



Information document

Implementation of the German Due Dilligence Act (LkSG)

for suppliers of the DEUTZ Group



Status June 2024

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Background and aims

- We are convinced that DEUTZ can only overcome the global challenges together with you:



We therefore pursue the **common goal** of reconciling economic success with the **assumption of social, corporate and environmental responsibility**. Together with you, we want to help protect the people affected by our business activities as well as the environment and make a positive contribution to the global sustainability balance.

- A trusting cooperation with you forms the basis for achieving this goal
- This presentation is intended in particular to
 - you our expectations of a trusting and sustainable cooperation based on important legal regulations and guidelines
 - and to show you how you can anchor these expectations in your business area

Sustainability at DEUTZ

We take responsibility



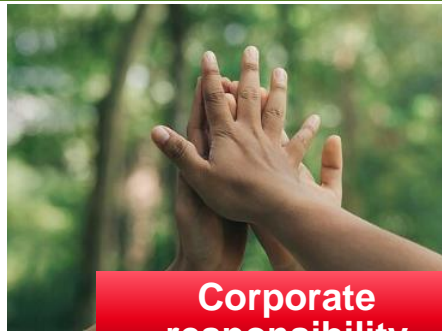
„Taking Responsibility“

DEUTZ Sustainability strategy



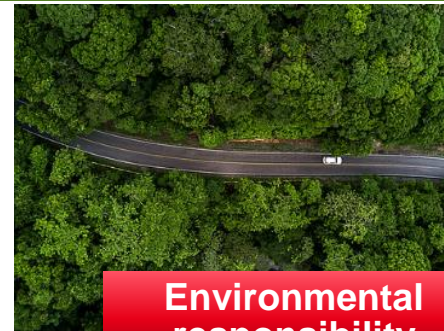
Social responsibility

Our goal: The continuous development of innovative drive solutions for sustainable off-highway mobility in the future, for the benefit of our society.



Corporate responsibility

Our goal: To behave lawfully and morally, to take responsibility for each other and to face our daily challenges with team spirit.



Environmental responsibility

Our goal: To play our part in protecting the environment and preventing climate change on a global scale by continuously reducing the impact of our business activities.

„The responsibility for addressing global challenges does not lie exclusively with politicians and society but also, in particular, with business.“

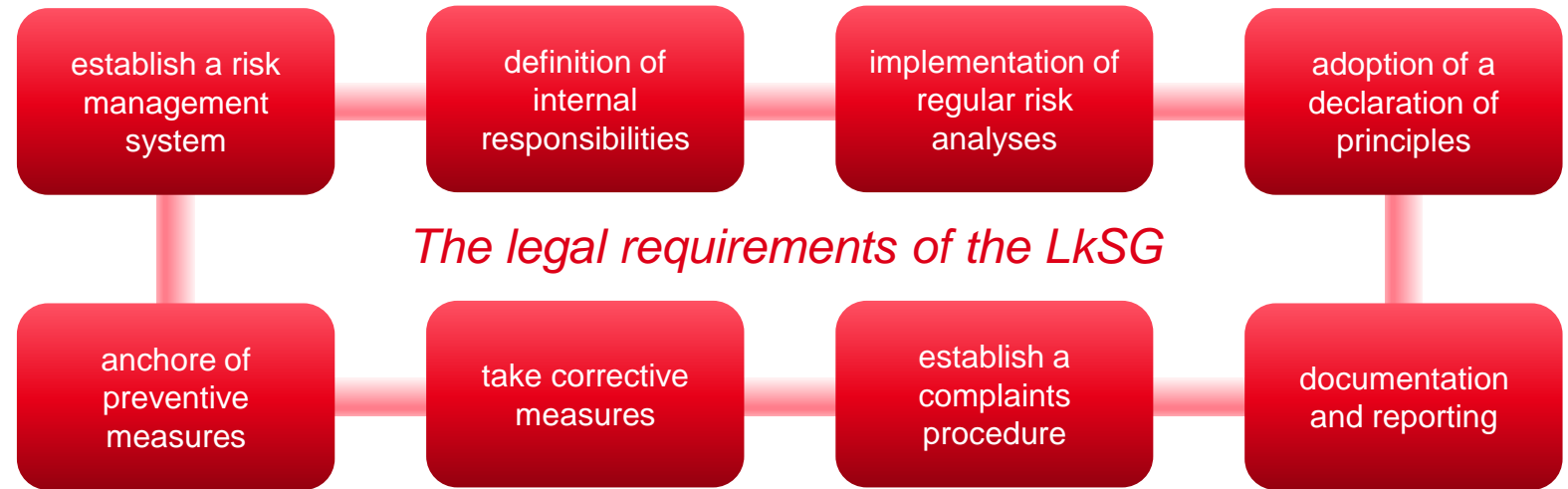
i Read more about DEUTZ's sustainability strategy: [Sustainability at DEUTZ](#)



