



DECLARATION OF PRINCIPLES

on the GROB Group's human rights strategy

Section 6(2) of the German Supply Chain Act [Lieferkettensorgfaltspflichtengesetz]



GROB Declaration of Principles

CONTENTS

PREAMBLE

1. SCOPE

2. COMMITMENT TO THE HUMAN RIGHTS STRATEGY

3. EXPECTATIONS

4. PRIORITY RISKS

5. METHOD

5.1. Organization and responsibility – risk management

5.2. Risk analyses

5.3. Preventive and corrective measures

Preventive measures

Corrective measures

6. COMPLAINTS PROCEDURE / GROB WHISTLEBLOWER SYSTEM

7. DOCUMENTATION AND REPORTING

8. FURTHER DEVELOPMENT

PREAMBLE

As an international family-owned company, we are proud to be pioneers in manufacturing highly innovative production and automation systems and want to make sure that we remain in this position in increasingly volatile times shaped by technological change and political uncertainties. A business model focused on sustainability and solidarity has been a cornerstone of our commercial success for four generations and has been an entrenched part of our corporate strategy since the very beginning.

The purpose of this Declaration of Principles is therefore not just to meet the requirements from the German Supply Chain Act ("LkSG"), which entered into force on 01/01/2023 with the aim of improving the international human rights situation and environmental protection through the responsible structuring of supply chains. As a responsible employer and global company, taking responsibility for our actions by respecting internationally recognized human and environmental rights and preventing and minimizing human rights and environmental violations, or taking corrective action where necessary, is an established part of our corporate culture. This Declaration of Principles on the GROB Group's human rights strategy seeks to reinforce this position.

1. SCOPE

As a company directly subject to the German Supply Chain Act, our commitment to respecting human and environmental rights extends to both our internal as well as external business areas of GROB-WERKE GmbH & Co KG in Mindelheim and also includes all other production sites as well as international service companies belonging to the GROB Group (hereinafter "GROB" or the "GROB Group"). Each GROB Group company is therefore required to comply with this Declaration of Principles.



2. COMMITMENT TO THE HUMAN RIGHTS STRATEGY

The Declaration of Principles on the GROB Group's human rights strategy is more than simply an expression of our day-to-day values. It also expands on our central code of conduct, which we initially set down in the form of a Compliance Policy in 2018 and revised over the years to create a Code of Conduct. This is the foundation of all corporate policies and regulations, and sets out binding guidelines that convey our underlying ethical principles in addition to



the legal framework. Our Code of Conduct applies to all GROB Group companies, including all GROB-WERKE GmbH & Co KG subsidiaries, and must be observed by executives and employees alike.

Beyond our own factory doors, GROB places great importance on sustainable business relationships and respectful interaction. In its Supplier Sustainability Standards, since refined to a comprehensive Code of Conduct for Business Partners, GROB places direct requirements on its business partners to fulfil their responsibilities within the supply chain. While our Supplier Sustainability Standards primarily focused on our suppliers, our Code of Conduct for Business Partners now pursues a holistic approach that also addresses our customers and investors as well as the media, society, non-governmental organizations ("NGOs"), and politics. In particular, the increasing sustainability requirements make it necessary for us to reconsider traditional structures and expand our group of stakeholders. We seek close and open dialogue based on the spirit of partnership with all our stakeholders.

Building on this, our commitment to respecting human and environmental rights includes adequate compliance with human rights and environmental due diligence obligations to safeguard the prohibition

- ⊕ of all forms of child labor
(cf. Section 2(2) no. 1 and 2 LkSG);
- ⊕ of all forms of child labor
(cf. Section 2(2) no. 1 and 2 LkSG);
- of forced labor and all forms of slavery
(cf. Section 2(2) no. 3 and 4 LkSG);
- of disregarding occupational safety and health obligations and work-related health hazards
(cf. Section 2(2) no. 5 LkSG);
- of disregarding freedom of association and the right to collective bargaining
(cf. Section 2(2) no. 6 LkSG);
- of unequal treatment in employment
(cf. Section 2(2) no. 7 LkSG);
- of withholding an adequate wage
(cf. Section 2(2) no. 8 LkSG);
- of the destruction of natural resources through environmental pollution
(cf. Section 2(2) no. 9 LkSG);
- of the unlawful violation of land rights
(cf. Section 2(2) no. 10 LkSG);
- of the hiring or use of private/public security forces that could have an adverse impact due to a lack of instruction or control

