

H. GAUTZSCH

DECLARATION OF PRINCIPLE

according German Supply Chain Directive

gautzsch-gruppe.de



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1. FOREWORD BY THE MANAGEMENT

The H. Gautzsch Group is a consortium of leading medium-sized companies with more than 70 locations and over 1,200 employees. As a true family-owned business based in Münster/Westphalia, the group is owner-managed and characterized by a medium-sized structure.

With its operationally independent wholesale houses, H. Gautzsch has been active in various business areas for 160 years: The electrical engineering wholesale division is a partner for the trade, craft, and industry sectors. The Home and Garden division is a leading player in global sourcing, product development, and the distribution of the H. Gautzsch brands SIENA GARDEN, SIENA HOME, and purchaser of many other quality brands. The control panel construction division, ASSISTEC, designs and manufactures customized control panels, providing an efficient industry solution for the industrial and electrical trade sectors. Various service companies complete the offerings for our customers.

As a manufacturer, wholesaler, and service provider, H. Gautzsch sees it as its duty to integrate

sustainability into the corporate culture. By sustainability, we mean implementing standards of good corporate governance in the areas of environment, human rights, and governance.

We fulfill our due diligence obligations appropriately, particularly with high continuity and targeted interventions in our supply chains. Our ability to influence is greater in our own value chains than in the area of traded goods. However, we aim to set best practices in both areas and enforce our standards cooperatively but firmly.

The integration of the H. Gautzsch Group into global procurement and sales markets presents both opportunities and challenges: New markets and production sites are being developed, creating jobs and prosperity. At the same time, there are also risks due to a lack of transparency and the violation of internationally recognized human rights in supply chains. We intend to address these decisively.

2. APPROACH

The legal framework is provided by the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz (LkSG)) and the guidelines issued by the Federal Office of Economics and Export Control.

To achieve our goals, we have set up a human rights-related management system, appointed a human rights officer, and established a complaints mechanism. Particular attention has been paid to the accessibility and immediacy of the measures, especially through the partner-

ship with amfori BSCI, which allows circumstances to be directly influenced on-site.

In addition to industry initiatives such as amfori BSCI or FSC®, we have also subjected our own business areas to standards, particularly ISO 14001, Ökoprofit, and Ecovadis.

The establishment of these standards is understood both as a measure following the risk analysis and as an ex ante risk-reducing precautionary measure.

3. RISK MANAGEMENT AND ANALYSIS

The risk analysis must be conducted for both our own business area and for direct suppliers. This involves analyzing both abstract and concrete risks. On one hand, this aims to provide an initial assessment, particularly of country-specific and industry-specific risks, and on the other hand, to implement the concrete identification of risks for individual direct suppliers.

The distinction between „own“ and „external“ supply chains is crucial for us as an integrated trader and manufacturer due to the appropriateness requirements of the LkSG. It also determines our risk analysis capabilities and their immediate conclusions.

In the abstract risk analysis, increased risk dispositions of production sites and industries are identified. They serve as a general precursor to concrete risks.

Country risks arise from the evaluation of country-specific human rights and environmental risks.

Industry risks arise from the evaluation of industry-specific human rights and environmental risks.

In addition to regular risk analysis, a situation-specific analysis is conducted when there are substantiated findings of violations or when there are changes and expansions in the risk situation, including for indirect suppliers.

In the risk analysis, particular attention is given to identifying occupational safety exposure. This is addressed through our amfori membership and on-site auditing.

Another risk is the use of wood as a raw material and the associated unsustainable management of (tropical) forests. We address this with our FSC® and PEFC certification.

4. PREVENTIVE MEASURES

In our own business area, the compliance organization, based on an explicit environmental and human rights policy, ensures the effectiveness of guidelines and goals.

Our house rules and internal Code of Conduct represent the highest operating instructions and serve as our moral compass. They are mandatory for all employees and all those working on behalf of the H. Gautzsch Group.

An active change management service is in place, based on the legal register and the advice and measures of our partner organizations. This service implements the necessary changes within the organization and in relevant documents, such as contracts and operating instructions.

The appointed officer has the authority to issue directives in this regard and participates in all relevant committee meetings (e.g., Compliance Board).

In addition to utilizing our Supplier Code of Conduct, the group has joined various initiatives as part of general prevention, addressing

risks related to raw materials, countries, or sustainability. These initiatives reduce specific and/or general risk dispositions.

As previously mentioned, the amfori Business Social Compliance Initiative (amfori BSCI) plays a crucial role in continuous prevention, zero-tolerance detection, and the rectification of negative findings through continuous improvement.

To this end, the organization has established a code of conduct and offers a systematic monitoring and qualification system for companies. Participating companies are regularly audited on-site. This auditing process includes a grading system from A to D. In cases of incidents outside the tolerance threshold, the related companies are promptly notified and involved in the subsequent steps.

To place greater emphasis on environmental considerations, we are gradually introducing the amfori BEPI initiative. This initiative addresses the performance areas outlined in §3 of the LkSG.

5. RESPONSIBILITIES

We have established clear responsibilities for technical and legal work and regional areas to ensure appropriate and sustainably effective monitoring and development of our commitments and measures.

Our group has appointed a human rights officer who reports directly to the management.

Additionally, she is integrated into the company's compliance organization.

6. COMPLAINTS MANAGEMENT

We encourage all employees and external partners to disclose violations of legal regulations as well as our voluntary commitments. We guarantee confidential, neutral, and, upon request, anonymous handling of all reported matters.

To make our complaint systems accessible to everyone, our Code of Conduct is published in the Compliance section of the public group website. It is available there in German, Eng-

lish, and Chinese. Violations can be reported to our external ombudsperson by email or phone, and anonymously if desired.

Complaint management systems are also accessible through our partners.

Through amfori BSCI, we are automatically integrated into their complaint management system „Speak for Change“ and are informed about local complaints.

7. DEALING WITH VIOLATIONS AND MONITORING EFFECTIVENESS

In the event of indications of due diligence violations in our own or external business areas, we immediately conduct an ad-hoc risk analysis. Based on this, appropriate measures to address the violations are promptly initiated. Regarding environmental and human rights violations, we pursue a zero-tolerance policy and will terminate business relationships if no improvement is observed after multiple remediation attempts with our suppliers.

We have established continuous improvement procedures, especially with suppliers in high-risk regions or industries.

Risk analyses are conducted both on an ad-hoc basis and regularly.

Employees and other stakeholders are continuously informed about and trained on our objectives.

8. OUTLOOK AND REPORTING

The H. Gautzsch Group is deeply committed to the continuous and immediate improvement of environmental and human rights conditions.

We report on the implementation of our environmental and human rights goals as part of non-financial reporting, particularly in sustainability reports and to authorities and other

interested parties. Our reports are readily accessible on our website at all times.

We welcome external and internal suggestions at any time. We invite all stakeholders to support us in our shared task of sustainably securing working and living conditions along our supply chains.

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Das Zeichen für
verantwortungsvolle
Waldwirtschaft