

Report on the LkSG (Supply Chain Due Diligence Act)

Reporting period from 01.01.2023 to 31.12.2023

Name of the organization: EDAG Engineering GmbH

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A. Strategy & Anchoring

A1. Monitoring of risk management & responsibility of the management

What responsibilities were defined for monitoring risk management in the reporting period?

The Head of Legal&Compliance has been appointed Human Rights Officer. The Compliance and Purchasing departments are responsible for the legally compliant implementation of due diligence obligations in accordance with the LkSG is responsible for this. The Compliance department reports any breaches identified to the Executive Board.

A. Strategy & Anchoring

A1. Monitoring of risk management & responsibility of the management

Has the management established a reporting process that ensures that it is regularly - at least once a year - informed about the work of the person responsible for monitoring risk management?

It is confirmed that the management has established a reporting process that ensures that it is informed regularly - at least once a year - about the work of the person responsible for monitoring risk management within the meaning of Section 4 (3) LkSG.

- Confirmed

Describe the process that ensures reporting to management at least once a year or regularly with regard to risk management.

The Compliance department reports to the Management Board at least once a year and on an ad hoc basis. The reporting covers events relevant to human rights and the environment that were identified as part of the continuous risk analysis in the supply chain and in the company's own business area, as well as the measures taken and their effectiveness.

A. Strategy & Anchoring

A2. Policy statement on the human rights strategy

Is there a policy statement that has been prepared or updated on the basis of the risk analysis carried out during the reporting period?

The policy statement has been uploaded:

https://www.edag.com/fileadmin/user_upload/Group/Unternehmen/Compliance/EDAG_Grundsatzzerklaerung.pdf

A. Strategy & Anchoring

A2. Policy statement on the human rights strategy

Has the policy statement for the reporting period been communicated?

It is confirmed that the policy statement has been communicated to employees, the works council if applicable, the public and the direct suppliers where a risk was identified in the risk analysis.

- Confirmed

Please describe how the policy statement was communicated to the relevant target groups.

The policy statement is published on the Compliance page of the EDAG website and on the EDAG intranet.

A. Strategy & Anchoring

A2. Policy statement on the human rights strategy

What elements does the policy statement contain?

- Establishment of a risk management system
- Annual risk analysis
- Establishment of preventive measures in the company's own business area, with direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Corrective measures in own business area, at direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Provision of a complaint's procedure in the company's own business area, with suppliers and review of its effectiveness
- Documentation and reporting obligations
- Description of the priority risks identified
- Description of human rights-related and environmental expectations of own employees and suppliers

A. Strategy & Anchoring

A2. Policy statement on the human rights strategy

Description of possible updates during the reporting period and the reasons for them.

The risk situation did not change essentially in the reporting period, which is why no update was carried out.

A. Strategy & Anchoring

A3. Anchoring the human rights strategy within your own organization

In which relevant departments/business processes was the anchoring of the human rights strategy ensured during the reporting period?

- Personnel/HR
- Environmental management
- Occupational safety & occupational health management
- Purchasing/Procurement
- Supplier management
- CSR/Sustainability
- Legal/Compliance

Describe how responsibility for implementing the strategy is distributed within the various specialist departments/business processes.

EDAG has defined clear responsibilities for the performance of and compliance with the due diligence obligations under the LkSG. EDAG has defined the responsible bodies in the company for the implementation of the tasks in the guideline for the implementation of due diligence obligations in accordance with the LkSG. The Legal & Compliance department is responsible for implementing the regulatory requirements. The Purchasing department is responsible for checking compliance with the protected legal positions in the supply chain. The Compliance department monitors compliance with the protected legal positions in its own business area. Compliance is supported in this by the various central administrative departments, such as Environmental Management, Energy Management, Occupational Safety and HR. In this context, the Sustainability team manages the sustainability strategy and incorporates the results of the risk analyses into the annual sustainability report.

Describe how the strategy is integrated into operational processes and procedures.

The necessary processes for the responsible departments are part of the EDAG process management system, which is subject to regular review by QM.

Describe which resources & expertise are provided for implementation.

Prior to the implementation of the regulatory requirements in accordance with the LkSG, the necessary personnel requirements were determined and, if necessary, adjusted accordingly.

B. Risk Analysis and Preventive Measures

B1. Implementation, procedure and results of the risk analysis

Was a regular (annual) risk analysis carried out during the reporting period to identify, weight and prioritize human rights and environmental risks?

- Yes, for our own business area
- Yes, for direct suppliers

Describe the period in which the annual risk analysis was carried out.

01.01.2023 until 31.12.2023

Describe the risk analysis procedure.

