

# H. GAUTZSCH

# DECLARATION OF PRINCIPLE

according German Supply Chain Directive

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## 1. FOREWORD BY THE MANAGEMENT

The H. Gautzsch Group is an association of leading medium-sized companies with more than 70 locations and over 1,200 employees. As a genuine family business based in Münster/Westphalia, the Group is owner-managed and characterised by a medium-sized company structure.

With its operationally independent wholesale companies, H. Gautzsch has been the market leader in three business areas for 160 years: The wholesaler for electrical engineering is a partner for trade, commerce and industry. The Home and Garden division is a leading player in the global sourcing, product development and sales of the H. Gautzsch brands SIENA GARDEN, SIENA HOME, IRONSIDE and many other quality brands from other manufacturers. Various service companies round off the offering for our customers.

As a manufacturer, wholesaler and service provider, H. Gautzsch sees it as its duty to integrate the issue of sustainability into its corporate culture.

We understand sustainability to mean the implementation of good corporate governance standards in the areas of the environment, human rights and governance.

We fulfil our due diligence obligations in an appropriate manner, in particular with a high level of continuity and targeted interventions in our supply chains. Our ability to influence our own value chains is greater than it is in the area of merchandise. However, we want to set best practices in both areas and enforce our standards in a cooperative but emphatic manner.

The increasing integration of the H. Gautzsch Group into global procurement and sales markets offers both opportunities and challenges: New markets and production sites are being opened up, creating jobs and prosperity. At the same time, however, risks also arise due to a lack of transparency and the frequently inadequate enforcement of internationally recognised human rights in supply chains. We want to tackle them with determination.

## 2. APPROACH

The legal framework is provided by the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz (LkSG)) and the guidelines issued by the Federal Office of Economics and Export Control.

To achieve our goals, we have set up a human rights-related management system, appointed a human rights officer and established a complaints mechanism. Particular attention was paid to the accessibility and immediacy of the measures, especially through the partnership

with amfori BSCI, with which circumstances can be influenced directly on site.

In addition to industry initiatives such as amfori BSCI or FSC®, we have also subjected our own business areas to rigorous standards, in particular ISO 14001, Ökoprofit and Ecovadis.

The establishment of these standards is understood both as a measure following the risk analysis and as an ex ante risk-reducing precautionary measure.

## 3. RISK MANAGEMENT AND ANALYSIS

The risk analysis must be carried out for the company's own business area, as well as for direct suppliers. In each case, abstract and concrete risks must be analysed. The aim is to achieve an initial assessment, particularly of country- and sector-specific risks, and to realise the concrete identification of risks from individual, direct upstream suppliers.

The distinction between 'own' and 'third-party' supply chains is essential for us as an integrated retailer and manufacturer due to the adequacy requirements of the Supply Chain Due Diligence Act. It also determines our risk analysis capabilities and their immediate conclusions.

In the abstract risk analysis, increased risk dispositions of production locations and sectors are determined. They are a general preliminary stage of concrete risks.

The country risks result from weighing up country-specific human rights and environmental risks.

The industry risks result from weighing up industry-specific human rights and environmental risks.

In addition to the regular risk analysis, an ad hoc analysis is carried out in the event of substantiated findings of breaches or changes and extensions to the risk situation, including at indirect suppliers.

In particular, the occupational health and safety exposure is determined in the risk analysis. It is addressed through our amfori membership and the continuous on-site auditing of critical suppliers.

One exception to the otherwise low environmental risk exposure is the risk of unsustainable management of tropical timber forests, which we therefore address with our FSC® certification.

## 4. PREVENTIVE MEASURES

In terms of general prevention, the Group has joined various initiatives that address risks relating to raw materials, countries or sustainability. They reduce specific and/or general risk dispositions.

As already mentioned, the amfori Business Social Compliance Initiative (amfori BSCI) plays a key role in continuous prevention, zero-tolerance detection and the continual improvement of negative findings.

To this end, the organisation has drawn up a code of conduct and offers a systematic monitoring and qualification system for companies. The participating companies are inspected on site in regular audits. This is done in the form of a grade from A to D. In the event of incidents outside the tolerance limit, the related companies are notified immediately and involved in the next steps.

We also utilise the BEPI initiative from amfori to give greater consideration to environmental

issues. It measures and monitors the performance areas listed in Section 3 of the Supply Chain Due Diligence Act.

In our own business division, the compliance organisation, which is based on an explicit environmental and human rights policy, ensures the effectiveness of the guidelines and objectives.

A change service is active, which is based on the legal register and on information and measures from our partner organisations. It is used to implement corresponding changes in the organisation and in relevant documents, such as contracts and operating instructions. Appropriate training courses are organised.

In this sense, the officer has the right to issue instructions and takes part in all relevant committee meetings (e.g. Compliance Board).

## 5. RESPONSIBILITIES

We have created clear responsibilities for technical and legal work and regional areas in order to ensure appropriate and sustainably effective monitoring and further development of our obligations and measures.

Our group of companies has appointed a human rights officer who reports directly to the management.

It is also integrated into the company's compliance organisation.

## 6. COMPLAINTS MANAGEMENT

We encourage all employees and external partners to disclose violations of legal provisions and our voluntary commitments. We guarantee confidential, neutral and, on request, anonymous processing of all matters brought to our attention.

In order to make our complaints system accessible to all, the Compliance section of the public Group website not only publishes our Code of Conduct. It is available in German, English and Chinese. Violations can also be reported

by telephone to our external ombudsperson at Equeo CompCor GmbH.

Complaint management systems are also available from our partners.

Through amfori BSCI, we are also automatically integrated into their complaints management system 'Speak for Change' and are informed about local complaints.

## 7. DEALING WITH VIOLATIONS AND MONITORING EFFECTIVENESS

If there are indications of a breach of due diligence obligations in our own or third-party business areas, we immediately carry out an incident-related risk analysis. Based on this, appropriate measures are immediately introduced to remedy any infringements. We pursue a zero-tolerance policy with regard to environmental and human rights violations and terminate business relationships if necessary.

We regularly subject our environmental and human rights work to internal and external

audits. We have also established continuous improvement processes in all business areas, particularly for suppliers in high-risk regions or industries.

Risk analyses are carried out both on an ad hoc and regular basis.

Employees and other stakeholders are continuously informed and trained about our goals.

## 8. OUTLOOK AND REPORTING

The H. Gautzsch Group is deeply committed to the continuous but immediate improvement of environmental and human rights conditions. Our efforts in this regard deliberately go beyond the minimum legal standards.

Nevertheless, it remains an ongoing task for us to ensure appropriate due diligence in complex supply chains.

We report on the implementation of our environmental and human rights goals as part

of our non-financial reporting, in particular in sustainability reports and to authorities and other interested parties. Our reports are available on our website in an appropriate manner at all times.

We are happy to receive external and internal suggestions at any time. We invite all stakeholders to support us in our joint task of sustainably safeguarding working and living conditions along our supply chains.

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Das Zeichen für  
verantwortungsvolle  
Waldwirtschaft