

## Principles of Sustainable Procurement of Fritz Winter Eisengießerei GmbH & Co. KG

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## **Principle of Procurement – Procure: sustainable!**

Continuous customer satisfaction is the highest goal of Fritz Winter Eisengießerei GmbH & Co KG.

In the sustainable procurement of production materials (raw materials, technical products and components, packaging materials, external processing), non-production material services as well as capital goods from all over the world, FW is guided exclusively by the goals and requirements of its customers, taking social responsibility into account, i.e. FW complies with applicable laws at all times and in all places, respects fundamental ethical values and acts sustainably.

In the process, FW expects its suppliers to master processes, meet requirements on time, have a high level of quality awareness and a willingness and commitment to continuous improvement in terms of costs / process / product as well as support and cooperation in the consistent implementation of the defined principles for sustainable procurement - also in the upstream value chains - in a partnership-based and transparent cooperation!

With the FW Code of Conduct (FW COC), FW has imposed binding guidelines for responsible action on itself and expects its direct suppliers and their upstream value chains to commit to these ethical, social and legal basic principles, to regularly review them accordingly and to implement them in a sustainable manner. The FW COC contains regulations to combat corruption, cartelisation and child labour, to demand fair working conditions and, in particular, the regulations of the Supply Chain Due Diligence Act (SCDDA) to safeguard human rights and protect the environment and health.

The direct suppliers are also obligated therein to inform FW about identified human rights and environmental risks and countermeasures as well as to disclose the known risk hotspots along the supply chain upon request. In principle, FW reserves the right to monitor and audit these processes.

The installed Compliance Office, which can be reached via various channels, enables internal employees and external persons, among other things, to point out human rights and environmental risks that have arisen as a result of the economic activities of FW or a direct supplier and, if necessary, to demand remedial action.

The FW sustainability requirements are also anchored in the FW Supplier Self Disclosure (FW SSD) and the FW General Terms and Conditions of Purchase (FW GTACOP). The FW GTACOP are fundamentally part of every order and every contract.

## **Conflict Minerals – Procure: Responsibly!**

Fritz Winter Eisengießerei GmbH & Co KG (FW) works together with suppliers and business partners to create the necessary transparency in the supply chains in order to fulfil the due diligence obligations in the context of responsible procurement of conflict minerals >> (raw materials tin, tantalum, gold and tungsten) and (cobalt and mica) <<.

With the FW Code of Conduct (FW COC), suppliers and business partners are obliged, among other things, to comply with and implement the basic principles for responsible procurement of conflict materials.

FW currently has no information that conflict minerals are used in the supply chains that directly or indirectly finance violent conflicts and human rights violations.

To facilitate the exchange of information regarding the country of origin and the processing smelters or refiners of the minerals within the supply chain, FW uses the following free standardised report templates of the Responsible Minerals Initiative (RMI):

- Conflict Minerals Reporting Template: RMI\_DMRT\_6.2.xlsx (Englisch)
- Extended Mineral Reporting Template: RMI\_EMRT\_1.11.xlsx (Englisch)

Current versions are available at:

[https://www.responsiblemineralsinitiative.org/media/docs/RMI\\_CMRT\\_6.22.xlsx](https://www.responsiblemineralsinitiative.org/media/docs/RMI_CMRT_6.22.xlsx)

[https://www.responsiblemineralsinitiative.org/media/docs/RMI\\_EMRT\\_1.11.xlsx](https://www.responsiblemineralsinitiative.org/media/docs/RMI_EMRT_1.11.xlsx)

**FW expects its direct suppliers and their upstream value chains to also use these standardised reporting templates when necessary and to submit them without being asked.**

## **Sustainable Standards – Procure: Comprehensive!**

Fritz Winter Eisengießerei GmbH & Co KG (FW) orients itself exclusively towards the goals and demands of its customers while taking social responsibility into account, i.e. FW complies with applicable laws at all times and in all places, respects fundamental ethical values and acts sustainably.

The FW sustainability standards (topics and fields of action) provide clear orientation at all levels, ensure the impact of actions, improve people's quality of life and safeguard the livelihoods of current and future generations. They include, among others.

