

Report on the LkSG (Supply Chain Due Diligence Act)

Reporting period from 01.01.2023 to 31.12.2023

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A. Strategy & Anchoring

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A1. Monitoring of risk management and management responsibility

What responsibilities for monitoring risk management were defined during the reporting period?

Head of Financial Controlling

A. Strategy & Anchoring

A1. Monitoring of risk management and management responsibility

Has the management established a reporting process that ensures that it is regularly informed at least once a year - about the work of the person responsible for monitoring risk management?

It is confirmed that the management has established a reporting process within the meaning of Section 4 (3) LkSG that it is regularly - at least once a year - informed about the work of the person responsible for monitoring risk management.

- Confirmed

Describe the process that takes place at least once a year or regularly

Ensure reporting to senior management with a view to risk management.

The steering committee of the LkSG Regelkreis report directly to the management at regular intervals.
The Human Rights Officer reports directly to the Managing Partner.

A. Strategy & Anchoring

A2. Declaration of Principles on Human Rights Strategy

Is there a policy statement that has been prepared or updated on the basis of the risk analysis carried out during the reporting period?

The policy statement has been uploaded

https://media.sew-eurodrive.com/sew_master/media/sew-eurodrive/pdf/unternehmen-1/de-4/code-of-conduct-2024-de.pdf

A. Strategy & Anchoring

A2. Declaration of Principles on Human Rights Strategy

Has the policy statement for the reporting period been communicated?

It is confirmed that the policy statement has been communicated to employees, the works council where appropriate, the public and the direct suppliers who have been identified as a risk in the course of the risk analysis.

- Confirmed

Please describe how the policy statement was communicated to the respective relevant target groups.

Internal stakeholders, such as employees, are crucial for the successful implementation of the Code of Conduct (CoC) in our organization. Therefore, we attach great importance to comprehensive communication and training regarding our policy statement.

When the CoC is introduced or amended, communication to internal stakeholders, including employees, takes place through various channels. This includes higher-level communication via the works council as well as organisational instructions. Any adjustments will be coordinated and approved in close cooperation with the works council and management.

A central part of our employee onboarding processes is the integration of the CoC. With every new hire, including temporary workers, employees gain insight into our policy statement. A brochure on the CoC is also included with the hiring package to ensure that all employees are familiar with company policies from the start.

For continuous training and sensitization for the CoC, we regularly conduct mandatory training courses for relevant target groups. In addition, we offer ad-hoc training courses in case specific needs or changes arise.

External stakeholders, such as suppliers and consultants, are also important partners in the implementation of our CoC. Recognition of our policy statement or proof of your own comparable policy statement is a prerequisite for cooperation. This is made clear in contracts and other agreements.

We also communicate our commitment to the CoC through our corporate website to inform our customers and other external stakeholders and provide them with transparency about our corporate values.

What elements does the policy statement contain?

- Setting up a risk management system
- Annual risk analysis

A. Strategy & Anchoring

A2. Declaration of Principles on Human Rights Strategy

- Anchoring prevention measures in the company's own business area, in the case of immediate suppliers and, if applicable, indirect suppliers and their effectiveness review
- Corrective measures in the company's own business area, with direct suppliers and, if necessary, indirect suppliers and their effectiveness review
- Provision of a complaints procedure in the company's own business area, with suppliers and their effectiveness review • Documentation and reporting obligations
- Description of the identified priority risks
- Description of human rights-related and environment-related expectations of one's own Employees and suppliers

A. Strategy & Anchoring

A2. Declaration of Principles on Human Rights Strategy

Description of possible updates during the reporting period and the reasons for doing so.

The policy statement has been clarified and certain risks have been added. Environmental risks have been included in order to follow the goal of a holistic approach of the policy statement.

A. Strategy & Anchoring

A3. Anchoring the human rights strategy within one's own organization

In which relevant departments/business processes was the human rights strategy anchored within the reporting period?

- Purchasing/Procurement
- Legal/Compliance
- Other: Validity of the strategy for all areas, but embedding of competence in the both areas mentioned.

Describe how the responsibility for implementing the strategy is distributed within the different departments/business processes.

Responsibility for the implementation of our corporate strategy, which is the Declaration of principles in accordance with the Supply Chain Due Diligence Act is anchored in the Code of Conduct. The Code of Conduct is issued and amended by the management. In this way, the management determines the basic cornerstones of the corporate strategy. This strategy is crucial for all employees as it sets out the ethical and legal standards by which we are to act. Their validity for the entire

The company is based on its integration into our business processes as well as the responsibility of our leaders to act as role models and ensure that the principles of the Code of Conduct are adhered to in all departments. Through continuous training, communication and transparent monitoring, we ensure that all

Employees who understand strategy and can apply it in their daily work. In this way, the relevance and effectiveness of our strategy for all employees becomes clear.

Describe how the strategy is integrated into operational processes and procedures.

