



DECLARATION OF PRINCIPLES

FOR THE BUSINESS PARTNERS
AND EMPLOYEES
OF THE SWOBODA GROUP

CONTENTS

PREAMBLE	2
OUR COMMITMENT	3
RISK MANAGEMENT AND RISK ANALYSIS	4
PREVENTIVE MEASURES	9
EFFECTIVENESS CONTROL	10
REMEDIAL MEASURES	11
COMPLAINT MECHANISMS	12
DOCUMENTATION AND REPORTING OBLIGATIONS	13
FINAL DECLARATION	14

PREAMBLE

The Swoboda Group is a family business operating internationally. Our independence gives us the great flexibility and speed that we need to successfully exploit the dynamics of the market. With innovative technologies and an uncompromising commitment to quality, our teams are shaping the future. We have declared it our goal to continue developing in this way in the years to come. This means being guided by certain values: reliability, expertise, commitment, and forward thinking.

We are committed team players, reliable problem solvers, dynamic idea generators and, at the same time, a quality-oriented guarantor of success.

We expect this not only of ourselves, but also of our business partners, especially suppliers and distributors. Consequently, the following provisions form the basis of a good and sustainable business relationship between the Swoboda Group and our business partners along the supply chain; we expect the mandatory requirements set out in these provisions to be complied with.

OUR COMMITMENT

The Swoboda Group is aware of its social and corporate responsibility to respect human and labor rights, and related environmental rights. Not only do we respect human and labor rights and the associated environmental rights in our own business activities, but we also insist that they are upheld in our global upstream and downstream supply chains. To meet this requirement, we demand compliance with our standards from new and existing suppliers and other business partners – including their suppliers and business partners in turn. We use internal regulations and instructions, such as our Code of Conduct for Business Partners and Employees (<https://www.swoboda.com/service-downloads>), as a guide for compliance. In many cases, their scope extends beyond the legal requirements for human rights and environmental due diligence.

The following international standards are just some of the principles that are taken into account:

- UN Human Rights Charter
- UN Convention on the Rights of the Child
- UN Convention on the Status of Women
- UN Guiding Principles on Business and Human Rights
- Core labor standards of the International Labor Organization (ILO)
- UN Global Compact Principles
- United Nations Sustainable Development Goals (SDG)
- United Nations Declaration on the Rights of Indigenous Peoples

These international agreements and respect for human rights guide our own actions and are also the required standard for our business partners. Our implementation in practice is characterized by continuous and event-driven monitoring for prevention and improvement.

The international standards listed are just a few examples; the criteria applied in practice go even further. In particular, we expect all business partners to refrain from using child and forced labor. Furthermore, a corporate culture based on equal rights, diversity, and inclusion of all employees is required, along with the associated protection against discrimination as an established process.

RISK MANAGEMENT AND RISK ANALYSIS

We are aware that our business activities and our global supply and value chains entail risks that could potentially cause human rights violations. In line with our commitment to respect all internationally recognized human rights, we pay particular attention to specific human rights issues that we have identified as being significant for our business through our risk analysis. These issues are associated with the greatest risks in terms of adverse effects on people who are directly or indirectly involved in our business activities at our locations and in our global supply and value chains.

First, the high-risk suppliers are identified as part of the abstract risk analysis using a three-stage process. In the first step, suppliers are analyzed and classified with regard to potential risks on the basis of prior knowledge. Country- and sector-specific risks are then determined for each supplier. The results of this step are then weighted on the basis of the potential for the supplier to be influenced (adequacy analysis in accordance with Section 3 (2)).

Suppliers identified as medium or high risk are subject to a specific risk analysis. They are classified into preliminary risk levels based on various indices for human, labor, and environmental rights. The suppliers are then analyzed using a standardized, internal evaluation logic that takes the following factors into consideration: Business activity, severity of the probability of occurrence, impact, contribution to causation, and review of certifications. In addition, where relevant, a standardized self-assessment is obtained from the supplier. The combination of these factors results in a final, concrete risk assessment. Depending on the final risk assessment, measures are defined with the supplier's involvement to prevent possible risks or to remedy specific cases.

In the past financial year, no breaches were identified as part of the risk analysis in accordance with the assessment criteria of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG).