### Human rights:

- Avoidance of child and forced labour
- No slavery
- Avoidance of lack of labour protection
- No disregard for freedom of association
- No fair payment / withholding of adequate wages
- Unequal treatment
- No forced eviction and unlawful seizure of land
- No use of security forces with inadequate instruction and control

### Environment:

- Avoidance of environmental pollution and hazardous substances
- Climate change mitigation and adaptation
- Increasing resource efficiency
- No production of mercury-added products (Minamata Convention)
- Ban on import/export of hazardous waste (Basel Convention)
- No use of persistent organic pollutants (Stockholm Convention)

### Labour practices:

- Employment and employment relations
- Working conditions and social protection
- Health and safety at work
- Social dialogue

### Fair operating and business practices:

- Anti-corruption
- Responsible political impact
- Fair competition
- Respect for property rights

The FW Sustainability Standards are fundamentally part of all FW contracts, the FW General Terms and Conditions of Purchase and the FW Code of Conduct.

**All direct suppliers are required to recognise the FW sustainability standards and to apply them within their own sphere of influence. FW reserves the right to monitor / audit compliance with the minimum requirements. Similarly, FW expects its direct suppliers to commit (recognise and apply) and monitor their suppliers in the upstream value chain accordingly.**

Servicecenter SC-Material

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## Supplier Self Disclosure – Quality Assurance: Transparent!

**What** is the FW Supplier Self Disclosure?

The FW Supplier Self Disclosure (FW SSD) is a method for systematically obtaining information during the preselection and suitability check of new suppliers as well as during the repeated data update of active suppliers. It is thus the first stage of FW quality assurance.

It includes questions on the following topics:

Company
Finance / Bank
Organisation
Responsible staff
Data exchange/-communication
Insurance
Products/Services
Customers
Suppliers
Quality
Environmental protection
Energy
Occupational safety & health
Conflict Minerals
Sustainability / SC Due Diligence Act
Compliance
Information Security

**How often** is the FW Supplier Self Disclosure carried out?

The FW SSD is carried out at least once (1 x) and repeated as required in the further course of the business relationship.

**FW expressly asks for a careful and complete response in the sense of a cooperative partnership!**

## **Code of Conduct – Guidelines: Binding!**

The Fritz Winter Eisengießerei GmbH & Co. KG is a globally active company with a long tradition. All companies of the Fritz Winter Group (hereinafter referred to as FW) bear social responsibility towards customers, employees, investors and the public.

This social responsibility includes that FW complies with applicable laws at all times and in all places, respects fundamental ethical values and acts in a sustainable manner.

In order to implement this, FW has drawn up operational guidelines of conduct that apply to all areas of the company. These guidelines act as an "ethical compass", defining the guidelines for the daily conduct of employees in their day-to-day work and are laid down in the FW Code of Conduct (FW COC).

Respect, tolerance, honesty and openness as well as integrity towards employees and customers and the willingness to assume social responsibility are the cornerstones of the FW COC. The guidelines apply to all employees and all company divisions, regardless of hierarchical level.

The FW COC is based on international agreements and guidelines such as the Universal Declaration of Human Rights, the conventions of the International Labour Organisation (ILO) and the United Nations Global Compact.

The essential elements are compliance with human rights, prohibition of child labour, equal opportunities, transparency and clear positions in the fight against discrimination, bribery and corruption.

The current version is available in German and English on the FW website under "Downloads".

FW also expects its suppliers (i.e. every contractual partner who provides FW with goods, materials or services) and their employees to act responsibly in accordance with the defined basic principles. If suppliers engage third parties (e.g. subcontractors) in the course of their business relations with FW, FW expects these third parties to also commit to the basic principles set out in this FW COC.

**Within the framework of supplier management and the consistently pursued compliance strategy, FW expects all direct suppliers to acknowledge the FW COC and confirm compliance by signing it.**

## **Supply Chain Due Diligence Act – Risk Analysis: Structured!**

FW is obliged to conduct an annual risk analysis in accordance with the Supply Chain Due Diligence Act (SCDDA) (for the first time in 2023 -> report in 2024).

### **The challenge**

In its annual risk analysis, FW checks every direct supplier for possible violations with regard to:

- human rights
- illegal labour practices
- environmental pollution

Thus, the annual risk analysis is a complex challenge, as several thousand immediate suppliers have to be analysed.

### **The approach**

Methodical, pragmatic and results-oriented - this is how FW's approach to efficiently implement the requirements of the annual risk analysis can be described.

The basis is a gap analysis in which the purchasing department carries out all the necessary steps to implement the risk analysis in accordance with the supply chain due diligence act.

The special Excel-based "FW SCDDA tool" evaluates the risks of all direct suppliers within the framework of the data-based risk analysis; these are then prioritised according to risk groups in a funnel model and non-risky suppliers are sorted out.