The integration of our corporate strategy into operational processes and procedures, exemplified by the procurement process, is of fundamental importance for ensuring compliance our ethical and legal standards and to promote a sustainable corporate culture. Here's how our strategy is integrated into the procurement process:

Supplier selection and evaluation: Our strategy emphasizes fair trade, ethical standards and environmental compatibility. Therefore, potential suppliers are carefully selected according to these criteria and regularly evaluated. This is ensured by clear guidelines and criteria in the procurement process.

Contract management: Our corporate strategy emphasizes the importance of transparency and Accountability in business relationships. In the procurement process, this is achieved by integrating clear contractual clauses that ensure suppliers' compliance with our standards and minimize potential risks.

Compliance and risk management: Compliance with laws and regulations as well as the identification and management of risks are central elements of our strategy. Therefore, mechanisms are embedded in the procurement process to ensure that all activities comply with applicable legal requirements and that potential risks are identified and addressed at an early stage.

Sustainability and environmental protection: Our strategy commits us to environmental protection and sustainability. This can include, for example, the selection of suppliers with sustainable production methods or the use of environmentally friendly materials.

Continuous improvement: Our strategy aims to continuously learn and improve. Therefore, regular reviews and audits are carried out in the procurement process to identify best practices and continuously optimize processes.

By integrating our strategy into the procurement process, we not only ensure compliance with our company values, but also promote efficiency, transparency and long-term success in our supply chain.

Describe what resources and expertise will be provided for implementation.

SEW Eurodrive has set up a steering committee that has developed a process for implementing the LkSG. Members come from purchasing and legal and compliance. Requirements, changes to processes or risks are coordinated with related departments such as sustainability, human resources and sales.

Was a regular (annual) risk analysis carried out during the reporting period to identify, weigh and prioritise human rights and environmental risks?

- Yes, for your own business area
- Yes, for direct suppliers

Describe the period of time in which the annual risk analysis was carried out.

The annual risk analysis was carried out in 2023 in the period between March and October.

Describe the risk analysis process.

We carry out the risk analysis with the support of a professional ESG management software to ensure a comprehensive and in-depth analysis.

In a first step, the so-called "Abstract Risk Analysis", country and industry risks to human rights and environmental standards in our own business unit and at our direct supplier are assessed. The assessment of the abstract risk is carried out on the basis of various topics (risks) in order to enable a detailed risk assessment. A variety of quantitative indicators from renowned institutions, such as of the World Bank or the United Nations, form the basis for the assessment of the country risk. An additional analysis of industry risks complements the Country risk analysis. Various qualitative sources and databases, such as the CSR Risk

B. Risk analysis and prevention measures

B1. Implementation, procedure and results of the risk analysis

Check or studies by the Helpdesk Business & Human Rights enable an assessment of industrial risks in various subject areas. The industrial risk analysis distinguishes between different industries according to the NACE codes. We combine the results of the country risk analysis with the results of the industrial risk analysis to form an assessment. This combination enables an assessment of the potential risk per topic area and per immediate supplier or own business unit in the risk categories 'low risk', 'medium risk' and 'high risk'. It thus forms the basis for a comprehensive risk analysis.

In the second step, the so-called "Concrete Risk Analysis", the identified potential risks at direct suppliers or in the company's own business units are examined in more detail. A risk-based approach allows us to

Prioritization of suppliers with a medium or high identified risk of violations of human rights or environmental standards from the abstract risk analysis. Questionnaires based on international standards create transparency as to the extent to which a direct supplier or own business unit has reacted to the increased risks identified. Based on the feedback from the direct supplier, the ability of the direct supplier or its own business unit to ensure the protection of human rights and environmental standards is assessed. This information and assessment is essential for us to identify and respond to gaps in human rights and environmental standards at our direct suppliers. We combine the results of the questionnaires with the results of the abstract risk from the first step and thus obtain an assessment of the actual risk in the risk categories 'low risk', 'medium risk', 'high risk' for a broad base of suppliers and our own

Business Unit. The actual risk determined from the first two steps serves as a
Indicator of the likelihood of a human rights violation or a violation of an environmental standard at our direct suppliers or in our own business unit.

In addition, we take into account critical messages or incidents relating to individual suppliers and then include them in our risk analysis on an individual basis. This is in response to information that has become known to us with regard to certain suppliers.

In the third step, we prioritize direct suppliers and our own business units as well as
Risks by topic according to the criteria of appropriateness. The

The probability of occurrence per risk field from the abstract and concrete risk analysis is an important data point for this. We also assess risks according to their severity in order to identify key risk areas.

For the prioritization of direct suppliers, we determine not only the probability of occurrence, but also the possibility of influencing the supplier where possible. We react to risks in our own business area as a matter of priority in order to do justice to the increased causal contribution.

Were event-related risk analyses also carried out during the reporting period?

- Yes, due to other reasons: Concrete suspicions regarding a supplier who otherwise would not have shown any particular risk propensity.

Describe the specific occasions.

Investigations initiated by the customs authorities in relation to the specific supplier.

Describe what insights the analysis has led to in relation to a significantly changed and/or expanded risk situation.

Further analysis of the supplier did not reveal any particular risk situation.

Describe the extent to which findings from the processing of information/complaints have been incorporated.

Apart from the correspondence with the customs authorities, no further information / complaints have been received.