RISK MANAGEMENT AND RISK ANALYSIS

1. PRODUCTION IN ZONES OF CONFLICT AND HIGH-RISK AREAS

These areas are characterized by armed conflicts or fragile post-conflict situations. They also include regions with weak or absent governance and security, as well as widespread and systematic violations of international law and human rights.



2. ANTI-CORRUPTION & ANTI-BRIBERY

The highest standards of integrity and ethics must be maintained in all business activities. The company must pursue a strict zero-tolerance policy toward all forms of bribery, corruption, extortion, and embezzlement. When interacting with business partners such as customers, suppliers, and government institutions, a clear distinction must be made between the interests of the company and the personal interests of employees on both sides. Actions and (purchasing) decisions must be made independently of inappropriate influences and personal motives.

RISK MANAGEMENT AND RISK ANALYSIS

3. VIOLATION OF THE BAN ON CHILD LABOR

The use of child labor is strictly prohibited during all production phases. The guidelines of the International Labor Organization (ILO) apply here with regard to the minimum age for the employment of children. According to this, the minimum age must not be lower than the age up to which education is compulsory according to the applicable labor laws and regulations, and under no circumstances may it be lower than 15 years. Where children are employed, we endeavor to ensure that their employment does not prevent them from pursuing their education. It is imperative to avoid employing persons under the age of 18 for activities that could endanger their health, safety, or moral development.

4. VIOLATION OF THE BAN ON FORCED LABOR AND ALL FORMS OF SLAVERY

According to the aforementioned standards, it is expressly forbidden to use any form of forced labor, slave labor, or similar practices. All employment must be on a voluntary basis, without the application of penalties or pressure. Employees must be able to terminate their work or employment relationship at any time without fear of consequences. In addition, any form of unacceptable treatment of workers is strictly prohibited, including psychological stress, sexual harassment, and humiliation.



RISK MANAGEMENT AND RISK ANALYSIS

5. DISREGARD FOR OCCUPATIONAL HEALTH AND SAFETY

Swoboda strives to provide a safe and healthy working environment. It does so by developing and implementing suitable occupational safety systems that take the necessary precautions against potential accidents and harm to health in connection with work activities. Measures to prevent excessive physical or mental exhaustion must also be implemented. In addition, employees receive regular instruction and training on the applicable health and safety standards and measures. Sufficient drinking water and clean sanitary facilities must also be provided for employees.

6. DISREGARD FOR FREEDOM OF ASSOCIATION, FREEDOM OF UNIONIZATION, AND THE RIGHT TO COLLECTIVE BARGAINING

The right of employees to form and join trade unions, to engage in collective bargaining, and to exercise the right to strike must be strictly respected. In situations where freedom of association and the right to collective bargaining are restricted by law, alternative possibilities for independent and free associations of employees to conduct collective bargaining should be allowed. It is prohibited to discriminate against employees on the basis of their founding, joining, or membership of such an organization. Employee representatives must be granted unhindered access to the workplaces of their colleagues to ensure that they can exercise their rights in a lawful and peaceful manner.

7. NONDISCRIMINATION AND EQUALITY

Any form of discrimination against employees is prohibited. This includes, but is not limited to, discrimination based on factors such as gender, nationality, ethnic origin, skin color, disability, health status, political beliefs, ideology, religion, age, pregnancy, or sexual orientation. The personal dignity, privacy, and personal rights of each individual must be fully respected.

RISK MANAGEMENT AND RISK ANALYSIS

8. WITHHOLDING OF APPROPRIATE REMUNERATION

Remuneration for regular working hours and overtime must be at least equal to the statutory or industry-standard minimum wage, whichever is higher. The supplier shall increase wages if the remuneration is insufficient to cover basic living costs and to build up savings.

All legally prescribed benefits must be granted; wage deductions as punitive measures are not permitted. Clear written information on the remuneration structure must be provided to employees on a regular basis.

Working hours must comply with the applicable laws or industry standards.



9. USE OF SECURITY FORCES IN VIOLATION OF HUMAN RIGHTS

The commissioning or assignment of security forces is inadmissible if this results in persons being subjected to inhuman or degrading treatment, or their freedom of association being impaired.

