

# Report on the LkSG (Supply Chain Due Diligence Act) [WORKING TRANSLATION]

Reporting period from 01.01.2024 to 31.12.2024

**Name of the organization:** DALLI-WERKE GmbH & Co. KG

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## A. Strategy & Anchoring

### A1. Monitoring of risk management and management responsibility

#### **What responsibilities for monitoring risk management were defined during the reporting period?**

In June 2023, the management boards of DALLI-WERKE GmbH & Co. KG and Mäurer & Wirtz GmbH & Co. KG appointed two representatives of the SHEQ department (Achim Beck, Roland Schürmann), two representatives of the Internal Audit and Compliance department (Nina Laskey, Oliver Heuser) and the Director General Operations Mäurer & Wirtz (Erhard Loths) as members of the central risk management team.

The risk management team is responsible, among other things, for the further development and monitoring of risk management (§ 4 para. 3 LkSG).

## A. Strategy & Anchoring

### A1. Monitoring of risk management and management responsibility

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

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

- Confirmed

**Describe the process that ensures reporting to senior management at least once a year or on a regular basis with a view to risk management.**

The risk management team was appointed by the management; it has the authority to issue guidelines with regard to group-wide risk management and, in this function, is responsible to the management. The risk management team's area of responsibility includes, among other things, regular reporting on risks to the management. The risk management team ensures that the management regularly - currently quarterly - receives the "Risk Management Status Report" prepared by the risk management team (usually in the form of a PowerPoint presentation). A reminder to report and document the completion of this task is provided by an internal action management tool. In addition, serious risk issues are forwarded directly to the management by the risk management team via the digital risk management process.

## A. Strategy & Anchoring

### A2. Declaration of Principles on 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.dalli-group.com/assets/files/regularien/2023\\_Grundsatzerklaerung\\_LkSG\\_.pdf](https://www.dalli-group.com/assets/files/regularien/2023_Grundsatzerklaerung_LkSG_.pdf)

bzw.

[https://www.m-w.de/fileadmin/dam/dam/07\\_pdf/Grundsatzerklaerung\\_zum\\_Lieferkettensorgfaltspflichtengesetz\\_D.pdf](https://www.m-w.de/fileadmin/dam/dam/07_pdf/Grundsatzerklaerung_zum_Lieferkettensorgfaltspflichtengesetz_D.pdf)

## A. Strategy & Anchoring

### A2. Declaration of Principles on 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 where appropriate, the public and the direct suppliers who have been identified as a risk in the course of the risk analysis.**

- Confirmed

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

The policy statement was communicated to the relevant target groups via the company websites as well as in internal training courses and company communications.

## A. Strategy & Anchoring

### A2. Declaration of Principles on Human Rights Strategy

#### **What elements does the policy statement contain?**

- Setting up a risk management system
- Annual risk analysis
- Anchoring prevention measures in the company's own business area, with direct suppliers and, if necessary, indirect suppliers and their effectiveness review
- Corrective measures in the company's own business area, with direct suppliers and, where applicable, indirect suppliers and their effectiveness review
- Provision of a complaints procedure in the company's own business area, with suppliers and their effectiveness review
- Documentation and reporting obligations
- Description of human rights-related and environment-related expectations of our own employees and suppliers

## A. Strategy & Anchoring

### A2. Declaration of Principles on Human Rights Strategy

#### **Description of possible updates during the reporting period and the reasons for doing so.**

There was no update of the policy statement in the 2024 financial year, as nothing has changed in the risk situation.

## A. Strategy & Anchoring

### A3. Anchoring the human rights strategy within one's own organization

**In which relevant departments/business processes was the human rights strategy anchored within the reporting period?**

- Personal/HR
- Environmental
- Occupational Safety & Occupational Health Management
- Communication/Corporate Affairs
- Research & Development
- Purchasing/Procurement
- Supplier Management
- CSR/Sustainability
- Recht/Compliance
- Quality
- Business Development
- IT / Digital Infrastructure
- Community / Stakeholder Engagement
- Revision

**Describe how the responsibility for implementing the strategy is distributed within the different departments/business processes.**

The responsibility for the content of the human rights strategy as part of our sustainability strategy lies with our company in the area of sustainability ("Sustainability Board"). In our understanding and concept, the responsibility for implementing the strategy lies with those responsible for the respective business sectors, who anchor our human rights strategy through the implementation of our Code of Conduct for Employees, which sets out our strict commitment to company-wide respect for human rights and environmental protection. The overall coordinating responsibility for the implementation of the strategy in accordance with the LkSG lies with the Compliance Department and the management of the SHEQ Department, who are also part of the Sustainability Board.