(cf. Section 2(2) no. 11 LkSG);

- of an act or omission in breach of a duty to act, which is directly capable of impairing a protected legal position in a particularly serious manner, and the unlawfulness of which is obvious upon reasonable assessment of all circumstances in question
(cf. Section 2(2) no. 12);
- of the manufacture, use, and/or disposal of mercury
(Minamata Convention)
(cf. Section 2(3) no. 1, 2, and 3 LkSG);
- of the prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) as well as the prohibition of the non-environmentally sound handling of waste containing POPs
(cf. Section 2(3) no. 4 and 5 LkSG)
- of the prohibited import/export of hazardous waste within the meaning of the Basel Convention
(cf. Section 2(3) no. 6, 7, and 8 LkSG).

GROB is aware of the risk that its business activities and global supply and value chains may potentially have or contribute to an adverse impact on the aforementioned human and environmental rights. GROB is therefore committed to respecting the internationally recognized human and environmental rights mentioned above and has established the ongoing internal review and improvement of its human rights and environmental due diligence processes. We strive to meet our corporate responsibilities and avoid any adverse effects that our actions may have on international human rights as well as environmental concerns by establishing responsible and sustainable supply chains as well as value management.

3. EXPECTATIONS

At GROB, we have high expectations of our executives and employees, as well as our business partners. Their full commitment to and support of the aforementioned, internationally recognized human and environmental rights is a key pillar of every collaboration with GROB.

Having said that, we are not asking for the impossible. In line with the German Supply Chain Act, we expect our employees as well as our suppliers to support us to the best of their abilities to adequately prevent the human rights and environmental risks covered under 2., or to end or minimize these risks as applicable. This particularly applies for the priority human rights and environmental risks. In this respect, we require employees and suppliers to make an adequate contribution to

- ⊕ the continuous maintenance of risk management at GROB,
- ⊕ the conduct of regular and ad hoc risk analyses by GROB,



- ⊕ the implementation of preventive and corrective measures by GROB, as well as
- ⊕ the maintenance of the GROB complaints procedure.

Specifically, we expect our employees to act as role models in terms of our Code of Conduct for legally compliant and ethical conduct in the company and at the workplace, and to actively support our efforts to respect human and environmental rights, particularly in their own area of business, as required by the LkSG.

Specifically, we expect our suppliers to commit to establishing and observing adequate due diligence processes on the basis of our Code of Conduct for Business Partners, particularly when they fall within the scope of the LkSG, and that they also pass this requirement on to their own suppliers. But we also expect suppliers who fall outside the scope of the LkSG to take adequate measures to implement their commitment to respecting human and environmental rights to the best of their abilities.

4. PRIORITY RISKS



At GROB, we pursue a holistic approach to handling potential risks and possible violations in our own area of business on the one hand and within our global supply chains on the other. We have developed a multi-stage process that we use to systematically identify adverse human rights and environmental impacts as required by law, both annually as well as on an ad hoc basis, in order to derive any necessary preventive and corrective measures. Our risk management concerning human rights and environmental due diligence is described in detail under 5. This is a continuous process that we will continue to refine and adapt on the basis of new findings as well as the applicable legal framework.

In addition to a fundamental sector risk inherent in mechanical engineering, our global engagement also exposes us to structural country risks. We assess and prioritize these risks based on the criteria of severity, reversibility, and probability of occurrence, as well as in consideration of our capacity for influence and possible contribution to the cause.