B. Risk analysis and prevention measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified as part of the risk analysis(es) in your own business unit?

- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Violation of Freedom of Association - Freedom of Association & Right to Collective Bargaining
- Unlawful violation of land rights
- Prohibition of unequal treatment in employment
- Prohibition of withholding an adequate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and the non-environmentally sound management of POPs-containing substances

Waste

- Prohibited import/export of hazardous waste within the meaning of the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

B. Risk analysis and prevention measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(s) for direct suppliers?

- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Violation of Freedom of Association - Freedom of Association & Right to Collective Bargaining
- Unlawful violation of land rights
- Prohibition of forced labour and all forms of slavery
- Prohibition of unequal treatment in employment
- Prohibition of child labour
- Prohibition of withholding an adequate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and the non-environmentally sound management of POPs-containing substances

Waste

- Prohibited import/export of hazardous waste within the meaning of the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

What risks were identified in the context of the risk analysis(s) for indirect suppliers?

B. Risk analysis and prevention measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

- None

B. Risk analysis and prevention measures

B1. Implementation, procedure and results of the risk analysis

Were the risks identified in the reporting period weighted and, if necessary, prioritized and, if so, on the basis of which appropriateness criteria?

- Yes, on the basis of the expected severity of the injury according to degree, number of people affected and
Irreversibility
- Yes, on the basis of one's own influence
- Yes, based on the probability of occurrence
- Yes, on the basis of the type of causal contribution

Describe in more detail how the weighting and, if necessary, prioritization was carried out and what considerations were made.

Risks are prioritized according to the criteria probability of occurrence and severity. The probability of occurrence per risk is the result of the abstract and concrete Risk analysis and is intended for the company's own business unit and direct suppliers. The assessment of the severity is based on an internal process in which several employees were involved and systematic considerations were made about the consequences in various risk areas. Respecting the probability of occurrence and the severity of a risk is crucial for prioritizing key risk areas.

We prioritize direct suppliers and our own business units according to the probability of occurrence and severity, as well as the causal contribution and the Influence. The probability of occurrence per supplier is the result of the Risk analysis. The assessment of severity is based on an internal process in which several people were involved and systematic considerations were made about the consequences in various risk areas. The order volume with the supplier is decisive for the assessment of the influence of a direct supplier. Where possible, we compare the order volume with the total turnover of the supplier. For this purpose, we use data that is available through a competent credit agency. We react to risks in our own business area as a matter of priority in order to do justice to the increased causal contribution.

We also assess the nature and scope of our own operations using relative industry and country risks.

B2. Prevention measures in our own business area

Which risks were prioritized in the reporting period in the company's own business unit?

- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Violation of Freedom of Association - Freedom of Association & Right to Collective Bargaining
- Unlawful violation of land rights

- Prohibited production, use and/or disposal of mercury (Minamata Convention)

Prohibited production, use and/or disposal of mercury (Minamata Convention)

What is the specific risk involved?

Mercury is a highly hazardous element that is used in various industrial processes and applications. Its use poses significant risks to human health and the environment and can lead to contamination of air, water and soil, with serious negative effects on ecosystems and living organisms. The Minamata Convention on Mercury, a globally recognized agreement, aims to protect human health and the environment from the harmful effects of mercury. The overall goal is to ensure the safe handling of mercury throughout its life cycle, including storage, transport and disposal. The risks can be mitigated by reducing the use of mercury and implementing appropriate measures, such as promoting mercury-free alternatives and technologies.

Where does the risk occur?

- China

Disregard for occupational health and safety and work-related health hazards

What is the specific risk involved?

Occupational health and safety aims to prevent work-related injuries and illnesses and to protect and promote the health of workers. Workers have a right to be protected from hazards and risks in the workplace that may endanger their health or integrity, and companies are expected to comply with national laws and international standards to ensure this.

Work-related health hazards can arise from various sources and situations, such as physical, ergonomic, chemical, biological, psychosocial and work organisation factors. These hazards include, but are not limited to, radiation, extreme temperatures, improper workplaces, exposure to pollutants and violence in the workplace. It is critical that companies take measures such as proper training, safety protocols, and providing the necessary equipment and protective clothing to mitigate these risks.

Where does the risk occur?

- Brazil
- China

B. Risk analysis and prevention measures

Destruction of the natural basis of life through environmental pollution

What is the specific risk involved?

Pollution encompasses various risk categories that pose a major challenge to ecosystems and human health. Within the pollution risk area, there are three main categories that highlight different aspects of this issue:

1. **Water consumption:** Freshwater overuse is a growing global problem, with agriculture, industry and households being the largest consumers, the demand for freshwater resources exceeds available supplies, leading to water stress. Millions of people do not have access to clean water, and forecasts point to a further deterioration of the situation in the future. Managing water consumption is crucial to ensure sustainable water management and alleviate humanitarian crises.
2. **Water and soil pollution:** Industrial and agricultural activities have led to pollution of water and soil, posing a threat to ecosystems and human health. The release of pollutants into water bodies affects their quality, so that they are no longer suitable as drinking water, for irrigation and as a habitat for aquatic life. Soil pollution disrupts nutrient balance, fertility and can contaminate the food chain.
3. **Air pollution:** Air pollution, which is closely linked to industrial and commercial activities has far-reaching effects on the environment and human health. Emissions of pollutants such as nitrogen oxides (NO_x), sulphur dioxides (SO₂), particulate matter (PM_{2.5}), volatile organic compounds (VOCs), ammonia (NH₃) and Heavy metals contribute to air pollution. This problem has a significant global impact, leading to millions of deaths annually and affecting both developed and developing countries. Reducing air pollution is critical to improving air quality and ensuring human well-being.

