

POLICY STATEMENT ON THE PROTECTION OF HUMAN RIGHTS

I. Introduction

Fayat Bomag GmbH & Co. Unternehmensführungs KG („BOMAG“) as the parent company of the BOMAG Group is committed to the observance of human rights and the protection of the environment. It is the declared goal of the company's management to respect, protect and promote human rights and environmental matters along the entire value chain. Violations of internationally protected human rights as well as national and international environmental regulations are not tolerated by the company's management.

In particular, BOMAG is committed to adhering to the following international standards:

- International Charter of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- UN Global Compact
- International Labour Organization Core Labour Standards

The principles of the human rights and environmental strategy set out in this declaration apply to BOMAG's own business area as defined by the German Supply Chain Act (GSCA), including BOMAG companies in Germany and abroad, and must be complied with by the executive board and all employees in the performance of their assigned tasks.

BOMAG also expects all business partners to comply with human rights and environmental due diligence obligations. Respect for, and safeguarding of, human rights and environmental due diligence obligations is the basic prerequisite for doing business with BOMAG.

II. The German Supply Chain Act

The GSCA aims to ensure human rights and environmental standards along the entire supply chain. For this purpose, it specifies a number of human rights and environmental violations to be prevented by extensive due diligence obligations defined by the GSCA.

According to Section 6 (2) of the GSCA, every company falling within the scope of the act must adopt a policy statement on its human rights strategy. The policy statement must include a description of the process through which a company fulfils its due diligence obligations in its own business area as defined by the GSCA and throughout its supply chain. Additionally, the policy statement details the prioritised human rights and environmental risks based on a risk analysis. Finally, the policy statement defines the human rights and environmental expectations that a company places in its employees and suppliers within the supply chain.

III. Respecting human rights and the environment throughout the supply chain

BOMAG takes appropriate and effective measures to identify and verify the human rights and environmental risks specified by the GSCA in its own business area as defined by the GSCA and throughout its supply chain, as well as to prevent these risks from occurring. If a human rights violation or environmental violation, or a concrete risk of such a violation is determined, a targeted remedial process is initiated, including individual measures to end or prevent the violation and minimise its consequences.

All measures taken as part of our human rights and environmental responsibilities follow the principle of “empowerment before withdrawal”: We strive to support our business partners in preventing and ending violations of human rights or environmental regulations before we abandon business relationships or switch to alternative sources of supply.

1. Measures for effective risk management

The due diligence obligations are implemented in the company's own business area as defined by the GSCA and the entire supply chain as part of a risk management system. By horizontally and vertically integrating due diligence obligations into all relevant business processes, BOMAG ensures that risks are identified, and preventive and remedial measures are implemented in a targeted manner.

a) *Effective risk management*

The risk management system establishes processes for the implementation of due diligence obligations and defines areas of responsibility, competences and reporting lines.

The due diligence obligations are anchored horizontally within BOMAG. All relevant departments – quality management, Materials Management, production, logistics etc. – are involved in the implementation steps. The implementation of due diligence obligations is operationally managed by the central Materials Management department. The responsibilities and implementation processes are summarised in a central handbook that is available to all relevant departments and employees at any time.

BOMAG's executive board has overall responsibility for the implementation of human rights and environmental due diligence obligations and determines operational responsibilities.

BOMAG has appointed a human rights officer to monitor risk management for its own business area as defined by the GSCA and its entire supply chain and to conduct regular effectiveness reviews. The human rights officer reports directly to the executive board.

BOMAG carries out comprehensive risk analyses with regard to compliance with human rights and environmental obligations within its own business area as defined by the GSCA and concerning its direct suppliers. In doing so, we take both internal and external expertise into consideration. The complexity and scale of our international supply chain requires the use of technical solutions that help us identify, verify, weigh, and prioritise risks.

Our risk analysis system allows us to determine the individual risks for each business partner. On the basis of general supplier information – in particular country of origin and industry – an abstract risk analysis is carried out based on a large number of recognised indices and studies by external experts. Based on supplier self-assessments, an AI-driven media analysis tool, proven certifications of the business partner, and our own findings from controls or business transactions, we then screen business partners for specific human rights or environmental risks. In this context, not only the country of origin and the industry of the business partner but also product risks, trading level risks and a variety of other data are taken into account in order to identify risks at an early stage.

