



DALLI-WERKE GmbH & Co. KG

Policy Statement on the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz)

Our commitment to upholding human rights

DALLI-WERKE GmbH & Co. KG ("Dalli") respects the dignity of every human being and respects the individual rights as enshrined in the Universal Declaration of Human Rights. Dalli supports the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

While governments play an essential role in respecting, protecting, promoting, and fulfilling the human rights of their citizens, Dalli considers it a shared responsibility for companies to respect human rights in their own operations and through business relationships. Dalli does not tolerate any human rights violations and is committed to preventing, mitigating and remedying all negative human rights impacts throughout its value chain. Dalli expects all Dalli employees, contractors, subsidiaries, suppliers and business partners to abide by this commitment. Dalli contributes to human rights through compliance with laws and regulations wherever Dalli operates, as well as through policies, practices and programs. Dalli's commitment to human rights is underpinned by policy statements and guidelines within the framework of the Integrated Management System. These guidelines are designed to ensure that neither Dalli nor Dalli suppliers or partners participate in human rights violations.

Scope

This policy statement for Dalli illustrates our fundamental commitment to respect human rights and to the protection of the environment, which is already reflected in other company guidelines. These include the [Code of Conduct for Dalli and their staff members](#) and the [Supplier Code of Conduct](#), which apply to Dalli worldwide. The principles set out here apply to our own business activities and to all employees of Dalli. In addition, we also expect our suppliers and other business partners to comply with the principles set out here and to implement appropriate processes to respect human rights and environmental protection.

Dalli's commitment to human rights and environmental protection

Dalli is committed to complying with human rights and environmental obligations within the meaning of the German Supply Chain Due Diligence Act (hereinafter referred to as "LkSG"). Our commitment to respect human rights is based on the United Nations Universal Declaration of Human Rights and the International Labour Organization's (ILO)

Declaration on Fundamental Principles and Rights at Work. In addition, we are guided by the UN Guiding Principles on Business and Human Rights.

Human rights and environmental standards according to the LkSG

We are committed to respecting internationally recognized human rights and upholding them in our business activities and along our supply chains. These include, in particular, the prohibition of child and forced labour, the prohibition of all forms of slavery, human trafficking and discrimination, and the strengthening of the freedom of association. We are also committed to complying with occupational health and safety and the respective laws as well as with the payment of appropriate wages applicable at the respective place of work. We are also committed to the prohibition of environmental pollution, forced evictions and the use of security forces if their deployment is associated with the risk of violating or restricting human rights. With regard to environmental commitments, Dalli is guided by the Minamata Convention, the Stockholm Convention and the Basel Convention, among others.

Dalli Germany expects each of its own employees and every supplier and business partner to comply with these principles. Further expectations of own employees are set out in the [Code of Conduct for Dalli and their staff members](#), with expectations of suppliers documented in the [Supplier Code of Conduct](#). Suppliers must also address compliance with these requirements with their own suppliers (who are Dalli's indirect suppliers). Possible violations of these principles are referred to as risks.

Our risk management process to improve human rights and environmental commitments

Dalli has implemented an LkSG risk management system. Responsibilities and procedures for implementing due diligence are described within the risk management system. The Compliance department is responsible for monitoring compliance with and ensuring due diligence. Activities arising in this context can be delegated to appropriate functional areas within the organization. The effectiveness of the risk management system is ensured by internal effectiveness checks at legally prescribed intervals.

Risk analysis

Dalli analyzes risks at least once a year. These risk analyses are used to identify potential human rights and environmental risks in our own business area and along our supplier base. The result of the analysis is the basis for prioritizing the actions to be taken. Potential risks in our own business are identified through policy and procedural reviews and self-assessments. Each risk is then evaluated on the basis of consequence, probability and influenceability. Possible findings from existing internal audits and complaints received are taken into account in the risk classification. Overall, the risks to people and the environment for Dalli are estimated to be low. We will continue to focus our current efforts on areas that are in line with our sustainable corporate governance strategies.

Risks along our supply chain are identified and evaluated in a two-stage approach. In the first step, the abstract risk is determined on the basis of the general country, industry and quantity risk and assigned to a risk level. Required information is extracted from publicly available information. Suppliers who have been assigned a higher abstract risk level will be included in a more detailed and individualized risk assessment in a next step, with a focus on suppliers of production materials. Dalli's resources and efforts will focus on preventing, minimizing or ending the prioritized risks.

Preventive measures

As soon as potential risks have been identified in the company's own business area or with direct suppliers, appropriate preventive measures are implemented. The scope and content of the preventive measures depend on the specific risk profile and the assessment of the own company or of its direct supplier. For its own company, Dalli has taken several preventive measures, including internal training for all employees, in order to raise awareness of human rights and environmental obligations. For direct suppliers, the preventive measures depend on the respective risk profile. An example of a measure is a supplier questionnaire that suppliers of a certain risk level are asked to fill out. In addition, Dalli will take into account human rights and environmental criteria as far as possible when selecting suppliers.

Remedies

If Dalli determines that there is a violation, or a threat of a violation, of a human rights or environmental obligation in its own business area or with suppliers, it takes appropriate remedial measures. The same applies to indirect suppliers of Dalli if there is substantiated knowledge of violations of a human rights or environmental obligation. The measures are determined on a case-by-case basis depending on the nature of the infringement and are intended to prevent, terminate or minimise the extent of the infringement.


Complaints procedure

Dalli has set up a complaints procedure (whistleblower system) in order to be able to record human rights and environmental risks as well as violations of human rights and environmental obligations. The complaints procedure is published and available at <https://dalliwerke.integrityline.com/frontpage>.


Documentation and reporting obligation

The due diligence obligations are documented and reported in accordance with the LkSG. The respective annual report is submitted to the competent authorities and published on our website.

Stolberg, July 2023



Dr. Hermann Wirtz
Geschäftsführer



Joachim Rabe
Geschäftsführer



Volker Hesse
Geschäftsführer