The procedure for carrying out the risk analysis is described in the EDAG guideline for implementing the due diligence obligations in accordance with the LkSG. EDAG uses the web-based software solution from Prewave (www.prewave.com) to fulfill the extensive obligations, such as the risk analysis. The risk analysis is carried out using this software application as follows:

The Prewave system classifies the suppliers reported by EDAG and its own business area into different risk levels. This is done on the basis of a classification (i) into risky and non-risky countries ("country risk") (the registered office of the contractual partner is considered) and (ii) depending on the goods or services supplied, into a risk or non-risk commodity group/industry category ("commodity risk") and (iii) on the basis of a web screening for selected suppliers. Optionally, the assessment may also include (iv) self-disclosures to be completed by the suppliers and (v) information provided by the company on individual risk suppliers.

Re (i): The country risks are determined on the basis of 11 different publicly accessible indices and classified as no risk, low risk, mid risk, high risk and critical risk. As far as can be seen from the indices, these indices deal thematically with the human rights and environmental risks specified in the LkSG.

Re (ii): To determine the commodity risks, Prewave uses its own available data on over 100,000 suppliers. These suppliers are categorized into industries (ISIC standard) and product groups. Prewave has a history of incidents in the individual industries and individual product groups for these 100,000 suppliers. Prewave also assesses the frequency of incidents according to no risk, low risk, mid risk, high risk and critical risk.

Re (iii): In addition, AI-supported web screening is carried out for suppliers with a correspondingly high country and sector risk. This involves searching social media, news and other information available online on the basis of a

Supplier keyword and risk keyword searches are used to check whether and which notifications exist for the individual suppliers. Notifications are communicated as so-called "risk alerts".

Re (iv): Optionally, the risk identification can be supplemented by the results from supplier self-disclosures, which the risk suppliers have to complete. For this purpose, Prewave has developed its own questionnaires on the topics of "Working conditions and human rights", "Health and safety" and "Environment".

Re (v): Optionally, EDAG Prewave can name individual risk suppliers, e.g. on the basis of any negative human rights or environmental incidents known within the company within the meaning of the LkSG, to which a certain risk is then also assigned.

The results from (i) to (iii) and optionally also (iv) and (v) are then combined and together form the supplier's 360-degree risk score.

B. Risk Analysis and Preventive Measures

B1. Implementation, procedure and results of the risk analysis

Were event-related risk analyses also carried out during the reporting period?

- No

Give reasons for your answer.

In the reporting period, no issues arose that would have required an event-driven risk analysis. In particular, the following criteria for carrying out an event-driven risk analysis in relation to indirect suppliers were not met:

- Substantiated knowledge of possible violations at indirect suppliers
- Essential change in the risk situation due to new products/projects
- Essential changes in the risk situation due to new business areas.

Furthermore, there was no cause for action due to information or complaints via the reporting channels offered by EDAG or from other internal or external reporting channels.

B. Risk Analysis and Preventive Measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(es) in your own business area?

- None

B. Risk Analysis and Preventive Measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(es) for direct suppliers?

- Prohibition of hiring or using private/public security forces that could lead to impairments due to lack of instruction or control
- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard for freedom of association - freedom of association & right to collective bargaining
- Prohibition of forced labor and all forms of slavery
- Prohibition of unequal treatment in employment
- Ban on child labor
- Prohibition of withholding an appropriate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and non-environmentally sound handling of waste containing POPs
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

B. Risk Analysis and Preventive Measures

B1. Implementation, procedure and results of the risk analysis

Were the risks identified in the reporting period weighted and, if applicable, prioritized and, if so, on the basis of which appropriateness criteria?

- Yes, based on the expected severity of the injury in terms of degree, number of people affected and irreversibility
- Yes, on the basis of your own influence
- Yes, based on the probability of occurrence
- Yes, based on the nature and scope of own business activities
- Yes, based on the type of causal contribution

Describe in more detail how the weighting and prioritization process was carried out and what considerations were made.

The risks (result from the 360-degree risk score) were analyzed according to the criteria of influence and contribution to causation. Based on the result of the 360-degree risk score together with the determination of the capacity to influence and the contribution to causation, the identified risks were assigned an action priority. This prioritization was used as the basis for deciding when and which preventive and remedial measures should be taken. A meaningful weighting and prioritization was carried out by examining the appropriateness criteria and checking the accuracy of the data provided.

The criterion "influence" was determined by the ratio between EDAG's order volume and the supplier's total turnover, as far as known.

The contribution to causation was determined by a classification made by EDAG as to whether or not there is a contribution to causation, e.g. due to unilateral contractual requirements on the supplier.