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

In the area of Human Resources/HR, the strategy is anchored in the Code of Conduct for Employees as well as in various guidelines, processes and work instructions that ensure compliance with human rights that are relevant to our company and in line with our strategy.



Procurement is responsible for implementing a sustainable procurement strategy and for communicating and monitoring compliance with the requirements of our Supplier Code of Conduct, which we require our suppliers to comply with. Purchasing employees are regularly trained in various formats on the general minimum human rights requirements and on the special requirements of the LkSG.

The Compliance Department is responsible for processing information and complaints relating to human rights or environmental risks or breaches of duty in the company's own business area or in the supply chain, which can be reported by employees and external parties via our digital whistleblower system, among other things.

The SHEQ division, which covers the areas of occupational safety, health protection, environmental protection and quality, integrates the strategy into the operational procedures via the continuously developed company-wide management system, including the implementation of internal and external regulatory frameworks (u.a. ISO standards, guidelines and work instructions).

**Describe what resources and expertise will be provided for implementation.**

The company has established a so-called "Sustainability Board", in which representatives of the relevant departments - such as purchasing, human resources, SHEQ, compliance, marketing and sales - equipped with the necessary skills and knowledge are represented and which steers and coordinates the implementation of the human rights strategy in the company.

The relevant departments implement the requirements of the LkSG in their area of responsibility and contribute their experience, expertise and resources.

## B. Risk analysis and prevention measures

### B1. Implementation, procedure and results of the risk analysis

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

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

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

The risk analysis was carried out for the first time in 2023 for the 2023 financial year and then in 2024 for the 2024 financial year.

**Describe the risk analysis process.**

In addition to the legal provisions of the LkSG, the risk analysis was based on the handouts and FAQs provided by BAFA as well as other external data sources and information.

The risk analysis in the company's own business area was carried out by assessing the probability of occurrence, extent/consequences and influenceability with regard to the legal positions laid down in § 2 (2) and (3) LkSG. No significant human rights or environmental risks were identified in the company's own business area.

The risk analysis with regard to direct (and in some cases also indirect) suppliers followed a risk-based approach and was carried out in two steps. In the first step, an abstract analysis of the general identification of human rights and environmental risks in the supply chain was carried out by means of a country risk mapping and an industry analysis. Recognized studies and classifications, such as the Amfori Country Risk Classification and Yale University's Environmental Performance, were used and those from the risky countries/industries were filtered out of all of the company's direct suppliers. In the second step, these suppliers were subjected to a supplier-specific risk analysis with regard to human rights and environmental risks, in particular with the criteria probability of occurrence, consequence/extent and influenceability, whereby each criterion was divided into 5 stages. In addition to quantitative internal and external data, qualitative information such as certifications and verifiably implemented management systems were also taken into account. On the basis of this data and information, the gross and net risk or risk priority were determined.

For 2024, the risk analysis carried out - probably also due to the very manageable number of our suppliers operating in risk countries or risk industries - did not reveal any significant

remaining net risks, which in our view would have required further activities over and above the risk avoidance or risk reduction measures already implemented in the company.

## B. Risk analysis and prevention measures

### B1. Implementation, procedure and results of the risk analysis

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

- No

**Justify your answer.**

In the reporting period, there were no issues that would have required an event-related risk analysis to be carried out, in particular no complaints or indications of human rights or environmental risks or breaches of duty in our own business area or at our suppliers.