The Supply Chain Due Diligence Act (LkSG) and its requirements



„*The aim of the Supply Chain Due Diligence Act (LkSG) is to improve the protection of human rights and the environment in global supply chains.*“

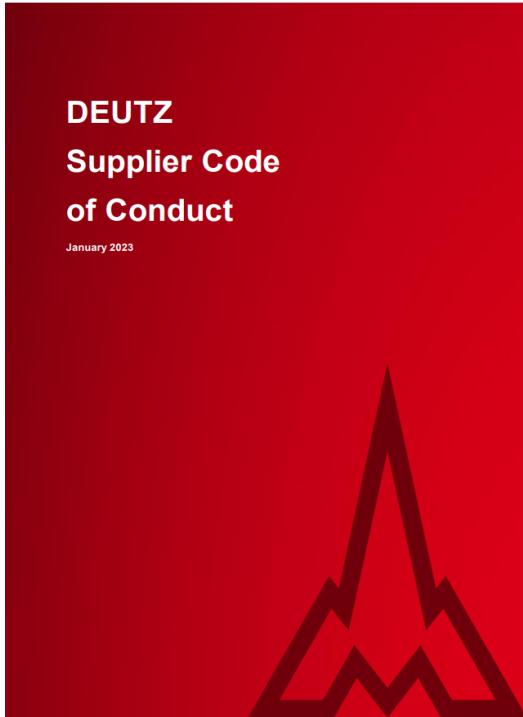


Violations of the duty of care can result in severe sanctions, high fines and consequences for existing business relationships!

- DEUTZ is directly affected by the legal obligations of the LkSG, which is why indirect obligations arise for you as a supplier
- We therefore ask you to internalize our expectations regarding the protection of human rights and the environment and to implement suitable measures in order to work together towards a sustainable future

Human rights and environmental expectations of DEUTZ

The DEUTZ Supplier Code of Conduct



Read DEUTZ's detailed requirements and expectations here:

[DEUTZ Supplier Code of Conduct](#)



Compliance with national and international laws and regulations



- The DEUTZ Code of Conduct for Suppliers is based on national and international laws, conventions and declarations
- We require you to comply with international human rights and environmental regulations, in particular:

- **United Nations Universal Declaration of Human Rights (UDHR)**
- **Fundamental Conventions of the International Labour Organization (ILO)**
- **OECD Guidelines** for multinational enterprises
- **UN Guiding Principles** on Business and Human Rights
- **Principles of the United Nations Global Compact (UNGC)**
- **Paris Climate Agreement**
- **Basel Convention** on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- **Stockholm Convention** on Persistent Organic Pollutants
- **Minamata Convention** on Quicksilver
- **EU Conflict Minerals Regulation** EU 2017/821

Social responsibility

Human rights-related expectations of DEUTZ towards its suppliers



- Zero tolerance of all forms of child labor
- Zero tolerance of all forms of forced labor, slavery and inhumane treatment of workers
- Promotion of equal opportunities for all genders
- Ensuring fair working conditions, fair working hours and appropriate remuneration
- No unequal treatment and no discrimination based on origin, religious and political views, sexuality, etc.
- Respect for freedom of expression, freedom of association and freedom of collective assembly
- Ensuring physical and mental health protection in the workplace
- Preservation of natural resources and exclusion of unlawful appropriation of land, forests and waters



Human rights are basic norms that serve to **safeguard the dignity and equality** of all people.