The criteria "type and scope of business activity", "severity of the risk / breach" and "probability of occurrence of the risk" influence the prioritization via the result of the 360 degree risk score. "Type and scope of business activity" are taken into account in particular in the commodity risks (susceptibility via industry and commodity group risks) and via a classification of the company itself (e.g. with regard to the company's own size, etc.). The "severity of the risk / violation" was taken into account in particular (i) in the web screening via the type and frequency of alerts (e.g. number of people affected) and (ii) in the country and commodity risks via the categorization of human rights and environmental risks into various criticalities (see above; example: child labor is more serious than a one-time violation of the right to strike). The "probability of occurrence of the risk" was assessed in particular (i) during web screening (e.g. is there information on the supplier's poor performance?) and (ii) by EDAG

information provided (e.g. through preventive measures taken that may have an impact on the probability of occurrence).

B. Risk Analysis and Preventive Measures

B2. Prevention measures in own business area

Which risks were prioritized in your own business area during the reporting period?

- None

If no risks have been selected, give reasons for your answer.

The defined processes for identifying risks in EDAG's own business area did not identify any increased risks in EDAG's own business area.

B. Risk Analysis and Preventive Measures

B2. Prevention measures in own business area

What preventive measures were implemented for the reporting period to prevent and minimize the priority risks in your own business area?

- None

If no prevention measures were selected, give reasons for your answer.

The defined processes for identifying risks in the company's own business area did not identify any increased risks in the company's own business area, meaning that no preventive measures had to be implemented.

B. Risk Analysis and Preventive Measures

B3. Preventive measures for direct suppliers

Which risks were prioritized for direct suppliers during the reporting period?

- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and non-environmentally sound handling of waste containing POPs
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and non-environmentally sound handling of waste containing POPs

What specific risk is involved?

Violation of environmental regulations

Where does the risk occur?

- Andorra

Prohibited production, use and/or disposal of mercury (Minamata Convention)

What specific risk is involved?

Prohibited production of products under the Stockholm Convention

Where does the risk occur?

- Andorra

B. Risk Analysis and Preventive Measures

B3. Preventive measures for direct suppliers

What preventive measures were implemented for the reporting period to prevent and minimize the priority risks at direct suppliers?

- Development and implementation of suitable procurement strategies and purchasing practices
- Integration of expectations in supplier selection
- Obtain contractual assurance for compliance and implementation of expectations along the supply chain
- Agreement and implementation of risk-based control measures

Category: Procurement strategy & purchasing practices

selected:

- Development and implementation of suitable procurement strategies and purchasing practices

Describe the measures implemented and the extent to which the definition of delivery times, purchase prices or the duration of contractual relationships have been adjusted.

EDAG has defined a guideline on sustainable procurement, which is addressed to all internal stakeholders in the procurement process and is accessible to them in the company's own communication network. In addition, employees who are responsible for procurement are instructed regularly, but at least once a year, by external training courses on sustainable procurement and due diligence in the supply chain.

In particular, this is intended to ensure that sustainability aspects are perceived as a relevant aspect of procurement. As a result, commercial deficits (such as price or delivery conditions) are tolerated in favor of sustainable business relationships when requesting and awarding tenders.

Describe the extent to which adjustments to your own procurement strategy and purchasing practices should contribute to preventing and minimizing the priority risks.

As a globally operating company, EDAG is committed to complying with applicable law, observing social, ecological and ethical standards and acting sustainably. It is EDAG's responsibility to ensure that our services are provided in a value chain that is in line with international standards and principles of entrepreneurial activity. EDAG has therefore summarized its expectations of its suppliers and business partners with regard to sustainability, working conditions, health and safety, the environment and business ethics in the EDAG Supplier Code of Conduct. Compliance with and acceptance of this EDAG Supplier Code of Conduct is an essential basis and indispensable prerequisite for cooperation with EDAG. Alternatively, the supplier must submit its own comparable document in the course of the supplier inquiry, which

is examined on a case-by-case basis.

Other categories:

selected:

- Integration of expectations in supplier selection
- Obtaining contractual assurance for compliance and implementation of expectations along the supply chain
- Agreement and implementation of risk-based control measures

Describe to what extent the measures to prevent and minimize the priority risks are appropriate and effective.

The system-supported media screening and the measures derived from it (obtaining self-assessments and internal reviews) are intended to signal to the supplier the importance of the content in which there are hazards, risks or violations. For this reason, an initial contact request was made for a topic-related self-assessment that matched the risk. At the same time, clear procedures were discussed in an internal review with the responsible purchasing staff, including the phasing out of the supplier if the risk persists.