## **B. Risk analysis and prevention measures**

### B1. Implementation, procedure and results of the risk analysis

#### **Results of the risk assessment**

**What risks were identified as part of the risk analysis/analyses in your own business unit?**

- None

## **B. Risk analysis and prevention measures**

### B1. Implementation, procedure and results of the risk analysis

#### **Results of the risk assessment**

#### **What risks were identified in the risk analysis/analyses for direct suppliers?**

- None

## B. Risk analysis and prevention measures

### B1. Implementation, procedure and results of the risk analysis

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

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

**Describe in more detail how the weighting and, if necessary, prioritization was carried out and what considerations were made.**

The risk priority was determined on the basis of the probability of occurrence, possible extent and our own possibility of exerting influence; no significant human rights or environmental risks were identified.

## B. Risk analysis and prevention measures

### B2. Prevention measures in our own business area

**Which risks were prioritized in the reporting period in the company's own business unit?**

- None

**If no risks have been selected, justify your response.**

No risks (production facilities only in Germany and the Netherlands, where, in particular, the strict European and national occupational health and safety and environmental regulations are strictly adhered to).



## B. Risk analysis and prevention measures

### B2. Prevention measures in our own business area

**What preventive measures were implemented for the reporting period to prevent and minimise priority risks in the company's own business unit?**

- None

**If no prevention measures have been selected, give reasons for your answer.**

The LkSG serves as a source of inspiration for the further development and strengthening of the measures already implemented in our company to ensure high human rights and environmental standards.

To this end, we have implemented regulations and procedures throughout the company for prevention (including guidelines as well as numerous e-learning and face-to-face training courses on occupational safety, occupational safety and environmental protection as well as on legal topics), as well as for the detection and response to relevant incidents, which are continuously developed and improved.

The gross risks within the meaning of the LkSG identified in our risk analysis in a purely abstract manner have been reduced or eliminated by the prevention, detection and response regulations and procedures already implemented in the company to such an extent that no additional measures are required.

## B. Risk analysis and prevention measures

### B3. Preventive measures at direct suppliers

**What risks were prioritized for the reporting period with direct suppliers?**

- None

**If no risks have been selected, justify your response.**

No specific risks were identified with regard to the human rights and environmental risks listed in § 2 (2) and (3) LkSG at the company's direct suppliers.

## B. Risk analysis and prevention measures

### B3. Preventive measures at direct suppliers

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

- None

**If no prevention measures have been selected, give reasons for your answer.**

We have implemented company-wide regulations and procedures to prevent, detect and respond to relevant incidents at direct suppliers (including sustainable procurement strategies, requiring the signing of the Supplier Code of Conduct to comply with and implement expectations of human rights and environmental due diligence obligations in the supply chain, event-related audits of suppliers), which we are continuously developing and improving. The gross risks within the meaning of the LkSG, which are identified in our risk analysis in a purely abstract manner, are thus reduced to such an extent that no additional measures are required.

## B. Risk analysis and prevention measures

### B5. Communicating the results

**Were the results of the risk analysis/analyses for the reporting period communicated internally to key decision-makers?**

**It is confirmed that the results of the risk analysis/analyses for the reporting period were communicated internally to the relevant decision-makers, such as the Executive Board, the Management Board or the Purchasing Department, in accordance with Section 5 (3) LkSG.**

- Confirmed

## B. Risk analysis and prevention measures

### B6. Changes in risk disposition

**What changes have there been in terms of priority risks compared to the previous reporting period?**

For the first time, our company has to report for the 2024 financial year in accordance with the LkSG, so that 2024 is the first reporting period and a comparison with the previous reporting period is only possible in 2025.

## C. Identification of Injuries and Remedies

### C1. Identification of violations and remedial actions in the company's own business area

#### **Were injuries detected in your own business area during the reporting period?**

- No

#### **Describe the procedures that can be used to identify violations in your own business area.**

Complaints or information about human rights and environmental violations can be submitted anonymously or with the names of employees and external parties at any time via our digital whistleblower system or our other reporting channels established in the company. All complaints and information are investigated immediately in order to investigate possible risks or violations of the due diligence obligations of the LkSG.

In addition, we have implemented a risk management system that can detect possible risks and injuries.

