

Human Rights Statement - German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz “LkSG”)

Our commitment to respecting human rights and environmental obligations

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Commitment to the protection of human rights and environmental responsibilities

The LMT Group is committed to respecting and protecting human rights and to taking responsibility for its value chain. We implement applicable law, respect, demand and promote internationally recognized standards for the observance of human rights and environmental obligations and ensure that human rights violations and breaches of environmental obligations are prevented as part of our business activities.

The LMT Group is aware of its responsibility as part of society, as a business partner and as an employer and is committed to the human rights as set out in the United Nations Universal Declaration of Human Rights. This also includes our environmental responsibility to protect the planet's ecosystems and thus the livelihoods of people and animals. This applies both in our own business area and is also a requirement for our business partners.

In implementing its human rights and environmental due diligence, the LMT Group is subject to the requirements of the German Supply Chain Due Diligence Act (LkSG). The LkSG requires, among other things, in accordance with Section 6 (2) LkSG the publication of a policy statement setting out the company's strategy for the protection of human rights and the fulfilment of its environmental obligations. Key elements of this policy statement are the description of the procedures with which the LMT Group fulfils its legal obligations and the presentation of the human rights and environmental risks and expectations of our employees and suppliers identified on the basis of an annual risk analysis.

The policy statement applies to LMT GmbH & Co. KG and all of its subsidiaries ("LMT Group").

Human rights and environmental strategy**Respect for human rights**

All business activities of the LMT Group must always comply with the above-mentioned principles and applicable law. Human rights risks and associated measures are integrated into existing management systems as far as possible. In particular, this includes occupational safety and health protection, environmental management and the compliance management system, including the whistleblower system.

Holistic environmental protection

As a manufacturing company, we are aware that our production processes and products utilize environmental resources and have far-reaching effects on the environment. Our environmental strategy is aimed precisely at conserving resources and establishing appropriate protective mechanisms in order to reduce or completely avoid the environmental impact of our business activities.

We implement our human rights and environmental strategy in our own business area as well as with our suppliers.

We pursue a sustainable procurement strategy and base our decision to select a business partner on qualitative, economic and sustainable criteria. At the same time, a Supplier Code of Conduct applies to our business partners in each division, which is a fundamental contractual component of our business relationship. We expect our suppliers to also commit to respecting human rights and protecting the environment.

Further details are described in our complaints procedure and in each division's sustainability report and code of conduct.

Procedure description

a) Organization

The LMT Group is organized into two operational and globally active business units (divisions): The Fette Compacting Group, developer and manufacturer of machines and systems for the production of tablets, capsules and other powdered dosage forms, and the LMT Tools Group, supplier and manufacturer of precision tools and provider of integrated tool solutions.

An internally responsible person within the meaning of Section 4 (3) p.1 LkSG has been appointed for each operating division to monitor risk management (hereinafter: Human Rights Officer). The human rights officers are responsible for monitoring risk management and the corresponding due diligence obligations in their respective division, including domestic and foreign subsidiaries. The human rights officers report to the responsible Executive Board at least once a year and on an ad hoc basis.

The process organization and fulfilment of the individual due diligence obligations of the LkSG are based on Standard 16 of the German Institute for Compliance e.V. (DICO) - "Supply Chain Compliance Management System (L-CMS)".

b) Risk management

The aim of risk management in accordance with Section 4 LkSG is to ensure compliance with the duty of care (Section 3 (1) LkSG). The identification of risks and potential effects as well as the derivation of effective measures is both the core task and the objective of risk management. In order to meet the individual needs and requirements, but also the different risk profiles of the LMT Group's two divisions, each division independently defines a process for analyzing risks and implementing appropriate and effective measures. The measures address the human rights and environmental risks specified in sections 2 (2) and (3) of the LkSG.

c) Risk analysis of own business area and supply chain

The Fette Compacting and LMT Tools divisions consist of manufacturing companies, research and development units and sales companies. This corporate structure has an influence on the risk analysis in its own business area and the respective supplier structure.

In addition, if available, audit reports, quality management reports or audit reports from the Health, Safety & Environment area are assessed by the Human Rights Officer to determine the extent to which there are indications of risk situations that have an impact on the risk profile of a company or supplier.

Risk analysis of own business division

All companies that are operationally active are considered for the risk analysis in our own business division. The relevant risks are analyzed and assessed by the respective risk managers at least once a year and on an ad hoc basis, and appropriate measures are initiated. Generally recognized country and industry indices and the company-specific risk situation are taken into account. The risk assessment is supported by a standardized assessment methodology based on the guidelines of the Federal Office of Economics and Export Control.