Overall, the risk analysis consists of four steps and is based on various data sources, including:

- Data from the FW Supplier Self Disclosure
- Data from the SAP System
- Data from source: aon\_political-risk-map\_2021
- Data from source: 2021\_GRMS\_Executive\_Summary

## **The procedure**

### Step 1: Inclusion of all direct suppliers in a FW template

In the first step, all direct suppliers are assigned to the categories listed below:

- Country of origin
- Material group
- Purchasing volume

### Step 2: Automated data analysis with the FW SCDDA tool

In accordance with the requirements of the scdda, all direct suppliers are subjected to an automated risk analysis in the second step. Based on a variety of data sources, the FW SCDDA tool automatically determines the country and commodity group risk for each supplier.

The aim is to sort out the majority of non-risky suppliers.

### Step 3: Drill down - analysis of suppliers with increased risk

In the third step, only direct suppliers with increased country and commodity group risk are considered. The in-depth risk analysis includes the structured evaluation of individual risks according to severity and probability of occurrence. In addition, further criteria such as influence capacity, causation contribution and business activity are considered.

### Step 4: Derivation of preventive and remedial measures

In the fourth step, necessary preventive measures are derived for the identified critical suppliers. If specific violations have already occurred, appropriate remedial measures are implemented.

### Step 5: Conclusion

In the fifth and final step, the results of the risk analysis and the methodical procedure are finally documented in a well-founded risk report. The identified risks are transferred to FW's risk list and followed up in risk management.

## **Supply Chain Due Diligence Act – Prevention/remedial measures: Multi-level!**

FW uses various measures and instruments within the framework of supplier management to fulfil due diligence obligations in the supply chains.

In FW's 5-stage supplier management, possible human rights and/or environmental due diligence obligations are examined using various preventive measures:

### Stages in supplier management

- Search & selection
- (Initial) assessment
- Decision & approval
- Monitoring & evaluation
- Development

The following preventive measures create transparency and ensure that human rights are respected and social standards and environmental requirements are met:

### Preventive measures

1. Step 1: Search & Selection  
Supplier self-disclosure -> signed and submitted
2. Stage 2: (Initial) Assessment  
On-site audits -> as of 2023
3. Stage 3: Decision & Approval  
Code of Conduct (incl. passing on clause) -> has been signed
4. Stage 4: Monitoring & Avaluation  
Event-related audits (on-site if necessary) -> from 2023 onwards
5. Stage 5: Development  
Event-related audits (on-site if necessary) -> from 2023 onwards

A further measure is the training of all employees in purchasing with regard to human rights and environmental due diligence, which is documented in training certificates.

If human rights and/or environmental due diligence violations are suspected (imminent) or identified (occurred) in the context of the annual or event-related risk analyses, FW takes appropriate remedial action in three (3) stages:

#### Remedial Measures

1. Stage 1:  
Joint development and implementation of a plan (action-responsible-appointment) to end and minimise the breach of duty.
2. 2nd stage:  
Joining forces with other companies, e.g. as part of industry initiatives or standards, to increase the possibility of exerting influence to end and minimise the breach of duty
3. 3rd stage:  
(Temporary) suspension of the business relationship (depending on the severity of the breach of duty).

## Supply Chain Due Diligence Act – Complaints Procedure: Anytime!

With the installed Compliance Office, which can be reached via various international channels, FW enables internal employees and external persons to point out, among other things, human rights and environmental risks (see also the German Supply Chain Due Diligence Act) that have arisen as a result of the economic activities of FW or a direct supplier, and to demand remedial action if necessary.

The whistleblower system can be found at the bottom of the FW website:



## **Supply Chain Due Diligence Act – Reporting/Documentation Obligation: Ongoing!**

FW is obliged under § 10 of the Supply Chain Due Diligence Act (SCDDA):

- pursuant to paragraph 1 to continuously document the fulfilment of the prescribed due diligence obligations and to keep such documentation for at least seven (7) years
- according to paragraph 2, to prepare an annual report on the fulfilment of the prescribed due diligence obligations in the previous business year (for the first time in 2024 for 2023).

In doing so, FW shall demonstrate in a comprehensible manner

- whether and, if so, which human rights and environment-related risks or violations of a human rights-related or environment-related duty have been identified
- what has been done to fulfil the due diligence obligations. This includes the elements of the human rights policy statement and actions taken in response to complaints
- how the impact and effectiveness of the actions have been evaluated
- what conclusions have been drawn from the assessment for future action.

Note:

If no human rights or environmental risks are identified, this is plausibly stated in the report.