10. UNLAWFUL EVICTION AND CAUSING HARMFUL POLLUTION OF SOIL, AIR, OR WATER

The company may not infringe on legitimate property rights and is prohibited from taking land, forests, or water whose use is important for people's livelihoods. Any harmful effects on soil, water and air, noise pollution, and excessive water consumption must be avoided, especially if they endanger people's health, significantly compromise natural resources for food production, or hinder people's access to clean drinking water or sanitary facilities.

PREVENTIVE MEASURES

We take a number of measures to put our responsibility into practice and to ensure our contribution to the protection of people and nature. We have defined criteria and developed standardized processes that help us implement these measures to maximum effect. Swoboda is currently taking action in a variety of ways, such as raising awareness among stakeholders, appointing responsible persons, implementing complaint and prevention procedures, and performing risk management. This check is carried out on a regular basis.

This Declaration of Principles itself should also be seen as a general preventive measure, as it makes specific demands on internal and external stakeholders. If the legal requirements are not met, sanctions are imposed, including the possible termination of business relationships.



EFFECTIVENESS CONTROL

We intend to monitor the effectiveness of our measures both internally and in our supply chains through regular reviews, and strengthen them where necessary. The focus here is on the primary risks and the intended effects and objectives of these measures. The improvement and further development of human rights management are key objectives for Swoboda. This is achieved with the aid of the results obtained, the information exchanged with external expert parties, and a well-founded risk analysis.

The effectiveness of training courses and training measures is also monitored. Another aspect is the review of existing grievance mechanisms, taking into account the effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights. This review is carried out regularly, at least once a year, and also in the event of significant changes in the risk situation, or where there are specific indications of possible restrictions in complaints management.



REMEDIAL MEASURES

In the event that Swoboda is directly responsible for human rights violations, we take immediate and appropriate action to end or adjust business practices to ensure that they comply with human rights standards.

In situations in which our business activities could potentially lead to human rights violations or are indirectly linked to such violations, we actively work to find appropriate solutions. If there are reasonable grounds for suspicion or concrete indications of possible human rights violations in our company or along our supply and value chain, we carry out thorough investigations.

We expect full cooperation and support from our business partners in resolving such incidents within a reasonable time frame. Depending on the severity of the violation, we reserve the right to take appropriate action in our dealings with our business partners. Such action ranges from demanding immediate rectification of the breach to legal action and possible termination of the business relationship.



COMPLAINT MECHANISMS

Employees and managers of Swoboda, business partners, suppliers, customers, consultants, and third parties who become aware of abuses or other violations of existing laws, or other principles of ethical conduct in the business environment or along the supply chain are requested to submit an anonymous report via the digital whistleblowers system under the link: <http://www.swoboda.com/messageline>, or to contact the Compliance Officer of the Swoboda Group directly by email at compliance@swoboda.com.

If you have any general questions or comments about this Declaration of Principles, please contact Swoboda's Compliance Department using the email address above.



SWOBODA.COM/MESSAGELINE



COMPLIANCE@SWOBODA.COM



DOCUMENTATION AND REPORTING OBLIGATIONS

Swoboda uses risk management software to monitor its own business area and supply chains, which can be used to identify all of the described types of risks in the supply network. This supervision is documented in the course of continuous monitoring and aids in the annual reporting to the German Federal Office for Economic Affairs and Export Control (BAFA).



FINAL DECLARATION

This declaration shall enter into force upon signature by the Board. It reflects the status of the scope and progress of the implementation of the due diligence obligations of the Supply Chain Due Diligence Act at the Swoboda Group known at the time of signing. If necessary, this declaration shall be adapted on the basis of the findings obtained from and further developed in response to the regular effectiveness review of risk management, risk analysis, and the preventive and corrective measures developed.



A handwritten signature in black ink, appearing to read 'Jörg Schernikau'.

DR. JÖRG SCHERNIKAU
CEO/COO



A handwritten signature in black ink, appearing to read 'W. Steffens'.

WILKO STEFFENS
CFO



A handwritten signature in black ink, appearing to read 'Christian Göser'.

CHRISTIAN GÖSER
CSO



A handwritten signature in black ink, appearing to read 'Klaus Skrobánek'.

DR. KLAUS SKROBANEK
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