



„The human being is the yardstick, and people's well-being is our goal.“ Heinz Trox

Policy statement of TROX GmbH according to
§. 6 Abs. 2 (German Supply Chain Act) for the
protection of
human rights and compliance with
environmental matters

1. Fundamentals

Headquarter:

TROX GmbH

Heinrich-Trox-Platz

47504 Neukirchen-Vluyn

Germany



TROX is a global market leader in the development, manufacture and sale of components, devices and systems for ventilation and air conditioning of rooms. With 33 subsidiaries in 27 countries on five continents, 20 production facilities and other importers and agencies, the company is present in over 70 countries.

The companies of the TROX GROUP (hereinafter referred to as TROX) are aware of their social and environmental responsibility and are therefore committed to improving the human rights situation along their supply chains. TROX can only be successful (and sustainable) as a business if the consequences of its business activities are in harmony with people and the environment.

TROX sets high standards for ethical behaviour. Globalization and technological progress mean that international markets are becoming increasingly interconnected. This brings both opportunities and challenges for everyone involved. The development of new markets and production sites contributes to the creation of jobs and prosperity in the countries of origin. At the same time, it is necessary to ensure that internationally recognized human rights are respected in supply chains, that environmental risks are avoided and that their enforcement does not conflict with a lack of transparency.

The following standards are relevant to this objective:

- United Nations Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work
- Principles of the United Nations Global Compact
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights

Equal rights for all are essential for TROX. For this reason, we do not discriminate on the basis of gender, origin, race, language, country of origin, faith, religious or political beliefs or disability.

TROX rejects any use of physical, psychological or sexual violence or harassment. It is also a matter of course for us that laws, regulations and other legal provisions on environmental protection and official orders are complied with. An important core value of TROX is also morally impeccable behaviour both within and outside the company.

TROX is opposed to corruption, money laundering and practices that restrict competition. In addition, TROX has similar expectations of its business partners at all hierarchical levels who supply it directly with goods or offer services

Further information is available on the website in the documents [Business Conduct Guideline](#), [Supplier Code of Conduct](#) and [Declaration of Commitment to Human Rights](#) and [Anti-Discrimination Declaration](#).

This declaration of principles is to be understood as a constantly evolving document. Depending on the progress made in implementing the human rights and environmental due diligence obligations, including with regard to future regulatory changes, it will be adapted accordingly.

2. Implementation of due diligence obligations

TROX has implemented the following processes to fulfil the due diligence obligations of the German Supply Chain Act (in the following: LkSG):

3. Risk management

TROX has established a LkSG-related multidimensional risk management system and anchored it in all relevant business processes - particularly in procurement and compliance. To this end, we have identified cross-functional responsibilities in order to ensure the importance of protecting human rights and the environment in our organisation. This team has developed and implemented processes for reviewing the supply chain, contacting suppliers and employees, due diligence and risk management and reports to the Human Rights Officer **Christine Roßkothen** and **Karl-Heinz-Klosterberg**.

- The Human Resources/HR department monitors compliance with human rights obligations and labour law requirements
- The occupational health and safety, occupational health management and environmental management functions ensure that local occupational health and safety and environmental regulations as well as the additional corporate requirements for occupational health and safety and environmental protection are monitored and complied with. This is achieved in particular through training, audits and other measures.
- The Group Controlling department provides support with data delivery and consolidation and other system-supported services to determine risks and other elements of risk management in connection with the LkSG.
- The Procurement and Supplier Management functions implement the strategy for supplier selection, supplier management and the associated annual and ad-hoc risk analyses. With regard to supplier relationships, risks are assessed, reviewed and transferred to existing procurement strategies and processes.
- The functions responsible for CSR/sustainability provide support with third-party inquiries, external and internal communication of the human rights strategy and the publication of legally required documents such as the declaration of principles and the annual report.

4. Risk analyse

We carry out risk analyses in our **own business division** and at our **suppliers**.

In our **own business unit**, the risk analysis is primarily monitored by the Auditing / Compliance functional area. The basis for this is the evaluated risk manual with the associated processes of the TROX GROUP, which, among other things, checks conformity with human rights and environmental requirements in accordance with the LkSG in the respective functional area. As part of this process, for example, the business units are regularly asked to evaluate their risks.