Where does the risk occur?

- Brazil
- China

Violation of Freedom of Association - Freedom of Association & Right to Collective Bargaining

What is the specific risk involved?

Freedom of association includes the right of workers to freely form trade unions and representative organisations of their choice, recognised to engage in collective bargaining and constructive negotiations with employers or employers' associations on working conditions. However, the realisation of this right is not always guaranteed. Workers may encounter obstacles and restrictions in exercising their freedom of association, including anti-union measures, restrictive laws, lack of support and hostile attitudes from employers. Companies have a crucial role to play in upholding this right by creating an environment that respects workers' freedom of association and actively supports their participation in trade unions or representative organisations.

Where does the risk occur?

- Brazil
- China

Unlawful violation of land rights

What is the specific risk involved?

Unlawful violation of land rights has far-reaching consequences for affected persons. These impacts may include challenges related to land use, property rights, conflict, and security. For example, large-scale projects such as the construction of dams can lead to violations of human rights such as the right to health and the right to a decent standard of living, as local communities and indigenous peoples can be forcibly resettled, their land claimed or their local water sources contaminated. In conflict-affected or high-risk areas, human rights violations can occur when companies use disproportionate force to defend their interests, which can violate the right to life and liberty of affected communities.

Where does the risk occur?

- Brazil

B. Risk analysis and prevention measures

B2. Prevention measures in our own business area

What preventive measures were implemented for the reporting period to prevent and minimise priority risks in the company's own business unit?

- Implementation of training courses in relevant business areas
- Implementation of risk-based control measures

Implementation of training courses in relevant business areas

Describe the measures implemented and, in particular, specify the scope (e.g. number, coverage/scope).

Employees have been trained in all relevant areas on the subject of the Supply Chain Due Diligence Act.

Describe how training is appropriate and effective to prevent and minimise priority risks.

Training in relevant business areas is an effective measure to respond to priority risks for several reasons. During a training course, theoretical knowledge and practical techniques on various topics are passed on by an expert to a group of people for whom the topic is particularly relevant. This enables the group of people to implement certain practices and processes in their everyday work. Sensitivity to a topic can be increased during a training course by presenting the relevance of the subject area. In addition, questions and concerns about specific topics can be addressed, discussed and resolved. Training is therefore an important step in addressing priority risks.

Training is particularly appropriate if a risk can be mitigated through knowledge transfer, sensitivity and education among the group of people who may influence the probability of the risk occurring in the future.

Implementation of risk-based control measures

Describe the measures implemented and, in particular, specify the scope (e.g. number, coverage/scope).

Internal controls by the internal audit and quality. External certifications by suitable specialist bodies, e.g. Ecovadis or TÜV.

Describe the extent to which the measures taken to prevent and minimise the priority risks are appropriate and effective.

Risk-based control measures monitor the effectiveness of implemented measures and enable the control of assessments and information. To ensure effective control measure, target definitions are required in advance. They are particularly effective if they contain mechanisms that compare and control the actual and target status of a state. In order to ensure the effectiveness of a control measure, any adjustments must then be made in order to align the actual and target status. A control measure is therefore elementary and effective in preventing and minimizing priority risks. It is particularly appropriate if an increased probability of occurrence or severity of a risk has been determined.

B. Risk analysis and prevention measures

B3. Preventive measures at direct suppliers

What risks were prioritized for the reporting period with direct suppliers?

- Disregard for occupational health and safety and work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Violation of Freedom of Association - Freedom of Association & Right to Collective Bargaining
- Unlawful violation of land rights
- Prohibition of forced labour and all forms of slavery
- Prohibition of unequal treatment in employment
- Prohibition of child labour
- Prohibition of withholding an adequate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) and the non-environmentally sound management of POPs-containing substances

Waste

- Prohibited import/export of hazardous waste within the meaning of the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

Prohibited production and/or use of substances within the scope of the Stockholm Convention (POPs) as well as non-environmentally sound handling of waste containing POPs

What is the specific risk involved?

Persistent organic pollutants (POPs) are toxic chemicals that remain in the environment and pose risks to human health and ecosystems. They include synthetic compounds such as pesticides and industrial chemicals, and are known for their longevity, ability to accumulate in living organisms, and their long-distance transportation through air, water, and migratory species. They can have negative effects on reproductive health, immune function, and ecosystems, including biodiversity loss.

Where does the risk occur?

- China
- China, Hong Kong Special Administrative Region
- Taiwan

- United States (USA)

Prohibited import/export of hazardous waste within the meaning of the Basel Convention

What is the specific risk involved?