They are **universal, inalienable and indivisible rights** to which every human being is equally entitled.



Environmental responsibility

Environmental expectations of DEUTZ towards its suppliers



- Ongoing monitoring and improvement of the ecological footprint
→ Development and application of an environmental and energy management system
- Environmentally and climate-friendly production, transportation and disposal of products
- Environmentally friendly and efficient use of raw materials and natural resources
- Promoting the recycling of raw materials and natural resources (circular economy)
- Systematic and responsible recycling and disposal of waste and waste water
- No violation of environmental obligations through the use of mercury and related processes, the handling of persistent organic substances and the transboundary movement and disposal of hazardous waste
- Measures to reduce CO2 emissions (e.g. use of exhaust gas purification systems) and creation of transparency regarding emissions caused
- Creating proactive transparency about the chemical composition of products



The continuous optimization of business activities in line with their impact on the environment and the climate is the key to assuming ecological responsibility!

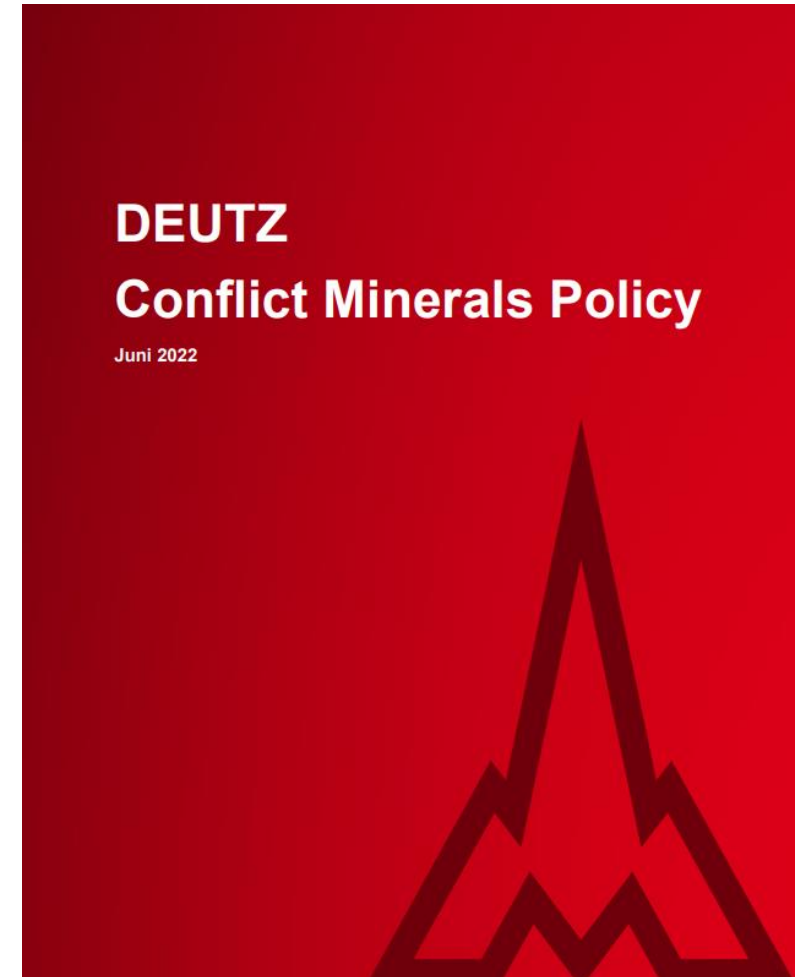


Responsible sourcing and conflict minerals

Expectations of DEUTZ towards its suppliers



- Exclusion of unethical and illegal procurement of goods and materials for the manufacture of your products for DEUTZ
 - No sourcing of minerals from conflict or high-risk areas, in particular tin, tantalum, tungsten and gold
 - Provision of information on the use of conflict minerals using the "Conflict Minerals Reporting Template" (CMRT)
 - Exclusive cooperation with smelters and refineries classified as compliant according to the "Responsible Minerals Assurance Process" (RMAP)
 - Passing on these obligations to sub-suppliers
- i** Here you will find our guidelines for dealing with conflict minerals:
[DEUTZ Conflict Minerals Policy](#)





Ethical business conduct

Expectations of DEUTZ towards its suppliers



- Ensuring fair competition and prohibiting concerted practices with other competitors and abuse of a dominant market position
- Implementation of a zero-tolerance strategy with regard to corruption, bribery and extortion
- Avoidance of conflicts of interest and decision-making is based exclusively on objective and factual criteria
- Implementation of measures to protect intellectual property
- Respect for data protection and processing of data exclusively for specific purposes in accordance with the applicable data protection laws (e.g. GDPR)
- Prohibition of money laundering and terrorist financing and exclusion of cash payments in business transactions
- Exclusion from sanctions lists and business activities with subcontractors listed on sanctions lists

How and when do you have to take action as a supplier?

- By setting up suitable business processes and management systems, you can identify human rights and environmental risks and breaches of duty at an early stage