We carry out risk analyses at our **suppliers** with the support of the ESG risk management software IntegrityNext in order to ensure a comprehensive and in-depth analysis.

In a **first** step, the so-called 'abstract risk analysis', country and industry risks for human rights and environmental standards in our own business area and at our direct suppliers are assessed. The abstract risk is assessed on the basis of various subject areas (risks) in order to enable a detailed risk assessment. Numerous quantitative indicators from renowned institutions, such as the World Bank or the United Nations, form the basis for the assessment of country risk. An additional analysis of industrial risks complements the country risk analysis. Various qualitative sources and databases,

such as the CSR Risk Check or studies by the Business & Human Rights Helpdesk, enable an assessment of industrial risks in various subject areas. The industry risk analysis differentiates between 88 different industries according to the NACE codes.

We combine the results of the country risk analysis with the results of the industry risk analysis to produce an assessment. This combination enables an assessment of the potential risk per subject area and per direct 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 our own business areas are analysed in more detail. In this step, a risk-based approach allows us to prioritize suppliers with a medium or high identified risk of violating human rights or environmental standards from the abstract risk analysis. Questionnaires based on international standards create transparency regarding the extent to which a direct supplier or own business unit has responded to the increased risks identified. Based on the feedback from the direct supplier, the ability of the direct supplier or own business unit to ensure the protection of human rights and environmental standards is assessed. This information and assessment are essential for us to identify and respond to gaps in the areas of 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 to obtain an assessment of the actual risk in the risk categories 'low risk', 'medium risk' and 'high risk' for a broad base of suppliers and our own business unit. The actual risk determined from the first two steps serves as an indicator of the probability of occurrence of a human rights violation or a violation of an environmental standard at our direct suppliers or in our own business area.

In addition, we monitor a broad supplier base by monitoring critical news in order to be informed about reports in the areas of human rights and environmental standards and to be able to respond to them.

In the **third** step, we prioritize direct suppliers and our own business areas as well as risks by topic area according to the criteria of appropriateness. The probability of occurrence per risk area 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 significant risk areas. To prioritize direct suppliers, we determine the probability of occurrence and, where possible, the possibility of influencing the supplier. We prioritize risks in our own area of business in order to do justice to the increased contribution to causation.

5. Compliance procedure

In order to preserve the integrity of TROX and avert potential damage, TROX is interested in becoming aware of compliance violations. We have set up a whistleblower system for this purpose.

This can be used if employees see no possibility of contacting their line manager, the Compliance department or the Management Board directly.

However, our customers, suppliers and other business partners can also provide information to uncover white-collar crime and behaviour that is damaging to the company. This system can be used to submit reports worldwide - anonymously if desired.

The whistleblower system can be accessed at <https://www.bkms-system.com/troxgroup-de>

6. Involving of employees and business partner

The principles set out in this declaration of principles apply to our own business area, i.e. to all employees. TROX also expects all business partners to comply with the principles set out in this policy statement and to develop and embed appropriate, effective processes. This should enable the risks and violations discovered by TROX to be addressed and prevented. It should also enable further potential risks to be detected. The documents mentioned in **point 1** have been developed to communicate the expectations of business partners in a transparent manner.

7. Awareness-raising and training

Employees are trained at regular intervals in order to internalize the values and principles. Depending on the employees' functional area and field of work, this can be done via an e-learning portal, for example. We also actively provide our suppliers with information to raise awareness. This includes not only knowledge, but also the conscious recognition and appropriate handling of violations of these principles.

8. Documentation and reporting

Documentation of the implementation of due diligence obligations is continuously available. We will fulfil our obligation to publish an annual report within four months of the end of the financial year. Further details will be published at a later date.

9. Governance

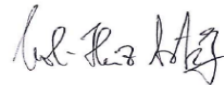
The implementation of this policy statement is the responsibility of the TROX Management Board, the Human Rights Officers and, downstream, the respective functional areas.

10. Final provision

The above declaration of principles was adopted by the Human Rights Officers of TROX GmbH on January 1st 2024.



Christine Roßkothen
Head of CSR



Karl-Heinz Klosterberg
Revision/Compliance