

Policy Statement Supply Chain Due Diligence Act (SCDDA)

Covering activities undertaken from 1 January 2024 to 31 March 2024

Vanderlande Industries GmbH & Co. KG

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1. Introduction

As of January 1, 2023, the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, or LkSG), commonly referred to as the “SCDDA,” has been enacted for companies employing over 3,000 people in Germany, including affiliates. The SCDDA outlines corporate responsibilities within the legal framework, emphasizing compliance with human rights and environmental standards throughout the global supply chain. As **Vanderlande Industries GmbH & Co. KG**, has over 1,000 employees the company is in scope as of 1 January 2024.

This statement is prepared and published in accordance with the SCDDA and represents the Policy Statement of Vanderlande Industries Holding B.V. for its entity Vanderlande Industries GmbH & Co. KG. (“**Vanderlande**” or the “**Corporation**” or “**our**” or “**we**”) for the calendar year first business quarter starting from 1 January 2024 and ending on 31 March 2024 (the “**Reporting Period**”), as Vanderlande Industries fiscal years runs from 1 April until 31 March. Vanderlande Industries Holding B.V. (“**Vanderlande Industries Holding B.V.**”) is ultimately owned and controlled by Toyota Industries Corporation. This is the first report prepared by the Corporation pursuant to the Act on Corporate Due Diligence Obligations in Supply Chains Lieferkettensorgfaltspflichtengesetz, or LkSG (“**Act**”).

2. Reporting Context

Vanderlande Industries GmbH & Co. KG. adheres to the requirements of the German SCDDA. This law mandates the publication of a policy statement. Our Policy Statement outlines our commitment to respecting human rights and environment-related risk potentially arising within our supply chain, including our own business area.

3. Sustainable Practices: Commitment to Human Rights and Management of Environmental Risks

We hold the unwavering belief that respect for human rights is not only a fundamental corporate responsibility, but also a guiding principle that permeates every facet of our operations. As we conduct business globally, we place paramount importance on upholding human rights. This commitment extends to our valued business partners, whom we expect to share this ethical imperative.

Sustainability is one of our three main strategic pillars. Within this framework, we emphasize ‘Good Business,’ which represents our commitment to Compliance. Throughout history, Vanderlande has consistently promoted social responsibility through our operations. We conduct our business ethically and sustainably, adhering to the [UN guiding principles for business and human rights](#), as well as the [OECD guidelines for multinational enterprises](#). Our organizational culture is rooted in making decisions that align with our [Policy on Good Business](#) and our ethical standards, which are integral to our identity.

Different policies and standards ensure the anchoring of human rights: [Supplier Code of Conduct](#), Business Partner Review Policy (internal document), Human Rights Policy (internal document) and the [Sustainability report](#). Several due diligence processes support these policies and standards, including vendor management programs and grievance and remedy mechanisms, like the [Speak Up Line](#).

4. Strategy & Anchoring

At Vanderlande, we prioritize embedding human rights considerations into every facet of our operations. Our policies, governance framework and decision-making processes reflect this commitment. We recognize that effectively managing Environmental, Social, and Governance (ESG) risks and opportunities is not only a responsibility, but also a strategic imperative for our long-term success.

To achieve our goals, we track and assess potential risks that shape our operating environment. Our strategies focus on enhancing performance across various issues relating to sustainability. Key oversight lies with our Executive Board and Risk Committee, which diligently monitors our ESG plan, practices, related policies and disclosures. Additionally, our Supervisory Board and the Audit Committee play an essential role in overseeing specific ESG-related matters and disclosures.

Our Legal and Compliance department provides comprehensive support to the business across various areas, including Human Rights and Environmental Risk Management. Our team includes a dedicated Sourcing Risk Manager responsible for managing third-party risks within our supply chains globally. Our procurement managers and project buyers diligently apply the controls established by the Legal and Compliance department. Additionally, in the Supply Chain division, our quality department conducts thorough supplier audits. Vanderlande’s internal audit department oversees third-party audits.

5. Risk Analysis

5.1 Risk Analysis Framework

We have implemented a risk management system in accordance with Section 4 of the Supply Chain Due Diligence Act (SCDDA). This system is designed to identify, prevent, mitigate, and/or eliminate human rights and environmental-related risks and violations. We use a risk-based approach to identify the potential risks in our supply chain. We have implemented a risk management system designed to manage risks that may arise throughout the supply chain, including our own lines of business. This risk analysis is set up in line with the SCDDA process and covers risks that can ultimately affect human rights and the environment. In accordance with our obligations under the SCDDA, we integrate within its risk management framework the following:

- Annual and ad hoc risks assessment for our own business and our (in)direct suppliers.
- Establishment of preventative and/or remedial measures.
- Internal complaints procedure for reporting Human Rights and Environment-related risks and violations for our own business area and our supply chain.
- Internal monitoring.
- Compliance documentation.

