

H. GAUTZSCH

H. GAUTZSCH DECLARATION OF PRINCIPLE

according German Supply Chain Directive



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Das Zeichen für
verantwortungsvolle
Waldwirtschaft



1. FOREWORD BY THE MANAGEMENT

The H. Gautzsch Group is a consortium of leading medium-sized companies with more than 90 locations and over 1,400 employees. As a true family-owned business based in Münster/Westphalia the group is owner-managed.

With its operationally independent wholesale houses, H. Gautzsch has been active in various business areas for over 160 years: The electrical engineering wholesale division is a partner for the trade, craft, and industry sectors. The Home and Garden division is active in global sourcing, product development, and the distribution of the H. Gautzsch brands SIENA GARDEN, SIENA HOME, and is also an active 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.

Our understanding of sustainable business practices is based on the principles outlined in the UN Agenda 2030 (Sustainable Development Goals) and the Center for Sustainable Corporate Management (ZNU).

According to the United Nations (2015), sustainable development is defined as: A process that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Building on this, the ZNU Standard (2018) describes sustainable business as: Gradually taking more responsibility for people and nature at both the corporate and product level – from the company site through the value chain to society as a whole.

These definitions form the foundation for our approach to sustainability, guiding our actions across operations, products, and societal engagement.

We fulfill our due diligence obligations in an appropriate manner, particularly through internal regulations and controls within our supply chains. Our ability to influence is greater in our own value chains than in the area of traded goods.

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

The establishment of standards such as amfori BSCI and certifications like FSC®, PEFC, or ISO is understood both as a measure following risk analysis and as an ex-ante precautionary measure to reduce risks.

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.

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 coun-

try-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.



4. 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.

Furthermore, regular employee training sessions, reviews, internal audits, and compliance meetings are conducted within our own business unit.

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. In this context, the

amfori Business Social Compliance Initiative (amfori BSCI) plays a crucial role in continuous prevention, zero-tolerance detection, and the continuous improvement and elimination of negative findings. 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, English, 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. The ob-

jective, however, is to work together with our supplier to eliminate violations.

Risk analyses are conducted both on an ad-hoc basis and regularly. Through these measures, as well as on-site visits to selected suppliers by our own employees and the annual audits conducted by amfori, we are able to monitor the effectiveness of the implemented actions.

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 objectives as part of our sustainability report, which is accessible on our website.

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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