

HEGENSCHEIDT-MFD GmbH Compliance, Sustainability and Corporate Ethics Policy

HEGENSCHEIDT-MFD GmbH (hereinafter referred to as HME) is fully aware of its corporate responsibility towards society and the environment. In addition to economic success, our goal is to actively help shape a global future worth living in. The preservation of human dignity, fairness, environmentally conscious and compliant conduct, social responsibility, social acceptance and sustainable business relationships are integrated into the guidelines of our corporate group. The implementation of this process description ensures that

- our trade processes will be shaped accordingly,
- participants are trained and given guidance,
- key process indicators are defined and tracked (e.g. employee satisfaction) and
- the public will be kept informed on this matter

This policy is to be followed by all responsible employees of HME and covers all activities inside and outside the company.

With the implementation of this process description within the management system, HME not only ensures compliance with the legal requirements (national and international), but also directs its activities towards sustainable strategies and mutual respect.

The scope of application covers:

- the company HEGENSCHIEDT-MFD GmbH
- the interfaces with interested parties
- the sphere of activity towards the customer and
- communication with authorities

Other topics such as **environmental protection, energy efficiency, data protection, information security**, etc. are presented in separate process descriptions.

Responsibilities

Management is committed to ensuring full compliance with the law and to taking into account other social objectives such as ecology and social interaction. In this regard, all employees are expected to observe the company regulations and comply with the rules of conduct described in the company and corporate policies.

HME's management defines the principles of general conduct within the scope of business activities and is responsible for providing broad information to all relevant persons.

It is responsible for verifying and ensuring compliance with HME Guidelines, the HME Code of Conduct and the requirements of interested parties. The necessary processes have been implemented and are carried out by the division and department heads. Periodic monitoring takes place within the framework of internal audits.

Process owners are responsible for the implementation of all HME policies within their area. This ties in:

- the definition and tracking of objectives through the target achievement system,
- the integration of all process participants in working towards the achievement of these objectives and compliance with the law

Compliance management is supported by the following managers in accordance with ISO 19600:

- the Head of HR on social issues
- the Safety Officer on health and safety,
- the Head of Quality Management
- the Environmental Officer
- the Data Protection Officer
- the Information Security Officer
- the Management on corruption, ethics and social consideration.

Business conduct

HME does not tolerate **bribery, extortion and corruption** in the conduct of business and interpersonal relations. We are aware of the potential risks from non-compliance with laws and regulations. Combating bribery, extortion or corruption is a commitment that we always pursue.

The employees of HEGENSCHIEDT-MFD GmbH are obliged to make their business decisions in the best interests of the company and not on the basis of personal interests. The "two-man rule" always applies to decisions with financial implications. Supervisors shall install monitoring procedures for this purpose.

HEGENSCHEIDT-MFD GmbH is aware of its corporate responsibility towards society and the environment. The goal of our actions is not only economic success, but also active participation in shaping a global future worth living in. The **protection of human dignity**, fairness, environmentally conscious and compliant behaviour, social responsibility, social recognition and sustainable business relationships are an integral part of our corporate guidelines. The company HEGENSCHIEDT-MFD also stands for **fair competition** in the market and compliance with **antitrust law**.

We recognise that **modern slavery and human trafficking are a crime** and a violation of basic human rights and will not tolerate it at HEGENSCHIEDT-MFD. We remain committed to responsible business, which includes a commitment to do everything in our power to prevent all forms of modern slavery in every part of our own business and supply chains.

We expect our suppliers and customers to share and respect these ethical values and principles.

Forced labour, human trafficking and child labour are not accepted, not only by us but also by our suppliers. This principle is part of our Code of Conduct and is firmly anchored in the guidelines governing our business activities. Violation of this principle will be punished.

The processes in place ensure the proper selection of business partners, which minimises the risk of **human rights violations**, as well as legal, reputational and financial risks to our companies. Electronically documented business transactions enable transparent monitoring of our actions and thus prevent opportunities for corruption. All evidence shall be disclosed to official auditors upon request.

Concerns about the international increase in violence and human rights violations call for particular caution. HME does everything it can to ensure that its supply chains do not contribute to international human rights abuses. It strives not to source or use for its products or the products of its customers any **conflict minerals** (including gold [Au], tantalum [Ta], tungsten [W] and tin [Sn]) mined in **conflict areas in the DRC region and neighbouring countries**, or illegally taxed on trade routes controlled by armed non-governmental groups.

