

Policy Statement

in accordance with Section 6 (2) of the German Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains (Lieferkettensorgfaltspflichtengesetz - LkSG) of 16 July 2021

Introduction

Since we were first founded in 1872, we have taken responsibility towards people and the environment. As a globally active corporate group steeped in tradition, we know how important ethical behaviour is and are well aware of our role in society. Based on our stable foundation of values, we have developed a Code of Conduct that acts as our radar for our daily actions and helps us take the right decisions in critical situations.

Beyond that, the Wilo Group is committed to the principles of the United Nations Universal Declaration of Human Rights and the European Convention on Human Rights and is dedicated to compliance with the UN Global Compact. We expect the before mentioned regulations to be observed and implemented both by our own company and by our business associates along the entire supply chain.

This Policy Statement describes the procedure by which Wilo fulfils the due diligence obligation for human rights and the environment in accordance with the LkSG as well as the identified, prioritised risks and expectations placed on our employees and suppliers.

Applicable documents:

- Wilo Code of Conduct
- Wilo Supplier Code of Conduct
- Wilo Procedure for Complaints

1. Description of the procedure to implement human rights and environmental due diligence obligations

1.1 Risk management (Section 4 (1) LkSG)

Wilo has established an effective risk management system to comply with human rights and environmental due diligence obligations. The process and responsibilities were defined in a corresponding documented procedure. Group People & Culture und Group Health, Safety & Environment are responsible for the analysis and assessment of risks as well as the implementation of appropriate measures in our own area of business. Group Procurement & Supply Chain Management is responsible for reviewing the risks in the supply chain. Group Internal Audit & Compliance is responsible for the monitoring of the risk management.

1.2 Risk analysis (Section 5 (1) LkSG)

The regular human rights and environmental risk analysis takes place once a year and involves a two-step process: Within the framework of an abstract analysis, country- and sector-specific risk indicators are identified with the help of internal and external sources. For business areas and direct suppliers where high risk has been identified, risks are concretised and prioritised in a second step based on the severity and probability of the respective risk. With the help of expertise from the departments, approaches for corrective actions are derived with regard to the priority risks.

In addition, ad hoc risk analyses are carried out if there are serious grounds to believe that human rights or environmental obligations are being breached or if the risk situation has changed considerably. This can include the introduction of new products, projects or new business segments as well as evidence that suggests a violation by indirect suppliers (Section 9 (3) LkSG).

The Executive Team is informed of the results of the risk analysis once a year and on an ad hoc basis. The effectiveness of the risk management system and the suitability of the methodology used are assessed during the annual risk analysis. In addition, the Group Internal Audit & Compliance performs regular audits.

1.3 Preventive measures (Section 6 (3) to (5) LkSG)

Wilo has introduced numerous measures to ensure human rights and environmental obligations are complied with by our own area of business as well as by direct suppliers.

This includes in particular the Wilo Code of Conduct, the Supplier Code of Conduct and the complaints procedure, which can be used by internal and external affected parties in case of violations.

The Code of Conduct defines binding rules in the areas of human rights, labour standards, environmental protection and corruption prevention. It applies equally to all employees and members of the Executive Board in our own area of business and is updated on a regular basis. Employees are trained in specific topics of the Code of Conduct during onboarding and continuously after.

Direct suppliers are selected in due consideration of human rights and environmental expectations. Signing the Wilo Supplier Code of Conduct is binding to qualify as a supplier. Direct suppliers in this way pledge to fulfil the human rights and environmental expectations defined in the LkSG and to adequately address these along the supply chain. In addition, suppliers with priority risks are subject to in-depth audits according to the SMETA methodology to find out details about the local situation and define concrete improvement measures. Regular training and information events ensure that the suppliers are aware of and understand Wilo's expectations.

To support the prevention and avoidance of risks in the wider supply chain, we are active in various initiatives, such as the European Raw Material Initiative. This initiative is committed to improving environmental and social standards in raw material procurement (Section 9 (3) LkSG).

1.4 Remedial action (Section 7 LkSG)

Breaches of human rights and environmental obligations in our own area of business are remedied immediately. If corresponding incidents occur at direct suppliers, we ensure that those responsible for purchasing develop an action plan together with the affected supplier and monitor its implementation. The goal is to reduce or avoid breaches. If the breaches cannot be repaired, then measures will be implemented that could culminate in the termination of the business relationship. We apply the same procedure to indirect suppliers if there are serious grounds to suspect breaches (Section 9 (3) LkSG).

The effectiveness of preventive and remedial actions is audited once a year and on an ad hoc basis.

1.5 Complaints procedure (Section 8 LkSG)

Wilo has set up the Speakup Tool as an instrument for individuals inside and outside the company to report possible violations of human rights and environmental obligations. With the tool, reports can be made in 60 different languages, both in writing as well as verbally. It is hosted externally to ensure maximum anonymity and confidentiality. The Wilo Procedure for Complaints defines how corresponding reports are processed. It is available both internally on the Wilo Intranet as well as externally on the Wilo website ([link](#)). This ensures that human rights and environmental risks and violations of indirect suppliers can be reported as well (Section 9 (1) LkSG).

1.6 Documentation obligations (Section 10 LkSG)

The implementation of the human rights and environmental due diligence obligations is documented in the company on an ongoing basis. The Sustainability Management department is responsible for this.

In accordance with Section 10 (2) LkSG, Wilo reports about the fulfilment of the provisions of the LkSG to the Federal Office for Economic Affairs and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle; BAFA) by the end of April each year and publishes this report on its website for at least seven years. In addition, information is provided as part of the annual sustainability report.

2. Priority human rights and environmental risks

Based on the regular risk analysis, Wilo is aware of priority human rights and environmental risks in the direct supply chain, which are primarily related to maintaining labour, pay and social standards and preventing water, land and air pollution. The focus here is mainly on suppliers in Asia and with materials

that involve a high degree of manual processing (foundry, steel, components).

Human rights and environmental risks in our own business area were analysed, but no priorities were ascertained after an assessment. The principle reason for this is that the probability of such an occurrence has been deemed as very low because of the type of activities and the myriad of implemented measures (e.g., Group-wide management system certification, training, regular reporting, audits). In addition, there has been no evidence or reports of corresponding violations.

3. Expectations placed on employees and suppliers

The expectations placed on employees and suppliers derived from the provisions of the LkSG are specified and explained in our Code of Conduct as well as the Supplier Code of Conduct. Both Codes define the legal and moral guidelines for day-to-day activities in all areas of the company and supply chain. The priority risks detailed in section 2 of this Policy Statement are broached there as well. Violations can be addressed by all employees and third parties within the framework of our open culture of communication and the complaints procedure described in section 1.5.



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