the measures taken in the past year.

The annual sustainability report published by KSM also addresses this topic. The Group's Human Rights Officer is responsible for reporting.

## Priority of risks

KSM carries out a risk analysis in accordance with the LkSG at least once a year and, if necessary, on an ad hoc basis. The risks identified in this way are prioritized and weighted. In the risk analysis carried out in 2023, an abstract risk analysis of the suppliers was first carried out on the basis of country and industry risks and this analysis was checked for plausibility with reference to further research using publicly accessible databases. Accordingly, there are no significant risks for KSM from its direct suppliers and its own business activities that could jeopardize the protected assets of the LkSG.

There are no business relationships with suppliers in the conflict regions of Central Africa. KSM does not procure or process any so-called conflict minerals.



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