Policy Statement

Human Rights and Environmental Due Diligence Obligations in the Supply Chain

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Preface

„WAGO is the backbone of a sustainable and smart connected world".
(WAGO Vision)

WAGO is an international supplier of groundbreaking electrical interconnection, automation and electronic interface products and solutions.

We take responsibility for ensuring that our business activities are always compatible with sustainable development and societal progress, so sustainability is an integral factor in all our business decisions. To achieve this goal, WAGO takes a holistic view of sustainability in its corporate strategy. To implement this strategy, we have introduced a sustainability program and continue to develop it further. One of its areas of focus, "Responsibility and Compliance," addresses due diligence in the supply chain. This field of action is handled within the framework of an interdisciplinary project. In it, we build on a solid foundation of action: carrying out risk analyses, setting up preventive and corrective measures and implementing a whistleblower system. As part of the process of implementing the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG), we have modified the above-mentioned processes and expanded them in accordance with this legislation through this Policy Statement and through reporting.

This Policy Statement describes WAGO's processes for handling the compliance requirements for human rights and environmental due diligence obligations in accordance with the Act on Corporate Due Diligence Obligations in Supply Chains and the standards and guidelines implemented by WAGO.

We expect our business partners to adequately implement processes for respecting human rights and ensuring environmental protection along their own supply chains.

Standards and Guidelines

The WAGO Group always acts in accordance with the relevant legal regulations. We are guided by ethical values and principles, in particular integrity and honesty, as well as respect for human dignity. The following in particular set out these principles:

- The principles of the United Nations Universal Declaration of Human Rights,
- The OECD Guidelines for Multinational Enterprises,
- The core labor standards of the International Labor Organization (ILO) and
- The United Nations Guiding Principles on Business and Human Rights

WAGO has had a Code of Conduct in place since 2013. Our industry associations, VDMA and ZVEI, developed the Code of Conduct further, producing an updated version which the supplants the previous one. We were involved in the update task force and signed this document in June 2022. This Code of Conduct provides WAGO with key guidelines for responsible behavior along the supply chain and within its own company.

This Policy Statement is based on the Code of Conduct and provides deeper insight into our approach to due diligence in connection with human rights and environmental issues. In addition to the Code of Conduct, processes including our certified environmental management and occupational health and safety management demonstrate solid action on ethics and environmental issues.

Process Description

Risk Analysis

WAGO has a risk management system to identify potential risks in the company, along the supply chain and with our affiliates. For the included risk assessment processes for indirect and direct suppliers and affiliates in accordance with the LkSG (risk analyses), a process landscape has already been specified for meeting our responsibilities per the LkSG.

The risk analyses are intended to identify potential violations of human rights and legally protected environmental rights. They are divided into two phases: (1) the abstract risk analysis and (2) the concrete risk analysis.

For the abstract risk analysis, we have compared information and sources concerning the above-mentioned risks within the meaning of sections 2(2) and (3) LkSG. The focus of these is sector- and country-specific risks.

If, in the event of substantiated evidence, the abstract risk analysis reveals a risk or a reason for further action, the abstract risks are subjected to a plausibility check in the specific risk analysis.

For individually identifying, weighting and prioritizing human rights risks and environmental risks in the specific risk analysis, WAGO builds on criteria that are already firmly embedded in our supplier management system. In this process, environmental, social and governance issues are screened by considering various indicators.

To weight and prioritize individual risks, we apply the adequacy criteria defined in section 3(2) LkSG: (1) type and scope of the business activity, (2) ability to influence, (3) severity, irreversibility and probability of occurrence and (4) type of causal contribution.

The risk analysis is carried out at least once a year and as warranted.

As part of the risk analysis, we have not yet been able to identify any priority risks. Taking the standards and processes already implemented into account, no further measures – other than those described above – are currently required in order to reduce the risk.

Preventive Measures
In accordance with the LkSG, WAGO provides various measures to prevent potential breaches of due diligence related to the environment or human rights. This includes training, comprehensive supplier approval and onboarding and continuous adaptation of the preventive measures.