Our risk analyses conducted to date have shown that the child labor, forced labor, and human trafficking risk areas need to be given particular consideration as priority human rights risks. In these areas, even merely a lack of or inadequate documentation by our suppliers are seen to be indicators that necessitate a more in-depth review. The areas of occupational safety and health protection as well as environmental protection are also given priority. In the environmental sphere, the focus is on possible risks particularly in connection with emissions as well as the correct disposal of hazardous substances. Once indicators for priority risk areas have been defined, we enter into dialog with affected suppliers, request adequate evidence and explanations, and (where necessary) initiate appropriate preventive and corrective measures to avoid or minimize the corresponding risks. The objective is to work together with our suppliers to ensure compliance and the continuous improvement of human and environmental standards. Findings from our due diligence processes also flow into our corporate decision-making processes, in particular into the selection, evaluation, and ongoing development of suppliers as

well as into strategic decisions in relation to existing and new markets.

5. METHOD

5.1. Organization and responsibility – risk management



The Management Board of GROB-WERKE GmbH & Co. KG is primarily responsible for implementing and complying with the human rights and environmental due diligence requirements. To meet these requirements, an effective risk management system has been established and adequate measures taken to anchor this system in all essential business processes. The requirements of the German Supply Chain Act are woven into this system at a personnel, procedural, and documentation level. Our risk management enables us to identify and minimize human rights and environmental risks as well as to prevent, cease, or minimize violations, if we have caused or helped to cause such violations in the supply chain.

The operational implementation in the specific area of business is ensured by the GROB-WERKE GmbH & Co KG Sustainability Officer. This individual is responsible for conducting risk analyses as well as for coordinating the resulting preventive and corrective measures within the GROB Group's business activities. To execute these responsibilities, the Sustainability Officer has access to the necessary points of contact at the Mindelheim site as well as at all subsidiaries. In external areas of business, operational implementation is ensured by Strategic Purchasing, which has established a central project team responsible for this task that is, to the extent necessary, in close contact with the local heads of purchasing in all international production plants. In terms of legal issues, both units are supported by the Legal and Compliance organizational unit.

As per the legal requirements, the GROB-WERKE GmbH & Co KG Management Board has also appointed a person responsible for monitoring human rights and environmental risk management. This role is exercised by the GROB-Werke GmbH & Co KG Compliance Officer, who is part of the Legal & Compliance organizational unit and therefore has the necessary expertise as well as objectivity. In this role, the Compliance Officer is, among other things, responsible for preparing and executing training sessions and audits and for continuously reviewing and, where necessary, improving the established risk management to observe human rights and environmental due diligence. The Management Board is informed of the findings by this person at least annually as well as on an ad hoc basis where necessary.

5.2. Risk analyses

Annual and ad hoc risk analyses in compliance with the statutory requirements are conducted in our area of business and in the supply chain, and their results are appropriately weighted

and prioritized.

We conduct our supplier review with the support of EcoVadis, which involves first determining the potential human rights and environmental risk attributable to a supplier based solely on its sector affiliation and the country in which its headquarters are located (EcoVadis IQ Plus). Based on this, all those suppliers for which a relevant risk level was identified in this abstract risk analysis are subjected to a specific risk analysis. The resulting findings and potential risks are then assessed by severity and probability of occurrence. The nature and prioritization of the preventive and corrective measures to be implemented in the specific case also take account of any contribution to the cause and our capacity for influence on the relevant supplier.

In particular, we then involve direct suppliers in the specified analyses and measures, if there are factual indications pointing to a possible violation of a human rights or environmental obligation by a direct supplier (substantiated knowledge).

In our own area of business, we conduct the risk analysis on the basis of a questionnaire, which the Sustainability Officer at the Mindelheim site completes, in particular, in cooperation with the departments, HR, Occupational Safety, Engineering, and Environmental Management. In our subsidiaries, this structured survey is carried out by the Sustainability Officer's contact person on site.

The results of our risk analysis are communicated to the relevant decision-makers and appropriately taken into account.

5.3. Preventive and corrective measures

Based on the results of the prescribed risk analyses, we allocate preventive and corrective measures to the appropriately weighted and prioritized risks as required by law and review their effectiveness annually and on an ad-hoc basis. We make appropriate adjustments as necessary.

► Preventive measures

In particular, we also consider the Declaration of Principles on the GROB Group's human rights strategy to be a preventive measure and an important first step that recognizes our

corporate due diligence obligations in relation to human and environmental rights, which specifies these requirements in relation to business partners. By publishing this Declaration of Principles on the GROB website and the use of targeted communication measures, we make an important contribution to raising awareness of sustainable supply chain and value management amongst our employees as well as our business partners.