Hazardous waste is a broader category of waste that goes beyond mercury and persistent organic pollutants (POPs). Hazardous waste can be generated during different production processes and in different industries and poses a risk to human health and the environment. The Basel Convention is an important international treaty that regulates the control and transboundary movement of hazardous waste. The following list contains examples of the most common hazardous substances produced during industrial production processes: Chemical waste is toxic, corrosive, flammable or reactive substances used in industry. E-waste refers to discarded electronic devices that contain hazardous substances such as lead and mercury. Industrial by-products consist of Residues and ash from various production processes. Proper management of hazardous waste is essential to mitigate its negative impacts.

Where does the risk occur?

- China, Hong Kong Special Administrative Region
- Taiwan
- United States (USA)

Prohibited production, use and/or disposal of mercury (Minamata Convention)

What is the specific risk involved?

Mercury is a highly hazardous element that is used in various industrial processes and applications. Its use poses significant risks to human health and the environment and can lead to contamination of air, water and soil, with serious negative effects on ecosystems and living organisms. The Minamata Convention on Mercury, a globally recognized agreement, aims to protect human health and the environment from the harmful effects of mercury. The overall goal is to ensure the safe handling of mercury throughout its life cycle, including storage, Transport and disposal. The risks can be mitigated by reducing the use of mercury and implementing appropriate measures, such as promoting mercury-free alternatives and technologies.

Where does the risk occur?

- China
- China, Hong Kong Special Administrative Region
- Taiwan

- United States (USA)

Disregard for occupational health and safety and work-related health hazards

What is the specific risk involved?

Occupational health and safety aims to prevent work-related injuries and illnesses and to protect and promote the health of workers. Workers have a right to be protected from hazards and risks in the workplace that may endanger their health or integrity, and companies are expected to comply with national laws and international standards to ensure this. Work-related health hazards can arise from various sources and situations, such as physical, ergonomic, chemical, biological, psychosocial and work organisation factors. These hazards include, but are not limited to, radiation, extreme temperatures, improper workplaces, exposure to pollutants and violence in the workplace. It is critical that companies take measures such as proper training, safety protocols, and providing the necessary equipment and protective clothing to mitigate these risks.

Where does the risk occur?

- China
- China, Hong Kong Special Administrative Region
- Lithuania
- Taiwan
- Turkey
- United States (USA)

Destruction of the natural basis of life through environmental pollution

What is the specific risk involved?

Pollution encompasses various risk categories that pose a major challenge to ecosystems and human health. Within the pollution risk area, there are three main categories that highlight different aspects of this issue:

1. Water consumption: Freshwater overuse is a growing global problem.

With agriculture, industry and households being the largest consumers, the demand for freshwater resources exceeds available supplies, leading to water stress. Millions of people do not have access to clean water, and forecasts point to a further deterioration of the situation in the future. Managing water consumption is crucial to ensure sustainable water management and alleviate humanitarian crises.

2. Water and soil pollution: Industrial and agricultural activities have led to pollution of water and soil, posing a threat to ecosystems and human health. The release of pollutants into water bodies affects their quality, so that they are no longer suitable as drinking water, for irrigation and as a habitat for aquatic life. Soil pollution disrupts nutrient balance, fertility and can contaminate the food chain.

3. Air pollution: Air pollution, which is closely linked to industrial and commercial activities has far-reaching effects on the environment and human health. Emissions of pollutants such as nitrogen oxides (NO_x), sulphur dioxides (SO₂), particulate matter (PM_{2.5}), volatile organic compounds (VOCs), ammonia (NH₃) and heavy metals contribute to air pollution. This problem has a significant global impact, leading to millions of deaths annually and affecting both developed and developing countries. Reducing air pollution is critical to improving air quality and ensuring human well-being.

Where does the risk occur?

- Brazil
- China
- Taiwan
- Turkey

Violation of Freedom of Association - Freedom of Association & Right to Collective Bargaining

What is the specific risk involved?

Freedom of association includes the right of workers to freely form trade unions and representative organisations of their choice, recognised to engage in collective bargaining and constructive negotiations with employers or employers' associations on working conditions. However, the realisation of this right is not always guaranteed. Workers may encounter obstacles and restrictions in exercising their freedom of association, including anti-union measures, restrictive laws, lack of support and hostile attitudes from employers. Businesses have a crucial role to play in safeguarding this right by providing a

environment that respects workers' freedom of association and encourages their participation in trade unions or representative organisations.

Where does the risk occur?

- Belgium
- Bulgaria
- China

- China, Hong Kong Special Administrative Region
- Poland
- Singapore
- Taiwan
- United States (USA)
- United Kingdom (Great Britain and Northern Ireland)

Unlawful violation of land rights

What is the specific risk involved?

Unlawful violation of land rights has far-reaching consequences for affected persons. These impacts may include challenges related to land use, property rights, conflict, and security. For example, large-scale projects such as the construction of dams can lead to violations of human rights such as the right to health and the right to a decent standard of living, as local communities and indigenous peoples can be forcibly resettled, their land claimed or their local water sources contaminated. In conflict-affected or high-risk areas, human rights violations can occur when companies use disproportionate force to defend their interests, which can violate the right to life and liberty of affected communities.