In our own business unit, we have also implemented systems and processes for employment law and occupational safety-related requirements, among other things, to identify injuries and ensure the necessary responses, and have appointed contact persons who can be contacted at any time if violations are suspected.

Another instrument is the IQNet SR 10-certified management system, which conducts an annual independent review of the human rights situation and the procedures used through external audits.

## C. Identification of Injuries and Remedies

### C2. Identification of injuries and remedial actions at direct suppliers

**Were there any injuries found at direct suppliers for the reporting period?**

- No

**Describe the procedures used to identify violations at direct suppliers.**

As part of supplier management, possible sustainability and human rights risks are taken into account when selecting suppliers. We collect sustainability and human rights-related data and information about our suppliers from various internal (including supplier audits and self-disclosures) and external sources and centralize them in our digital risk management system, among other things. This information enables us to identify and address potential risks and breaches in the supply chain at an early stage.

In addition, complaints or indications of human rights and environmental violations can be submitted, in particular via our digital whistleblower system, which are immediately investigated in order to investigate possible risks or violations of the due diligence obligations of the LkSG. In addition, we have implemented a media screening system that extracts all relevant media reports on a daily basis via keyword search and makes them available to the company.

## C. Identification of Injuries and Remedies

### C3. Identification of violations and remedial actions at indirect suppliers

**Were any injuries found among indirect suppliers during the reporting period?**

- No



## D. Complaints procedure

### D1. Establishment or participation in a complaints procedure

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

- Company's own complaints procedure

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

DALLI-WERKE operates a company-wide, transparent digital whistleblower system that is accessible via the Internet. Employees of all affiliated companies as well as external parties, i.e. persons and organizations outside the company, can use the system to report complaints and information – including on human rights and environmental risks and breaches of duty – anonymously or by stating their names. All complaints and information are treated confidentially and complainants or whistleblowers are protected from discrimination. All complaints, reports and information received via the whistleblower system are received by the Compliance Department and dealt with immediately and according to defined processes. The digital whistleblower system is accessible to a wide range of people via the company websites, and it is also linked to the company's internal Infonet.

As an internal reporting office, the Compliance Department is always the first point of contact for information on potential risks and violations. They can be contacted via the digital whistleblower system, but also via other reporting channels such as post, e-mail or telephone.

## D. Complaints procedure

### D1. Establishment or participation in a complaints procedure

#### **Which potential parties have access to the complaints procedure?**

- Own employees
- Communities close to their own locations
- Employees at suppliers
- External stakeholders such as NGOs, trade unions, etc
- Other: Customers, consumers, other business partners

#### **How will access to the complaints procedure be ensured for the different groups of potential participants?**

- Rules of procedure available to the public in text form
- Information on accessibility
- Information on responsibility
- Information about the process
- All information is clear and understandable
- All information is publicly available

#### **Publicly available rules of procedure in text form**

##### **Optional: Describe.**

In the digital whistleblower system, a whistleblower guideline / whistleblower guidelines is stored in text form, which every potential whistleblower can access.

#### **Accessibility Information**

##### **Optional: Describe.**

The digital whistleblower can be accessed via the company websites.

#### **Ownership Information**

##### **Optional: Describe.**

The Compliance Department is responsible for receiving information and complaints received via the digital whistleblower system and, in principle, for their further processing.

**Information about the process**

**Optional: Describe.**

-

**All information is clear and understandable**

**Optional: Describe.**

-

**All information is publicly available**

**Optional: Describe.**

-

## D. Appeal proceedings

### D1. Establishment or participation in a complaints procedure

#### **Was the Rules of Procedure for the period under review publicly available?**

File has been uploaded

#### **On the Rules of Procedure:**

<https://dalliwerke.integrityline.com/app-page;appPageName=Whistleblower%20policy>

## D. Complaints procedure

### D2. Requirements for the complaints procedure

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

As an internal reporting office for compliance violations, the Compliance Department of DALLI-WERKE is responsible for receiving and processing all complaints and reports received via the digital whistleblower system, including those relating to human rights or environmental risks and breaches of duty. Reports received via the whistleblower system are transmitted exclusively to the employees of the Compliance Department, who alone have access to the system. The process of processing reports received through the whistleblower system includes, among other things, acknowledging receipt of the report, checking the validity of the report received, contacting the whistleblower and taking follow-up actions.