B. Risk Analysis and Preventive Measures

B5. Communication of the results

Were the results of the risk analysis(es) for the reporting period communicated internally to relevant decision-makers?

It is confirmed that the results of the risk analysis(es) for the reporting period have been communicated internally to the relevant decision-makers, such as the Executive Board, the management or the purchasing department, in accordance with Section 5 (3) LkSG.

- Confirmed

B. Risk Analysis and Preventive Measures

B6. Changes to the risk disposition

What changes have occurred with regard to priority risks compared to the previous reporting period?

No previous year's report available.

C. Identification of Violations and Corrective Measures

C1. Identification of violations and corrective measures in own business area

Were any breaches identified in your own business area during the reporting period?

- No

Describe which procedures can be used to detect violations in your own business area.

The following procedures are used to identify violations for all companies and locations in our own division:

- (1) Media monitoring of your own business unit,
- (2) Complaints mechanism,
- (3) Collection of other findings (from internal audits, visits, inspections, whistleblowing, etc.)

The possible incidents collected from these sources are recorded and subjected to a multi-stage "incident review" (= case processing).

As part of the "Incident Review", the first step is to check whether the incidents actually occurred (identified violations).

If the result of this review is that there is an actual violation, appropriate remedial measures are determined and initiated, taking into account the statutory appropriateness criteria.

C. Identification of Violations and Corrective Measures

C2. Identification of violations and corrective actions at direct suppliers

Were any violations identified at direct suppliers during the reporting period?

- Yes

Describe the basis on which the identified violations were weighted and prioritized and what considerations were made.

The remedial measures for identified violations were determined as part of case processing on the basis of the statutory appropriateness criteria. The appropriateness criteria (severity and probability, influence, contribution to causation and type/scope of business activity) form the basis for weighting and prioritizing the violations identified and the remedial measures to be initiated.

In which areas were violations identified at direct suppliers?

- Prohibition of forced labor and all forms of slavery
- Disregard for occupational health and safety and work-related health hazards
- Disregard for freedom of association - freedom of association & right to collective bargaining
- Destruction of the natural basis of life through environmental pollution

Prohibition of forced labor and all forms of slavery

Specify the number (Optional)

1

Disregard for occupational health and safety and work-related health hazards

Indicate the number (optional)

3

Violation of freedom of association - freedom of association & collective bargaining

Specify the number (optional)

1

Destruction of the natural basis of life through environmental pollution

Specify the number (optional)

1

Describe the appropriate remedial action you have taken.

Requesting statements, preparing internal reviews and coordinating with the relevant departments

Describe what considerations were made with regard to the selection and design of the measures as part of the corresponding follow-up concepts for termination and minimization

Internal reviews of the incident were prepared for each breach identified by a direct supplier. These were considered in a regular meeting and validated for accuracy. Based on the type and scope of the breach, measures were defined, coordinated and initiated with the responsible department that has a business relationship with the supplier that caused the breach.

In this consultation, an assessment was made of how the business relationship with the respective supplier has been and is expected to be in the future, so that an evaluation of the measures to be defined can take place. In particular, the extent to which it is possible to terminate the business relationship with the company responsible was considered. This provides starting points for determining the extent of EDAG's ability to influence the polluter, which in turn is essential for the definition of measures.

The measures taken can range from requesting statements to threatening to terminate the business relationship as a last resort, thereby promoting awareness of the consequences of one's own actions and providing incentives to avoid future violations.

Describe how the effectiveness of the corrective measures is verified.

The measures taken were examined at regular meetings and reviewed on a case-by-case basis in consultation with the relevant department to determine their usefulness and likely effectiveness. The risk assessment therefore always reflects the current risk situation and serves as a basis for regularly evaluating the effectiveness of both risk management and individual measures.

Have the remedial measures led to the cessation of the violation?

- Yes

Explain.

All incidents identified during the reporting period at direct suppliers with assigned corrective measures have achieved the status "Mitigation finished" in the associated case processing ("Incident Review").

Have you analyzed to what extent the identified violation is an indication of a possible adjustment/addition to existing prevention measures? Describe the process, results and impact.

During the documentation and follow-up of the violations identified in the regular meetings, a comparison was made of which suppliers already have preventive measures in place.

No preventive measures were taken in advance at the suppliers responsible for the injuries that occurred in the reporting period due to the existing classification of the respective risk level.

C. Identification of Violations and Remedial Measures

C3. Identification of violations and corrective actions for indirect suppliers

Were any violations identified at indirect suppliers during the reporting period?

- No

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

In what form was a complaints procedure offered for the reporting period?

- In-house complaints procedure

Describe the company's own process and/or the process in which your company participates.

