

Rules of Procedure for Complaint Proceedings under the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)

1. Purpose of complaint proceedings

Stabilus SE and its group divisions bear social and ecological responsibility with respect to both their business activities and their supply chains. Such responsibility encompasses measures to prevent adverse effects on humans and the environment.

With the entry into force of the Act on Corporate Due Diligence Obligations in Supply Chains (*Lieferkettensorgfaltspflichtengesetz - LkSG*), moreover, enterprises have a duty to observe specific due diligence obligations. Within the Stabilus group, such duty is borne by both Stabilus GmbH and Stabilus SE.

The due diligence obligations call for the introduction of an effective risk management regime, which specifically includes establishing a complaint system for handling reports about risks to human rights and/or the environment (hereinafter: **Risks**) as well as violations of obligations related to human rights and/or the environment (hereinafter: **Violations**).

Complaints help enterprises to detect deficiencies in their own businesses and along the supply chain at an early stage, to counteract (imminent) infractions and to minimise potential damages.

The below rules of procedure expound on the procedural details of the proceedings for complaints related to human rights and the environment under the Act on Corporate Due Diligence Obligations in Supply Chains.

Complaint proceedings are subject to ongoing improvement – primarily, with a view to ensuring adequate access. For this purpose, we invite you to let the complaints office know if there is a way to improve accessibility or the procedure as such.

2. Scope of application

a) Personal scope of application

The use of the complaint proceedings is available to anyone at home or abroad, whether they are employed with Stabilus SE or a group division or would simply be personally affected. Accordingly, complainants specifically include employees of direct or indirect suppliers, local residents near company sites, unions as well as civic organisations.

b) Material scope of application

Complaint proceedings are intended to allow persons to report Risks and Violations under the Act on Corporate Due Diligence Obligations in Supply Chains, which came about as a result of the conduct of Stabilus SE and its group divisions in their respective businesses or originated along their supply chains.

Risks and Violations related to human rights refer to past and imminent infringements especially (cf. § 2 (2) LkSG) of the following prohibitions: The prohibition of

- child and forced labour;
- disregarding applicable provisions of workplace safety;
- denying minimum wages; and
- unequal treatment in employment – e.g., on the basis of national and ethnic origin, social background, health status, disability, sexual orientation, age, sex, political views /worldviews or religion – unless the requirements of employment so justify.

Risks and Violations related to the environment refer to past and imminent infringements especially (cf. § 2 (3) LkSG) of the following prohibitions: The prohibition of

- making products containing mercury;
- producing and using certain chemicals; and
- exporting and importing certain hazardous waste.

3. Complaint channels

Stabilus SE operates the complaints office, which simultaneously serves as the complaints office for Stabilus GmbH.

Complaints may be submitted, at a minimum, in German and English using the following complaint channels:

- in text form
 - using the following Internet-based reporting platform (submissions may be made anonymously and at any time throughout the year):
<https://stabilus.whistleblowernetwork.net/frontpage>
 - sending a letter to the following address:
Stabilus SE
Corporate Compliance
Wallerheimer Weg 100
56070 Koblenz
Germany
 - sending an email to the following email address of the Chief Compliance Officer, Dr. Ina Becker: inbecker@stabilus.com
- orally or using the following telephone number (reasonable availability between 10 AM and 6 PM CET, Monday through Friday): + 49 261 8900 360

Complaints are treated equally regardless of which complaint channel is selected.

4. Subject of complaint

Complaints may be submitted along with a name or anonymously (i.e., without identifying the complainant).

To facilitate complaint processing, the following information in particular may be helpful:

- facts of case (What happened? When did it happen? Where did it happen (e.g., at which site)? Who is affected (and specifically, how many persons are affected)? What Risk or Violation came about? How grave are the infraction and/or the repercussions for human rights and the environment? Who/which enterprise bears responsibility according to the complainant's understanding?)
- How is a given Risk or Violation connected to Stabilus SE or a group division?
- Which measures would the complainant adopt in order to remove or minimise the Risk or Violation?
- evidence (e.g., photographs, e-mails, documents, witnesses)
- Is the complainant aware of proceedings that are already pending, which are looking into the Risk or Violation in question (e.g., was another enterprise alerted or has a court or other official proceeding been instituted)?
- contact information for complainant, if he or she so desires

The above information are not a condition of a complaint being processed; however, they help with efforts to conduct an adequate (and prompt) review of the complaint.

5. Confidentiality and procedural principles

Irrespective of their veracity, any and all complaints may harm the reputation of those affected, the complainant and/or third parties, including enterprises, to a significant degree.

Complaints are held in confidence in accordance with applicable legal requirements, especially under data protection law.

The persons entrusted with conducting complaint proceedings are independent, not bound by directions as well as impartial and bound to secrecy. They are properly trained and are given sufficient time. Should they face a conflict of interest in processing a complaint, such conflict will be resolved as the complaint undergoes further processing.

The complaints office discusses the facts of the case with the complainant and stays in touch with the same during processing, provided that doing so is possible and the complainant so wishes.

The use of the complaint proceedings underlying these rules of procedure is free of charge. However, Stabilus SE or its group divisions are not liable for costs incurred in connection with such use (e.g., for the provision of telecommunication services, such as Internet or telephone).

Depending on the scope and complexity of the substance addressed by a complaint, processing time may vary. However, the complaints office will ensure that each complaint is dealt with in a reasonably prompt manner. To such extent, these rules of procedure set forth certain regular time intervals for individual processing steps (cf. below).