An information security system in accordance with DIN EN ISO 27001 is being introduced to protect confidential information. Annual training ensures that the workforce is made aware of the issue of information security. Nondisclosure agreements are entered into with interested parties to protect sensitive data and information. Sensitive information is also protected by restricting access to the security areas. Extensive measures have been taken to protect HEGENSCHIEDT-MFD from digital **retaliation**. On the one hand digital measures such as firewalls, virus scanners, multiple storage of data, on the other hand access restrictions on the company premises and supplier and visitor guidelines. The introduction of DIN EN ISO 27001 and the existing data protection guidelines also prevent **retaliation**.

HEGENSCHEIDT-MFD GmbH has set up a so-called internal reporting office to enable employees and external parties to report violations of national and European law. The aim is to accelerate the detection and prevention of legal violations and promote compliance. An external **whistleblowing officer** has been appointed who is responsible for receiving information and taking follow-up measures within the meaning of the Whistleblower Protection Act (HinSchG). It acts as an "internal reporting office" according to the HinSchG, but in this capacity is a responsible person according to the GDPR. This means that he is your contact person with regard to the personal data transmitted to him and is responsible for the data protection compliance of the processing. The protection of the personal data of the **whistleblower** is guaranteed by the data protection officer of HEGENSCHIEDT-MFD GmbH.

At HEGENSCHIEDT-MFD, financial records are created in accordance with applicable law and the principles of proper bookkeeping (**financial responsibility**). The Controlling / Financial Accounting department is responsible for this. During the annual assessment of financial responsibility by the auditors, the correctness of the documents prepared on **financial responsibility** is carefully checked. Business processes are clearly documented. The legally prescribed retention periods for documents are observed.

Export principles

- When selling and delivering goods or providing services, we take great care to ensure that the applicable customs and foreign trade regulations, including the regulations on securing the supply chain, are checked, implemented and complied with.
- We conduct an extended audit for business in sanctioned countries.
- Export control regulations (e.g. of the EU or the USA) are checked by specialists and compliance with them is ensured.
- In the event of indications of possible violations of export law and customs requirements or of unauthorised use of our products and services, we shall refrain from the transaction and involve the competent export control unit and authority.

The suppliers of HEGENSCHIEDT-MFD GmbH are selected with due consideration for **human rights** and **sustainability**. How sustainably a supplier works and delivers is queried by the supplier self-assessment and checked and assessed during supplier audits. Sustainability is an important criterion when choosing a supplier.

The following will not be tolerated:

- Exceeding the weekly working hours according to locally applicable law; or more than 60 hours per week (exceptions are emergencies and exceptional circumstances),
- Falling below the minimum wage and minimum social benefits under local law,
- Child labour, involuntary labour and human trafficking,
- Inhumane treatment,
- Discrimination against minorities,
- Global political conflict funding.

Protection of intellectual property:

Our developers consistently deliver outstanding performance, which fundamentally ensures the marketability of HEGENSCHIEDT-MFD GmbH. In order to protect them from external "abuse", precautions are taken by managers, such as

- securing data transmission of sensitive information with sufficient data encryption according to QMV 0701 Company guideline data protection
- the patent protection of developments and the obligation to clarify patent infringements
- securing confidentiality obligations from and to other partners
- the establishment of an information management system in accordance with ISO 27001

The intellectual property of others is respected. Violations by Hegenscheidt employees will not be tolerated and will be punished accordingly.

Plagiarism:

The use of plagiarism or counterfeit materials is strictly prohibited. By purchasing our raw materials from official and certified suppliers, we minimize the likelihood of counterfeit materials and plagiarism being introduced into our products. If counterfeit materials or plagiarism are discovered during one of the quality checks that are carried out regularly, they are immediately isolated and the original parts manufacturer or any law enforcement authorities that may be present are notified.

Social and societal concerns

Safe products

As a machine manufacturer, HME is aware that, in addition to developing products, it is always necessary to take into account the reduction of stresses and risks that affect the operator. Safety precautions must remain permanently effective according to applicable standards.

Responsible: Head of Development and Construction

Data protection

Personal data is subject to data protection. Everyone's privacy must always be respected. Management involvement in this regard has been achieved through the implementation of a separate procedural instruction.

Responsible: Data Protection Officer

Employee consideration:

Employees are the company's most valuable resources. All personal business decisions must take into account the following aspects:

- equality (in gender, age, origin, religious affiliation and mental-physical as well as social condition)
- fair performance remuneration
- respect for the rights of third parties; and
- mutual respect

Responsible: Division and department heads

Employee empowerment programmes are implemented under the responsibility of HR with the aim of

- increasing motivation
- a reduction in employee turnover
- health promotion and
- participation in social and local development.

The effectiveness of the measures is shown in the employee satisfaction process indicator.