- If you become aware of (potential) violations of DEUTZ expectations, please report them to us immediately
 - Such violations may also occur at your suppliers. Please also inform us about this
 - Any violations can be reported via the DEUTZ whistleblower system - anonymously if desired:
 - [DEUTZ Whistleblower system](#)
 - If you identify human rights and environmental risks or violations, please take immediate preventive and remedial action to prevent, stop and minimize them
- If not already required by law, we also recommend that you implement an appropriate whistleblowing system in your company, which your employees and suppliers can also use to report any human rights and environmental risks and violations



Risk analysis in the DEUTZ supply chain

Three-stage approach to identifying human rights and environmental risks



Abstract risk analysis

- General risk monitoring of all suppliers using an AI-based information tool
- Public information sources as a basis for monitoring human rights and environmental issues
- Criticality Country risks and product groups (e.g. oil, coolants, chemicals, batteries, etc.)
- Evaluation and prioritization of identified abstract risks



Concrete risk analysis

- For existing risks: obligation to participate in a detailed assessment via two possible assessment platforms
- TOP suppliers: voluntary participation in assessment
- Concretizing analysis of the areas of environment, ethics, labor and human rights, among others
- Evaluation of the results and identification of potential for improvement*

* End of process for unconfirmed risks



Definition of preventive and remedial measures

- Definition of measures to prevent, minimize and eliminate identified risks
- Request to implement these measures via the evaluation platforms or in direct contact
- Consideration of implementation in corporate decision-making processes



If DEUTZ has identified you as a high-risk supplier within the above process, you are obliged to implement the necessary preventive and corrective measures!

DEUTZ Declaration of principles

Pursuant to section 6 (2) of the German Supply Chain Due Diligence Act (LkSG)

December 22, 2023



DEUTZ Declaration of principles

Pursuant to section 6 (2) LkSG



- With this declaration of principles, DEUTZ is meeting the requirements of the Supply Chain Due Diligence Act, which came into force on January 1, 2023, and documenting the human rights and environmental expectations of both its own employees and you as our suppliers
 - DEUTZ considers their observance and implementation to be a mandatory prerequisite for professional and business cooperation
 - The declaration of principles contains detailed information on the risk analysis process, the risks identified and the preventive and corrective measures in place at DEUTZ
- i** Read the declaration of principles here: [DEUTZ Declaration of principles](#)



Thank you!

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