Where does the risk occur?

- Belgium
- China, Hong Kong Special Administrative Region
- Taiwan

Prohibition of forced labour and all forms of slavery

What is the specific risk involved?

Forced labour is a form of human trafficking and includes recruitment, promotion,

Moving, harboring or receiving persons through threats, violence or coercion for the purpose of exploitation. This involves involuntary work under threat of punishment, including traditional "slave-like" practices, as well as modern forms of coercion ranging from violence and intimidation to more subtle tactics such as manipulated debts or withholding identity documents. It is irrelevant whether the victims of human trafficking or forced labour consent to exploitation. The fight against forced labour and the elimination of ill-treatment are crucial for upholding human dignity and protecting fundamental rights.

Where does the risk occur?

- Bulgaria
- China, Hong Kong Special Administrative Region
- Lithuania
- Singapore
- Taiwan

Prohibition of unequal treatment in employment**What is the specific risk involved?**

Equal treatment and equal opportunities encompass the basic principle of ensuring the Equality. In employment and occupation, this principle promotes equal access to employment, training, professional development and power without discrimination against persons on the basis of gender, ethnicity, nationality, religion, disability, age or sexual orientation. It includes equal pay for equivalent work, training and skills development, the inclusion of people with disabilities, measures against violence and harassment in the workplace and the promotion of diversity. By upholding equal treatment and equal opportunities, societies strive for a fair and inclusive workforce that respects the rights and dignity of all people.

Where does the risk occur?

- China
- Turkey

Prohibition of child labour**What is the specific risk involved?**

Exploitative child labour is work that deprives children of their childhood, education and well-being. This includes activities that are physically, mentally, socially or morally dangerous for children. This includes preventing them from attending school, forcing them to leave school early, or causing them excessive workload. Child labour denies children their rights, potential and dignity and hinders their development.

Where does the risk occur?

- Bulgaria
- China
- China, Hong Kong Special Administrative Region
- Singapore
- Taiwan
- Turkey
- United States (USA)

Prohibition of withholding an adequate wage

What is the specific risk involved?

The payment of an appropriate wage is elementary for an employee to make a living. Compliance with statutory minimum wages is crucial for this, but so is ensuring punctual payment according to the hours worked. If minimum wages are insufficient or not paid, there is a risk that workers' earnings will not be sufficient to cover their living expenses.

Where does the risk occur?

- China, Hong Kong Special Administrative Region
- Taiwan

B3. Preventive measures at direct suppliers

What preventive measures were implemented for the reporting period to prevent and minimize the priority risks at direct suppliers?

- Development and implementation of appropriate procurement strategies and purchasing practices
- Integrating expectations into supplier selection
- Obtaining contractual assurances for compliance with and implementation of expectations along of the supply chain

Category: Procurement Strategy & Purchasing Practices selected:

- Development and implementation of appropriate procurement strategies and purchasing practices

Describe the measures implemented and to what extent the determination of delivery times, purchase prices or the duration of contractual relationships have been adjusted.

Consideration of LkSG risks in the procurement process within the Supplier management process. Consideration of the LkSG criteria in the selection of suppliers, development and evaluation.

Describe how adjustments in your own procurement strategy and the purchasing practices should contribute to the prevention and minimisation of priority risks.

The development and implementation of appropriate procurement strategies is an effective measure to prevent or minimize priority risks at direct suppliers for several reasons. On the one hand, procurement strategies and

Purchasing practices Incentives for compliance with human rights and environmental

Create expectations with an immediate supplier or sanction non-compliance with expectations. On the other hand, procurement strategies and purchasing practices can help suppliers meet human rights and environmental expectations and pass them on in the supply chain. Appropriate procurement practices are particularly appropriate where the direct supplier has increased probability of occurrence in a risk. Incentives/sanctions and support can adequately contribute to minimizing a risk. If an increased risk is identified, contact and investigate directly with the supplier.

Other Categories:

selected:

- Integrating expectations into supplier selection
- Obtaining contractual assurances for compliance with and implementation of expectations along the supply chain

B. Risk analysis and prevention measures

Describe the extent to which the measures taken to prevent and minimise the priority risks are appropriate and effective.

- Integrating expectations into supplier selection is effective because human rights and environmental expectations are taken into account before a business relationship is established. A company can thus ensure that new suppliers meet certain standards that are relevant to the company. In addition, a company can give preference to suppliers who meet human rights and environmental expectations or have a relatively good performance in this area. The integration of expectations in the selection of suppliers is particularly appropriate if an increased probability of occurrence and an increased severity of a risk is to be expected and supplier selection is possible.

- The contractual assurance of compliance with and implementation of expectations is effective as it provides a company with the necessary legal framework to respond to non-compliance with human rights and environmental expectations. Contractually defined expectations also ensure that the supplier is aware of and agrees to the expectations set. This measure is particularly appropriate if there is an increased risk at a supplier and the contractual provisions address the specific situation of the supplier.