Risk analysis of direct suppliers

A risk-based approach is used to identify potential risks in our supply chain with the help of a software-supported risk assessment.

Firstly, an initial macroeconomic risk assessment is carried out for all direct suppliers in the area of application. Depending on the risk profile, a specific risk assessment is carried out with the help of other publicly available information (e.g. media) and, if necessary, detailed information from the suppliers. Preventive and remedial measures are defined and a dialogue is entered with the supplier, taking into account the potential influence, contribution to causation and the severity, probability and reversibility of an identified risk.

The risk analysis of direct suppliers is carried out at least once a year and on an ad hoc basis.

Ad hoc risk analysis and risk analysis of indirect suppliers

For direct suppliers and indirect suppliers (Section 9 LkSG), ad hoc risk analyses must be carried out as soon as substantiated knowledge of a possible breach of the relevant risks is obtained. Substantiated knowledge can arise, for example, from press reports, information in day-to-day business or through the complaints procedure. Details are explained in the rules of procedure for the complaints procedure.

The results of the incident-related risk analysis are incorporated into the overall risk assessment and preventive and remedial measures are taken where necessary.

d) Results of the risk analysis

No high-priority risks were identified for the LMT Group in its own business area and for direct and indirect suppliers.

Preventive and remedial measures

Based on the risk analysis carried out, the LMT Group and the respective divisions have taken preventive and corrective measures.

The preventive and remedial measures are based in particular on the appropriateness criteria of Section 3 (2) LkSG:

- Type and scope of business activities
- The company's ability to influence the direct perpetrator of a breach of duty/risk
- Severity, reversibility and probability of a breach (= in particular the result of the risk analysis)
- Nature of the company's contribution to the causation of a risk or breach of duty.

Cross-divisional preventive measures within the meaning of Section 6 LkSG are

- Adoption of a policy statement at LMT Group level pursuant to Section 6 (2) LkSG and communication within the division and to suppliers.
- Adoption of a "Supplier Code of Conduct" for each division as well as contractual inclusion and communication to direct suppliers.
- Training in own division by the Human Rights Officer and/or Compliance Officer of the relevant employees who come into operational contact with the LkSG obligations and risks.
- Occupational safety measures such as training and risk assessments

Further preventive measures are determined on an individual basis and depend in particular on the respective risk profile of a company or supplier.

Remedial measures within the meaning of Section 7 LkSG are determined individually and depend in particular on the specific circumstances of an individual case, taking into account the above-mentioned criteria. If there is substantiated knowledge of actual indications of a breach of duty in the company's own business area, a direct supplier or an indirect supplier,

an ad hoc risk analysis is initiated immediately and, depending on the result, preventive and remedial measures are taken on an ad hoc basis.

Complaints procedure

The LMT Group has implemented a whistleblower system that fulfils the requirements of the complaints procedure in accordance with Section 8 LkSG. Whistleblowers have various reporting channels at their disposal, which are designed to be as barrier-free as possible. On the website of the [Speak Up compliance hotline](#), the rules of procedure within the meaning of Section 8 (2) LkSG are publicly accessible in the relevant languages for LMT Group stakeholders. Anonymity can be guaranteed on request.

Monitoring and reviewing the effectiveness of LkSG risk management

The Human Rights Officers have the task of monitoring LkSG risk management within the meaning of Section 4 LkSG in accordance with Section 4 (3) LkSG and reporting on the results to the responsible management. The frequency, intensity and depth of monitoring is based on the appropriateness criteria described above and is risk-oriented.

The consistent application of the risk analysis methodology and the effectiveness of defined preventive and remedial measures in accordance with Sections 6 (5) and 7 (4) LkSG are the subject of annual and, if necessary, ad hoc reviews by the Human Rights Officers. In principle, individual measures and processes must be reviewed for appropriateness and effectiveness as part of audits.

As part of a continuous improvement process, the findings from the monitoring activities are incorporated into the design of individual due diligence obligations and risk analyses.

Reporting

The human rights officers report comprehensively on the fulfilment of the due diligence obligations, the results of the risk analyses and the review of effectiveness at least once a year and on an ad hoc basis to the Management Board and, if necessary, to the Supervisory Board.

In accordance with Section 10 (2) LkSG, the LMT Group in the form of LMT GmbH & Co. KG is obliged to prepare an annual report on the fulfilment of its due diligence obligations in the previous financial year no later than four months after the end of the financial year. This report will be published on the LMT website for the first time in 2025 for the 2024 financial year and will be publicly accessible free of charge for seven years.