In accordance with Section 5(4) of the Supply Chain Due Diligence Act (SCDDA), we conduct an annual regular risk analysis, supplemented by ad hoc assessments, with dedicated resources. This rigorous risk analysis enables us to comprehensively assess Human Rights and Environmental Risks within our business operations and supply chain. The outcomes of this annual review inform our decision-making processes, guiding how we manage and collaborate with our valued suppliers.

5.2 Regular Risk Analysis

We analyze our own business and direct third parties according to geographical and industry/sector risks by making use of external- and internal data. We assess all suppliers and customers to ensure compliance with regulations and laws. To achieve this, we use FircoSoft Compliance Link, a tool provided by the LexisNexis Risk Group, a division of the RELX Group. The Firco Global Watchlist encompasses politically exposed individuals and enforcement profiles sourced from over 1,000 enforcement agencies and 35,000 media sources. This comprehensive system provides information on sanctions and fines related to human rights, security, and environmental violations.

The primary regulation lists within the Firco Global Watchlist originate from more than 45 regulators and are compiled from verified international sources. In addition to core data, they leverage supplemental information such as ownership details, SWIFT/BIC routing codes, location data, and vessel information. This holistic approach enhances our cross-checks and enables us to identify sanctioned entities not explicitly listed on government registers like OFAC and EU.

The outcomes guide Vanderlande within its development and continuous improvement of the risk management of human rights and environment-related risks.

5.3 Ad Hoc Risk Analysis

For the ad hoc risk analyses, we use the same approach that is used for regular risk analyses, including a concrete risk assessment. Ad hoc risk analysis may stem from internal decisions for example relating to important investments, onboarding new suppliers and or customers or to the acquisition of a new sourcing country, or from external events, e.g., when a conflict breaks out or a natural disaster occurs in a country where the company operates.

For indirect suppliers, risk analysis will be undertaken if Vanderlande has actual indications that suggest a violation of a human rights-related or an environment-related obligation to be possible (substantiated knowledge). Concrete indications are not mere opinions or rumors; rather, they include a verifiable kernel of facts. This knowledge may come from, for example, a complaints channel, media reports or reports from non-governmental organizations.

Additionally, we perform on-site audits of selected suppliers, including a review of their human rights standards and supply chain practices. Effective risk management will enable us to deal more comprehensively and at an earlier stage with the assessment of human rights and environment-related risks in our operating business.

We are committed to review, update and further develop this risk assessment process in the future to enhance the impact of our risk management framework.

6. Preventative measures

We have the belief that respect for human rights and environment-related risks is not only a fundamental corporate responsibility, but also a guiding principle that permeates every facet of our operations. As we conduct business globally, we place paramount importance on upholding human rights and environment-related risks. This commitment extends to our valued business partners, whom we expect to share this ethical imperative.

We have developed a set of preventative measures concerning our own business area and of our direct suppliers to prevent any adverse human rights and environment-related risks. We continuously (on a yearly and on an ad hoc basis) review and update these measures.

6.1 Own area of business

Employees – we have adapted a [Policy on Good Business/Employee Code of Conduct](#) to implement appropriate strategies and practices within our workforce including specific Human Rights and Environment-related expectations we expect our employees to act in accordance with.

Employees are also to complete online Good Business Training on Ethics and Compliance topics of approximately 30-60 minutes each year and demonstrate understanding of the content by answering check questions correctly. Our Good Business Practices Policy includes basic principles of good conduct based in our company's core values. The training courses are provided in local languages as well. Last year's training focused on Sustainability, Good Business Practices and Corruption prevention. New Employees must complete an introductory "Good Business" course as part of the onboarding process. This training includes which communication channels are available within Vanderlande in case of ethical or environmental concerns and when and how to use these channels.

An annual refresher course on the most important rules and regulations in the field of health, safety and occupational health and safety (Safety Briefing/ Life Saving Rules) is mandatory for all employees. Further training courses are rolled out on a case-by-case basis. In the past, these have included topics such as Cultural Awareness, High Performance Culture, Behaviors and Mindsets, Global Good Conduct, shaping a Sustainable Future, Global Business Ethics, Global Cybersecurity Basics, Data Privacy Rules, Accurate Books & Records, Information Security and more.