B4. Preventive measures for indirect suppliers

Which risks were prioritized for indirect suppliers on the basis of the event-related risk analysis?

- None

If no risks have been selected, justify your response.

No particular risk conspicuity in the case of indirect suppliers.

B. Risk analysis and prevention measures

B4. Preventive measures for indirect suppliers

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks of indirect suppliers?

- None

If no prevention measures have been selected, give reasons for your answer.

No particular risk conspicuity in the case of indirect suppliers.

B. Risk analysis and prevention measures

B5. Communicating the results

Were the results of the risk analysis(s) for the reporting period communicated internally to key decision-makers?

It is confirmed that the results of the risk analysis(es) for the reporting period were communicated internally to the relevant decision-makers, such as the Executive Board, the Management Board or the Purchasing Department, in accordance with Section 5 (3) LkSG.

- Confirmed

B. Risk analysis and prevention measures

B6. Changes in risk disposition

What changes have there been in terms of priority risks compared to the previous reporting period?

No change due to first-time risk analysis.

C. Identification of Injuries and Remedies

C1. Identification of violations and remedial actions in the company's own business area

Were injuries detected in your own business area during the reporting period?

- Yes

Describe the procedures that can be used to identify violations in your own business area.

Injuries can be detected through the concrete risk analysis carried out in the company's own business area. Internal and external audits are also carried out to document a possible violation.

About the existing complaints procedure

(Whistleblower Hotline), information, complaints or violations can be reported.

C. Identification of Injuries and Remedies

C2. Identification of injuries and remedial actions at direct suppliers

Were there any injuries found at direct suppliers for the reporting period?

- Yes

Describe the procedures used to identify violations at direct suppliers.

Through the concrete risk analysis carried out at direct suppliers, injuries are detected. Audits are also carried out to document a possible violation. Information, complaints or violations can be reported via the existing complaints procedure (whistleblower hotline).

C. Identification of Injuries and Remedies

C3. Identification of violations and remedial actions at indirect suppliers

Were any injuries found among indirect suppliers during the reporting period?

- No

In what form was a complaints procedure offered for the reporting period?

- Company's own complaints procedure

Describe the company's own process and/or the process in which your company participates.

SEW operates a company-wide, transparent, public and barrier-free, uniform complaint and reporting procedure. All complaints and reports from employees or third parties will be treated equally - to the extent legally permitted. The

Complaint and reporting procedure is accessible to everyone. Employees as well as persons and organizations outside SEW can report complaints and information here.

The complaint and reporting procedure is accessible to everyone. Employees as well as persons and organizations outside SEW can report complaints and information here.

Any suspicion of an actual or potential violation of laws or internal regulations – including human rights and environmental risks or obligations. The suspicion can either be directed against individual SEW employees or in connection with a SEW business or a supplier of SEW. Please only submit complaints or reports if you are convinced that they are correct.

SEW has various reporting channels that you can use for complaints or reports.

Our whistleblower hotline is available 24 hours a day, seven days a week. You can use it to submit complaints or reports. You can do this in writing or by phone – and you don't even have to give your name if

You don't want to. The whistleblower hotline is available in over 90 different languages and is managed by an independent operator. The data is stored on protected servers in Germany. The content of the reports is processed exclusively by SEW. If you prefer to contact someone directly at SEW, please contact one of our Compliance Officers. But all other employees of Legal & Compliance, the SEW managers, the HR managers, the company employee representatives and, of course, the Chief Compliance Officer of SEW are also there for you.

In a first step, the complaints and reports are received by the Chief Compliance Officer of SEW. The Chief Compliance Officer then decides on the further course of the investigations. He may call in specialist departments with special expertise for this purpose, provided that this does not jeopardise the success of the investigations or the confidentiality of the report or complaint. At his or her discretion, the Chief Compliance Officer may also inform the management of SEW of the complaint or report and obtain their decision on further treatment. The Chief Compliance Officer is impartial, a trained specialist and subject to a special

Duty of confidentiality. The company will contact you to clarify any open questions with you. We will discuss your complaint with you if the German Supply Chain Due Diligence Act (LkSG) obliges us to do so. Of course, this is only possible if we can contact you.

As soon as SEW receives your complaint or report – but no later than 7 days later – you will receive an acknowledgement of receipt from SEW. We take every complaint and report that reaches us seriously.

D. Complaints procedure

D1. Establishment or participation in a complaints procedure

The reporting office checks whether the complaint or report contains enough information to carry out further clarification of the facts. If the reporting office needs further information, it will contact you as far as possible.

Once the complaint or report has been examined, the reporting office can forward the case to another competent department in the company for processing and clarification of the facts or to a competent authority. The reporting office can also process the complaint or report itself. If an internal investigation is necessary, an investigation mandate will be issued for this purpose. During the investigation, the reporting office reviews all relevant documents, talks to witnesses and affected persons and, if necessary, analyses electronic data. At the end of the investigation, the results are summarized in a report and sent to the internal departments that need this information. The possible results of the investigation of the facts include recommendations for disciplinary measures (such as dismissal, warning, transfer) or other remedial measures, for example in risk management or other internal processes. If it is possible for us and legally permitted, we will inform you of the measures taken within three months – even if the investigation of the facts has not yet been completed by then.