We raise awareness of environmental and human rights due diligence both by internally training our employees, especially lead buyers and local buyers, and by implementing external training for direct suppliers and their affiliates.

As part of the supplier approval process, we expect our partners to share this mindset, and we communicate this expectation through standards including our Code of Conduct for Suppliers. Suppliers must sign the Code at the beginning of the collaboration; alternatively, they can submit their own equivalent standards, which we check for compliance with the communicated guidelines. In the next step, as part of the onboarding process, we request a self-report for supplementary assessment. Through contractual provisions, we reserve the right to conduct on-site audits; we have our own trained employees or specialized external experts perform these on the basis of risk. The focus of these is on compliance with environmental, social and governance standards.

A continuous adaptation process for our preventive measures is established, allowing us to incorporate findings from WAGO's risk analyses and corrective measures.

Corrective Measures
If WAGO becomes aware of breaches of due diligence related to human rights or environmental protection per the LkSG or its Code of Conduct, corresponding measures for risk minimization, prevention or cessation are taken immediately. In the process, WAGO ensures that evidence of identified violations that is received is passed directly to the responsible employees.

Once the risk has been reported, standard workflows of the responsible departments are followed to provide technical assistance for eliminating the risk. These workflows relate to the organization of structures and procedures and contain methodologies that are adapted to the severity and type of risk.

WAGO reserves the right to terminate any purchase agreement or other agreement with the supplier if the business partner does not take appropriate risk minimization measures, or if breaches of due diligence continue even after the measures are taken.

Governance

Complaint Procedure
WAGO's highest priority is compliance with laws, in particular the German Whistleblower Protection Act (Hinweisgeberschutzgesetz) and the German Act on Corporate Due Diligence Obligations in Supply Chains, as well as with regulations and internal guidelines. We take any evidence of a potential violation of human rights or environmental protection requirements in our area of responsibility or along the supply chain very seriously. We endeavor to identify misconduct at an early stage, address it and bring an immediate end to it.

WAGO has set up a whistleblower system that gives both employees and external third parties an opportunity to report compliance risks, misconduct and suspicions of compliance violations and/or criminal or improper conduct by supervisors and employees at WAGO or along the WAGO supply chain.

WAGO's reporting channels for complaints in the sense of section 8 LkSG are the multinational whistleblower system on the WAGO websites and direct email contact via the address specifically set up for this purpose.

The Internal Audit department is responsible for processing information received through the whistleblower system. The Internal Audit department provides independent, objective audit and consulting services. In all its activities, the internal audit department functions independently. The confidentiality of the audit results and the information and/or documents received is respected fully and unequivocally.

Reporting and Periodic Review
WAGO reports on the processes, measures and decisions to meet its human rights and environmental due diligence obligations per section 10 LkSG and makes the report publicly available on its company website.

This Policy Statement and the associated processes are reviewed regularly and as warranted for timeliness, feasibility and effectiveness by the corresponding specialist staff. Reasons for modifications may include relevant changes in the company or changes of a regulatory nature.

Internal Responsibilities

The management of the WAGO Group is responsible for compliance with and implementation of the principles of human rights and environmental protection along the supply chain covered in this Policy Statement.

Our Vice President for Global Procurement was appointed by the Management Board of WAGO GmbH & Co. KG as the person responsible for supervision of risk management per section 3(1) (2) LkSG in conjunction with section 4(3) LkSG.

This role is supervised regularly and as warranted by the management and reports regularly to it. The Corporate Sustainability, Purchasing and Supplier Quality Management departments share responsibility for risk management.

The Internal Audit department is responsible for processing information received through the whistleblower system.

Scope of Application

This Policy Statement describes our strategy for the protection of human rights and for meeting our environmental obligations under the Act on Corporate Due Diligence Obligations in Supply Chains and applies equally to all companies affiliated with WAGO GmbH & Co. KG over which WAGO GmbH & Co. KG exercises a controlling influence. It supplements existing standards, guidelines and codes that WAGO is committed to and is another important step in the company's sustainable development.