We have introduced various preventive measures in our own business area to avoid or mitigate identified risks whose effectiveness is continuously monitored and adjustments are made as necessary. Our in-house regulations, particularly our Code of Conduct and our Code of Conduct for Business Partners, reflect our commitment to the international human and environmental rights mentioned above. This represents a binding framework for action for all our employees and suppliers. Beyond this, we have a range of internal procedural guidelines that we are progressively reviewing with a focus on our human and environmental due diligence processes and adapt accordingly.

We are actively working towards compliance with and implementation of these standards along the value chain. The commitment by our direct suppliers to comply with these standards is a requirement for long-lasting business relationships. In addition, compliance with these standards and the implementation of human rights and environmental due diligence obligations in line with the LkSG are a key assessment criterion when selecting our direct suppliers.

Our Code of Conduct for Business Partners is therefore part of our supplier onboarding process as well as our standard procurement contracts and our general terms and conditions of purchase. As part of our integrated sales process, we review potential effects on human and environmental risks even before accepting customer orders.

Our contracts and GTCs also provide for the possibility of internal on-site audits as well as external audits to monitor compliance with the standards in our Code of Conduct for Business Partners and this Declaration of Principles. Moreover, we also require our direct suppliers to demand compliance with human rights from their respective suppliers. If non-compliance or a material violation is identified, we reserve the right to terminate the business relationship.

Beyond this, we offer a range of training sessions for our direct suppliers that raise awareness of human rights and labor standards and in which participants are informed of our requirements.

We also endeavor to ensure compliance with the standards by indirect suppliers. If we obtain substantiated knowledge of a (possible) violation by an indirect supplier, we conduct a risk analysis and take appropriate preventive and corrective measures as necessary.

► Corrective measures

If we identify imminent or even actual violations of a human rights or environmental obligation in our own area of business, we will prevent, cease, or minimize such violations without delay.

The same applies to violations by our direct suppliers where possible. If a violation by such a supplier is such that we cannot prevent or end it in the foreseeable future, we will immediately implement a minimization concept on the basis of our escalation and remedial action plan. In addition, adequate responses are provided for depending on the severity of the violation, from the demand for immediate removal of the violation to legal steps as well as the termination of the business relationship.

6. COMPLAINTS PROCEDURE / GROB WHISTLEBLOWER SYSTEM



GROB consistently rejects any form of human rights and environmental violations. We therefore consider an appropriate and effective complaints management system to be an important part of our due diligence processes detailed in this Declaration of Principles.

We therefore expressly wish to encourage all GROB Group employees as well as third parties to report indications of human rights and environmental risks as well as violations of human rights or environmental obligations caused by the commercial actions of the GROB Group in its own area of business or by our direct as well as indirect suppliers. The same applies to violations of our Code of Conduct or for other violations of law in a professional context.

A report can be made either directly to the GROB-WERKE GmbH & Co KG Compliance Officer (compliance@grobgroup.com) or via the GROB Group's digital whistleblower system at any time. This can be found on the GROB website (<https://www.grobgroup.com/en/company/compliance/>) and also enables anonymous reports.

Notifications received are exclusively processed by the competent and appropriately qualified internal reporting bodies. Targeted measures are then coordinated in consultation with the affected departments as necessary. Further information can be found on the GROB website as well as the rules of procedure on our whistleblower system that can be accessed on the website.

7. DOCUMENTATION

The implementation of our statutory requirements as well as the developments of our human rights and environmental due diligence processes are continuously documented and monitored. Irrespective of any statutory reporting requirement under the LkSG, we ensure transparency in this area through appropriate internal and external publications.



8. FURTHER DEVELOPMENT



Just like our Code of Conduct and our Code of Conduct for Business Partners, we consider the GROB Group Declaration of Principles on respecting human rights to be a "living document" that we will constantly review and update based on future findings and the resulting need to adapt our measures.

German Wankmiller
Chairman of the Board & CEO

Olaf Böckers
Member of the Board & CFO

Christian Müller
Member of the Board & CSO