We weigh and prioritise risks by setting the typically expected severity of a potential infringement and the irreversibility of its impact in relation to the probability of occurrence. We also consider our own possible causal contributions as well as the degree of our influence in order to prioritise risks and take targeted action where risks are imminent. With the help of a risk matrix, we identify our need for action and initiate preventative and remedial measures where they are necessary.

b) *Preventive Approach*

The comprehensive risk analysis is supplemented by appropriate and effective preventive measures.

BOMAG adopted an internal code of conduct that summarises the expectations and rights of employees in a clear and comprehensible manner.

We carry out regular and event-related controls in our own business area as defined by the GSCA in order to identify and minimise risks at an early stage. For the purpose of sensitising our employees, regular trainings on proper due diligence are also carried out. Among other things, we select our business partners according to our human rights and environmental expectations. We control direct suppliers within the scope of the legal possibilities and requirements.

In accordance with the provisions of the GSCA, we require our direct business partners to communicate our human rights and environmental expectations to their own supply chain and to monitor compliance with their business partners on an ongoing basis. In this context, our Supplier Code of Conduct forms the fundamental basis for the establishment of a new business relationship.

Further, our direct suppliers are required to carry out regular training and further education of their employees. Finally, the effectiveness of the preventive measures we have taken is regularly reviewed on a case-by-case basis.

c) Remedial Action

Effective remedial action must be taken if a breach of a human rights or environmental obligation occurs or is imminent.

BOMAG initiates corrective action immediately after identifying a corresponding violation. In doing so, we develop tailor-made remedial measures for each situation and each affected direct or indirect supplier in order to put an end to violations in a targeted manner. At the same time, we have developed a series of key measures that can be implemented immediately and tailored accordingly in response to specific violations.

For each remedial action, we define a process, outcome goals and a clear internal responsibility. Each remedial action includes a specific timeline and can be supplemented with intermediate targets. Tool-supported action workflows link all relevant actors.

Finally, the effectiveness of the remedial actions we have taken is regularly reviewed on a case-by-case basis.

d) Follow up on complaints

An effective complaints procedure plays an important role in identifying risks and violations in the supply chain. Accessibility to all stakeholders in the supply chain, from employees to suppliers to third parties affected by our activities or those of our suppliers is a key factor in implementing an effective complaints procedure. Furthermore, it is important that information can be submitted anonymously and confidentially.

Our web-based whistleblowing system is multilingual and takes into account the complexity of our supply chain. Any access threshold is set low to make it as easy as possible to submit reports.

The handling of reports is confidential and prompt. The employees involved in the processing of reports are not subject to any directions in the context of complaint management; thus, their neutrality is ensured. Each complaint triggers an evaluation and action process, which is aimed at the termination of an existing violation or the minimisation of an identified risk.

Submitted reports and complaints are also automatically taken into account as part of the risk analysis.

e) Responsibility throughout the supply chain

BOMAG takes its responsibility for the entire supply chain very seriously. Accordingly, we extend our due diligence obligations to suppliers who do not have a direct business relationship with us but are part of our supply chain if we gain substantiated knowledge of relevant risks or violations.

f) Documentation and Reporting

The implementation of all due diligence obligations is documented on an ongoing basis. We use a central risk management system to consolidate all information available to us regarding identified risks and preventive and remedial measures taken.

We are also committed to transparent communication about the human rights and environmental challenges to which BOMAG is exposed to. Through our public reporting, we communicate identified risks as well as measures taken and their effectiveness at least once a year.

On the basis of the ongoing internal and external documentation of the fulfilment of our due diligence obligations, an annual report is also submitted to the German Federal Office of Economics and Export Control.

IV. Monitoring

BOMAG is committed to continuously reviewing, developing and improving its own measures. The effectiveness and efficiency of all human rights and environmental due diligence obligations must always be ensured. Efficacy reviews are therefore carried out on an ad hoc basis and at least annually.

Fayat Bomag GmbH & Co. Unternehmensführungs KG
Executive Board

July 2024

Dr. Ingo Ettischer

Dirk Woll