The complaints office documents a given complaint proceeding in accordance with statutory requirements.

6. Procedural steps

Complaint processing may be broken down into the following steps:

a) Confirmation of receipt

The receipt of a complaint is documented and – to the extent possible – promptly confirmed to the complainant (in text form or orally) within seven calendar days.

In all other respects, the proceedings are subject to the following paragraphs:

b) Complaint acceptance and investigation

The reported facts of the case are first reviewed to establish whether the complainant's account indicates a Risk or Violation relevant to the LkSG.

- Such review will typically be conducted within 15 business days of a complaint's receipt.
- If necessary, Stabilus SE or a group division entrusts the review to an independent third party.
- Should a review be impossible for lack of information, the complaints office will contact the complainant – whenever possible – to solicit more information.
- If information sufficient for complaint processing cannot be obtained or the review shows that, based on the complainant's account, a Risk or Violation relevant to the LkSG is absent, the complaint is rejected and the complainant is informed of the outcome, if possible.

In the event that a Risk or Violation is present based on the complainant's account, the next step is for the complaints office (with the help of other group divisions, departments or independent third parties) to subject the facts of the case to a detailed examination to establish whether a Risk or Violation related to human rights or the environment has actually occurred:

- Such an examination will typically be undertaken within six weeks of the complaint's receipt.
- If applicable, the complainant will be asked to provide additional information.
- If required, Stabilus SE or a group division will entrust the examination to an independent third party.
- Should an investigation of the facts of the case and/or a discussion with the complainant reveal that a Risk or Violation is absent, the complainant will be notified accordingly – whenever possible – and the proceeding is discontinued.

c) Preliminary update

Within three months of the complaint's receipt or, if receipt was not confirmed, within three months and seven calendar days thereof, the complainant receives a preliminary update whenever possible.

d) Measures

If the examination affirms a Risk or Violation, appropriate preventive and/or corrective measures are initiated without delay.

To be appropriate, such measures must reflect the nature and gravity of the Risk or Violation in question, along with the ability of Stabilus SE and its group divisions to exert influence over them.

Where a Risk has been found to exist, consideration is given to the following preventive measures, among others:

- developing and implementing appropriate procurement strategies and purchasing practises with a view to preventing or minimising any Risk identified;
- conducting training seminars in the relevant business segments or for the suppliers in question; and
- implementing risk-based control measures designed to monitor compliance with the human rights strategy contained in the policy statement in own business segments and for suppliers.

Where a Violation has been found to exist, the following appropriate corrective measures are adopted. To such extent, consideration is given to the following measures, among others:

- in own business segments: measures to prevent / end the Violation or to minimise its extent; and
- with regard to a direct / indirect supplier: preparing a concept to end / minimise the Violation and (to the extent possible) suspending the business relationship temporarily or, as a last resort, terminating the business relationship.

To establish a measure's appropriateness, consideration is given to the complainant's expectations as well.

The complainant is provided with adequate information about the foregoing measures.

e) Conclusion of proceedings

The complainant is notified that the proceedings have been brought to an end, and the findings are summarised in a brief overview.

The complainant is given an opportunity to provide feed-back.

f) Implementation and follow-up

The complaints office monitors the measures' implementation – if applicable, it does so jointly with other departments/group divisions or independent third parties.

7. Whistleblower protection

It is of critical significance to Stabilus SE and its group divisions that complainants be protected against any disadvantage or penalty stemming from the filing of complaints, and such protection is what ensures that the complaint procedure works as intended.

To shield complainants, their complaints are held in confidence and treated in accordance with the requirements of data protection law, as described. At the same time, care is taken to ensure that complaints are handled by specially trained staff.

No complainant who reports a Risk or Violation in good faith and on the basis of valid evidence will suffer any disadvantage at the hands of Stabilus SE or its group divisions for the sole reason that a complaint was filed. Naturally, this also applies in the event that it is learned after the fact that no Risk or Violation occurred. Attempts to intimidate or retaliate against complainants on account of their complaints (e.g., in the form of harassment or discrimination) are not tolerated. To the extent that Stabilus SE or a group division learns of such behaviour, and it is within their respective sphere of influence, they will adopt appropriate measures (from putting staff on notice to dismissing them or terminating a business relationship with a supplier).

The foregoing provisions on whistleblower protection apply accordingly to third parties who are close or related to a complainant (such as coworkers or relatives), along with those who assist the complainant with filing a complaint (e.g., by helping them to write it).

Should the complainant or any of the third parties described above be exposed to retaliatory measures, we recommend that the complaints office be contacted without delay.

8. Reviewing effectiveness of proceedings

Complaint proceedings are reviewed for effectiveness at least once annually and as warranted. For this purpose, the complainant's feedback is considered as well.

To such extent, the criteria for a review of the proceedings' effectiveness include the following:

- number of complaints (total number/broken down by issue and complaint channel)
- information on complainant (assignment to target group, such as own employees or staff working with direct/indirect suppliers or local residents)
- How many reports were relevant/substantiated? Number of resolved complaints relative to total number of complaints, and broken down by complaint resolution (e.g., complaint rejected for cause, complaint withdrawn, remedy/no remedy)
 - number of LkSG Violations found in own business segment
 - number of LkSG Violations found at direct suppliers
 - number of LkSG Violations found at indirect suppliers
- How many complaints were filed anonymously?
- What follow-up measures were adopted?
- average duration of complaint processing
- complainant's satisfaction with outcome of proceedings
- indications that complainants were subject to retaliatory measures