EDAG uses EQS Integrity Line as a web-based electronic whistleblower system. In the course of implementing the requirements of the LkSG, a second reporting channel for information on human rights violations and breaches of environmental obligations was introduced in the existing whistleblower system. The whistleblower system is communicated both externally on the EDAG website and internally on the EDAG intranet. Every report of possible violations of protected legal positions in our own business area and in our supply chain is processed according to a standardized process. Confidentiality is ensured by complying with current security standards and data protection guidelines. If desired, the whistleblower can remain anonymous. Reports can be submitted by all target groups in all common languages. The system and the handling of reports are governed by rules of procedure, which the whistleblower can view. The internal responsibilities and processes are part of the EDAG Whistleblower Policy.

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

Which potentially involved parties have access to the complaints procedure?

- Own employees
- Communities in the vicinity of own locations
- Employees at suppliers
- External stakeholders such as NGOs, trade unions, etc

How is access to the complaints procedure ensured for the various groups of potentially involved parties?

- Publicly accessible rules of procedure in text form
- Information on accessibility
- Information on responsibility
- Information on the process
- All information is clear and understandable
- All information is publicly accessible

Publicly accessible rules of procedure in text form

Optional: Describe.

The rules of procedure are available as an applicable document in the EDAG whistleblower system.

Information on accessibility

Optional: Describe.

-

Information on responsibility

Optional: Describe.

-

Information on the process

Optional: Describe.

-

All information is clear and understandable

Optional: Describe.

-

All information is publicly available

Optional: Describe.

-

D. Complaints Procedure

D1. Establishment of or participation in a complaints procedure

Were the rules of procedure for the reporting period publicly available?

File has been uploaded

The Rules of Procedure:

<https://edag.integrityline.org/>

D. Complaints Procedure

D2. Requirements for the complaints procedure

Indicate the person(s) responsible for the procedure and their function(s).

The EDAG Human Rights Officer and the Head of Compliance are responsible for this.

It is confirmed that the criteria contained in Section 8 (3) LkSG are met for the responsible parties, i.e. that they offer the guarantee of impartial action, are independent and not bound by instructions and are obliged to maintain confidentiality

- Confirmed

D. Complaints Procedure

D2. Requirements for the complaints procedure

It is confirmed that precautions were taken during the reporting period to protect those potentially involved from being disadvantaged or penalized as a result of a complaint.

- Confirmed

Describe what precautions have been taken, in particular how the complaints procedure ensures the confidentiality of the identity of whistleblowers.

Whistleblowers have the option of submitting their complaint anonymously. For technical reasons, it is not possible to determine the identity in these cases. In the case of an anonymous report, it is possible to communicate with EDAG via a secure mailbox where anonymity is maintained. Confidential information is passed on within a circle of employees limited to the necessary extent, taking into account the need-to-know principle.

Describe what precautions have been taken, in particular what other measures are in place to protect whistleblowers.

Any discrimination, intimidation, retaliation or other punishment of whistleblowers from within the company will not be tolerated and will be reported to the whistleblower system as a breach of duty under the employment contract in the company's own business area and processed there. If the reporting person is employed by a supplier, for example, we work to ensure that the person enjoys the same level of protection.

D. Complaints Procedure

D3. Implementation of the complaints procedure

Did you receive any information about the complaints procedure during the reporting period?

- No

E. Review of Risk Management

Is there a process in place to review the appropriateness and effectiveness of risk management across the board?

In which of the following areas of risk management is the appropriateness and effectiveness checked?

- None

Give reasons for your answer.

As no complaints were received in the reporting period, it was not necessary to review the appropriateness and effectiveness of risk management.

E. Review of Risk Management

Are there processes or measures in place to ensure that the interests of your employees, the employees within your supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of your company or by the economic activities of a company in your supply chains are adequately taken into account when establishing and implementing risk management?

In which areas of risk management do processes or measures exist to take into account the interests of those potentially affected?

- Resources & Expertise
- Complaints procedure

Describe the processes and measures for the respective area of risk management.

The responsible departments at EDAG regularly exchange information on the establishment and design of the risk management system, taking into account regulatory requirements and any breaches identified.

This involves an interdisciplinary transfer of knowledge, which ensures that interests from a wide range of areas can be incorporated into the evaluation process in an open-ended manner and taken into account.

In addition, there is an ongoing dialog with external consultants from the business world, Science, Politics and civil society, thereby ensuring that the management and top management are constantly advised on the strategic focus on sustainability is ensured.

Finally, where possible, contact is established with complainants in order to discuss the facts of the case together.

If a suspicious situation is assumed, the investigation and follow-up measures required in the individual case are examined.