Responsible: Head of HR

To ensure fair cooperation and to avoid **conflicts of interest**, a **works council** has been established at HME. The staff composition, its working methods, rights and powers comply with the legal requirements. The first point of contact for the works council is the head of HR, representing senior management. The company shall ensure that the works council members receive appropriate training. Adopted regulations must be documented in company agreements and published within the company.

Publication takes place via the "Company notice board", by email by the works council and in the management handbook

Responsible: Head of HR, Works Council

The financial remuneration of employee performance is made in accordance with HME's internal job descriptions, irrespective of **age, gender, origin and any affiliation to associations and political views**. Wages/salaries are always higher than the current statutory minimum wage. **Equal opportunities** must be maintained when awarding management positions.

Responsible: Head of HR

Occupational safety

Great importance is attached to the employee's ability to work and therefore their health. The existing working conditions are the main influencing factors in this respect. This makes occupational safety management an integral part of the management process. Management is responsible for a fully comprehensive occupational health and safety policy. In this regard, management shall ensure that the necessary qualifications are obtained.

Responsible: Board of Management



The description of the occupational safety management takes place in a procedural instruction, which must be complied with by all employees responsible for the process. This regulation shall include the working methods of the occupational safety committee with the external occupational safety supervision and the occupational health service. The performance of the occupational safety management is to be monitored by SIFA via suitable key figures and reported via the management review.

Responsible: Health and Safety Officer

Environmental Management

Environmental management is carried out through the ISO 14001 management system. The GEORG database ensures that the statutory regulations on environmental protection and occupational safety are complied with. There is an annual training of division and department heads on changes in regulations and laws. The respective tasks for fulfilling the requirements are assigned to the respective responsible person by the GEORG database. The processing of the tasks is controlled by the environmental officer.

Attention is paid to reducing greenhouse emissions as part of environmental management. This included the purchase of a solar energy system that generates CO2 savings and supplies the production machines with electricity from renewable energy sources. Furthermore, Hegenscheidt is converting the company car fleet to hybrid and electric vehicles. Energy efficiency is an important topic in the design of Hegenscheidt machines. Motors with a high efficiency class IE4 are used here as standard.

Through ISO 14001 certification, Hegenscheidt places great emphasis on keeping the environment clean. This includes air purity, water purity and water consumption. Furthermore, there are guidelines for handling hazardous substances (chemicals) in order to avoid polluting the environment.

The amount of waste is monitored through process indicators. Our goal is a high recycling rate and a steady reduction of waste. To achieve this, we work together with our disposal companies and constantly develop new concepts for waste prevention and recycling. The key figures are audited once a year by TÜV Rheinland.

Responsible: Environmental officer

Energy Management:

Regular energy audits in accordance with DIN 16247 are carried out by TÜV Rheinland to identify potential energy savings. This saves resources at Hegenscheidt and reduces the burden on the environment as well as CO2 emissions.

Responsible: Energy Management Officer

Qualification management:

Qualification measures are to be based on the entrepreneurial requirements. Requirements are determined by the respective supervisor and approved by the management. Qualification measures are to be awarded irrespective of the age, gender, origin and, if applicable, the given union of the employee.

Responsible: Head of HR

Information security management:

The security of internal information and intellectual property of HEGENSCHIEDT-MFD is ensured by the establishment of an information management system in accordance with ISO 27001. External intrusions are averted and internal data security is protected.

Responsible: Information Security Officer

Compliance Management Evaluation

The effectiveness of compliance at HEGENSCHIEDT is presented in the annual reports of the environmental officer, the health and safety officer and the head of quality management in the management review.

Reported by HR:

- Training courses
- Employee turnover
- Sick leave rate
- Employee development and satisfaction

Reported by SIFA:

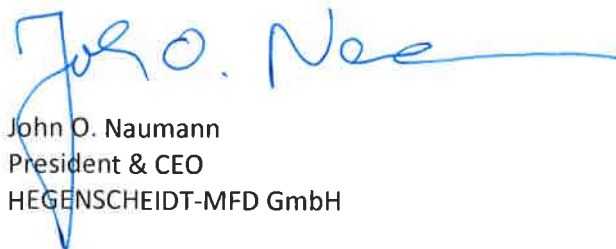
- Annual health and safety report
- Workplace accidents

Reported by the Environmental Officer:

- Effectiveness of the environmental management system
- Report of the compliance audit by Manz

Compliance Officer (CO)

This person was appointed by the CEO and is included in the organisational chart.

A handwritten signature in blue ink, appearing to read 'John O. Naumann', is written over a printed name and title block.

John O. Naumann
President & CEO
HEGENSCHEIDT-MFD GmbH