**It is confirmed that the criteria for the competent persons contained in § 8 para. 3 LkSG are met, i.e. that they offer the guarantee of impartial action, are independent and are not bound by instructions and are obliged to secrecy**

- Confirmed

## D. Complaints procedure

### D2. Requirements for the complaints procedure

**It is confirmed that precautions have been taken for the reporting period to protect potential participants from discrimination or punishment as a result of a complaint.**

- Confirmed

**Describe what arrangements have been made, in particular how the complaints procedure ensures the confidentiality of the identity of whistleblowers.**

All complaints and reports are treated confidentially and can also be submitted anonymously without naming the complainant or whistleblower.

Confidential data will only be passed on in accordance with internal guidelines if this is necessary and legally permissible. Access rights to the digital whistleblower system are strictly limited – only two employees of the compliance department have access to the system. The "need-to-know" principle applies – information is only passed on to third parties if necessary. These requirements are laid down in the company-wide Whistleblower Policy.

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

The protection of whistleblowers is regulated in the Whistleblower Directive and is implemented in corporate practice. Retaliatory measures against complainants or whistleblowers are strictly prohibited and will not be tolerated by DALLI-WERKE, but will be punished as compliance violations.

Persons who submit reports in good faith will not be punished for this, even if the suspicions expressed in them subsequently prove to be unsubstantiated or false.

If there is a suspicion that a reporter has been disadvantaged in any way because of filing a complaint, anyone can inform the company through one of the reporting channels.

We investigate all plausible allegations of discrimination.

Justified allegations of discrimination by DALLI-WERKE will be punished as a compliance violation.

## D. Appeal proceedings

### D3. Implementation of the complaints procedure

**Have any indications been received about the complaints procedure during the reporting period?**

- Yes

**Explain the number, content, duration and outcome of the procedures in more detail.**

One complaint, potentially inappropriate behavior by an executive, the proceedings were discontinued without a finding of a compliance violation.

**What topics have complaints been received?**

- Other prohibitions: Potentially inappropriate business conduct.

**Describe what conclusions were drawn from the complaints/reports received and to what extent these findings led to adjustments in risk management.**

The information received had no relation to human rights or environmental aspects and therefore did not require any adjustments in risk management.

## E. Risk management review

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

**In which subsequent areas of risk management is the appropriateness and effectiveness tested?**

- Ressourcen & Expertise
- Risk analysis and prioritization process
- Prevention measures
- Appeal proceedings
- Documentation

**Describe how this audit is carried out for the respective area and what results it has led to, especially with regard to the prioritized risks.**

Company-wide risk management provides for various processes to verify appropriateness and effectiveness.

To this end, the company has implemented governance systems based on the so-called "Three Lines of Defence" model.

The responsible corporate functions continuously review the effectiveness of implemented measures and document this. To monitor the implementation of our human rights and environmental protection processes, we use our company's internal control system in addition to business-related controls and our audit function for specific risk areas. These findings will be reviewed if necessary, in the further development of the respective procedures.

Incident investigations can also provide relevant information.

Risk management as a whole is continuously reviewed and further developed by the so-called risk management team.

Since no remedial measures had to be initiated so far, a review was also irrelevant.



## E. Risk management review

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

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

- Ressourcen & Expertise
- Prevention measures
- Remedies
- Appeal proceedings

**Describe the processes or measures for the respective area of risk management.**

For us, taking into account the interests of those potentially affected is a central task in the ongoing improvement process of risk management. Through employee surveys, dialogue and cooperation with employee representatives, exchange with customers and suppliers, and participation in initiatives and associations, we try to take into account the perspective of potentially or actually affected persons or groups of people as best as possible and to do justice to their interests in the best possible way.

We are committed to the protection of whistleblowers and, in this context, we try to do justice to the interests of the persons who may be affected by making our whistleblowing process transparent and accessible to a wide range of people.

Remedial measures in the event of breaches of duty or violations have been defined.

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