All factual investigators must comply with certain rules of conduct, such as:

Reporters must be protected! Neither his name nor details of the report may be published without reason. – Every factual investigation must be fair, objective, without prejudice and with respect. – The persons affected by the complaint or report have the right to be heard:

. – Data and information must be treated confidentially. – As soon as a

Factual investigator notes that for personal reasons it is difficult for him to conduct the investigation of the facts objectively, he must report this conflict of interest. The investigating department will then transfer the case to another factual investigator.

Which potential parties have access to the complaints procedure?

- Own employees
- Communities close to their own locations
- Employees at suppliers
- External stakeholders such as NGOs, trade unions, etc

How will access to the complaints procedure be ensured for the different groups of potential participants?

- Rules of procedure available to the public in text form
- Information on accessibility
- Information on responsibility
- Information about the process
- All information is clear and understandable

- All information is publicly available

Rules of procedure available to the public in text form

Optional: Describe.

-

Information on accessibility

Optional: Describe.

-

Information on responsibility

Optional: Describe.

-

Information about the process

Optional: Describe.

-

All information is clear and understandable

Optional: Describe.

-

All information is publicly available

Optional: Describe.

-

D. Complaints procedure

D1. Establishment or participation in a complaints procedure

Was the Rules of Procedure for the period under review publicly available?

File has been uploaded

On the Rules of Procedure:

https://media.sew-eurodrive.com/sew_de/media/sew-eurodrive/unternehmen-undkarriere/unser-drive/22689834-beschwerdeverfahrensordnung-de-screenschutz.pdf

D. Complaints procedure

D2. Requirements for the complaints procedure

Indicate the person(s) responsible for the procedure and their function(s).

Human Rights Officer; Dr. Christopher Iliou; Head of Legal and Compliance

It is confirmed that the criteria for the competent persons contained in § 8 para. 3 LkSG are met, i.e. that they offer the guarantee of impartial action, are independent and are not bound by instructions and are obliged to secrecy

- Confirmed

D. Complaints procedure

D2. Requirements for the complaints procedure

It is confirmed that precautions have been taken for the reporting period to protect potential participants from discrimination or punishment as a result of a complaint.

- Confirmed

Describe what arrangements have been made, in particular how the Complaints procedure ensures the confidentiality of the identity of whistleblowers.

All complaints and reports are of course treated confidentially and can also be submitted without mentioning your name. It is particularly important for SEW to treat your concern confidentially, and we protect you as a reporter! Confidential data may only be disclosed if this is necessary and legally permissible. Our managers are also obliged to confidentially forward received reports to our reporting office.

Describe what precautions have been taken, in particular what other measures are taken to protect whistleblowers.

SEW does not tolerate retaliation of any kind! Persons who file complaints or reports in good faith will not be penalized for this. If you believe that retaliation has been taken against you or any other person, or that you or such persons have been disadvantaged in any way as a result of filing a complaint, please inform SEW immediately via one of the company's reporting channels (preferably via the Whistleblower Hotline). We investigate all plausible allegations of discrimination. Justified accusations of discrimination by SEW are even punished as a compliance violation.

D. Complaints procedure

D3. Implementation of the complaints procedure

Have any indications been received about the complaints procedure during the reporting period?

- Yes

Explain the number, content, duration and outcome of the procedures in more detail.

During the reporting period, 3 reports were received about the complaints procedure:

- Notice of missing identity control at the factory entrance (1 day – passed on to gates)
- Notice of incorrectly planned personnel deployment (1 day – No LkSG or compliance topic)
- Reference to unauthorized competitive activity of two employees in BR (2 weeks – clarification about local department)

What topics have complaints been received?

- Other prohibitions: No complaints related to the LkSG have been received.

Describe what conclusions were drawn from the complaints/reports received and to what extent these findings led to adjustments in risk management.

The information received did not relate to serious topics. In this respect, no adjustment was necessary.

E. Risk management review

Is there a process in place to review risk management across the board for its appropriateness and effectiveness?

In which subsequent areas of risk management is the appropriateness and effectiveness tested?

- Risk analysis and prioritization process
- Preventive measures
- Remedies
- Complaints procedure

Describe how this audit is carried out for the respective area and what results it has led to, especially with regard to the prioritized risks.

Annual review and validation of results. Update of risk factors.

E. Risk management review

Are there processes or measures to ensure that the interests of your employees, the workers within your supply chains and those who may otherwise be directly affected by the economic activities of your company or by the economic activities of a company in your supply chains in a protected legal position are duly taken into account in the establishment and implementation of risk management?

In which areas of risk management do processes or processes exist? Measures to take into account the interests of those potentially affected?

- Preventive measures
- Complaints procedure

Describe the processes or measures for the respective area of risk management.

Taking into account the interests of potentially affected parties is an important task for us in the continuous improvement process of risk management. Through our cooperation with partners such as IntegrityNext or Ecovadis, we try to obtain risk data that is as independent as possible in order to optimize our process. This enables us to integrate the perspective of potentially or actually affected persons or groups of people.