In addition, articles that touch on aspects of these topics are published on a regular base on our global intranet and thus brought to the attention of our employees. As part of the annual anonymous satisfaction survey, every employee can evaluate the company, its strategic orientation, leadership, behavior of superiors and other aspects of the working environment, to point out grievances and to make constructive suggestions for improvement. The management board stands by its ongoing obligation to derive concrete improvement measures from the results of the surveys.

Every other year a Compliance risk assessment is distributed to a random 10% of the workforce. Depending on the outcomes, if needed, additional measures are being discussed in the Risk Committee, before rolling out internally. This is to assure maintaining our Good Business culture.

Procurement – We have implemented dedicated procurement strategies and purchasing practices that prevent or minimize identified risks, which takes human rights and environment-related risks into account, to those covered by the applicable supply chain due diligence obligations such as the SCDDA.

6.2 Supply chain

Suppliers – We give preference to suppliers whose policies and practices are consistent with those at Vanderlande and suppliers who have appropriate measures in place to protect against violation of human rights and environment-related risks. We conduct annual reviews to a selection of our supply chain to detail the effectiveness of measures taken by our suppliers.

We have a program in place which requires all our strategic and preferred suppliers to commit to our [Supplier Code of Conduct](#). This code sets out our general expectations and requirements for our suppliers. We require all new suppliers to adhere to our Supplier Code of Conduct or provide their own code of conduct for our review and approval. We may decline to make future purchases from a supplier that does not certify to the Vanderlande Supplier Code of Conduct or does not provide an acceptable version of their own code of conduct.

7. Identification of Violations and Remedial Measures

We apply a zero-tolerance policy regarding violations on human rights and/or environment-related subjects. If we identify or obtain substantiated knowledge on violations, we will conduct a timely investigation. We perform a thorough analysis to identify the root causes of these violations. This involves examining internal processes, procedures, and governance structures to pinpoint areas that need improvement. We are committed to immediately end or mitigate the violation(s) based on internal guidelines. As may be appropriate, we will seek specialist advice and engage with third parties involved in any incident to determine the appropriate measures to be implemented. We communicate with stakeholders, including employees, customers, investors, and the public, about the remediation process and the steps taken to address the issues where needed. Dependent on the violation, consultation may take place with impacted third parties such as Non-Governmental Organizations (NGO) and other groups as may be appropriate. Transparency is essential to rebuild trust and confidence.

If violations are happening within the business area of direct suppliers, we will ensure that corrective action plan will be drawn up timely and we will monitor its sustainable implementation, provided that the business relationship is to be continued. If the violation of a human rights-related or an environment-related obligation at a direct supplier is such that we cannot end it in the foreseeable future, we have implemented a concept for minimizing the violation without undue delay. In the case of indirect suppliers, in the event of substantiated knowledge of a violation, we shall draw up a concept for the prevention, termination or minimization of human rights or environmental violations and ensure its implementation. Once we have implemented the corrective action plan and resolved the issues, we document the entire remediation process and its outcomes. This documentation serves as evidence of our commitment to compliance and may be used to demonstrate compliance during regulatory inspections or legal proceedings.

In accordance with our zero-tolerance policy regarding human rights and environmental violations, we assess all risks equally. As a result, no specific risks have been prioritized. However, it is essential to adhere to all rules, as they hold equal importance. In the event of repeated violations in specific areas, we may designate those subjects as prioritized risks.

The effectiveness of the remedial action will be reviewed once a year or on an ad hoc basis. In 2024, our organization conducted an initial assessment across our business area, as well as with our direct and indirect suppliers. We are pleased to report that no violations were identified during this period.

8. Appeal Proceedings: Complaints Procedures & Grievance Mechanisms

As an organization deeply committed to responsibility and integrity, we uphold the highest standards of ethics in all our business endeavors. Our Policy on Good Business ([Employee Code of Conduct](#)) embodies Vanderlande's ONE company philosophy, guiding our actions and decisions. Through our ONE way of working, we empower our people to make informed choices based on our established policies, procedures and guidelines. To facilitate this process, we offer multiple channels for reporting potential breaches:

- Employees can reach out to colleagues, including supervisors, human resources representatives, legal services, internal audit personnel, or next-level management. At Vanderlande, we foster an environment where open and honest communication is not merely encouraged—it is the expectation. We want every employee to feel comfortable approaching their supervisor or management, whenever they suspect violations of policies or standards.
- Our dedicated Ethics and Compliance Officer (based in the Legal and Risk Department) is accessible via email or phone, serving both employees and suppliers across all major sites.
- Additionally, our global ethics line—a free and confidential hotline—operates 24/7, allowing employees and third parties to report concerns by phone or online (it's called "EthicsPoint"). People are encouraged to submit reports related to violations outlined in our Policy on Good Business ([Employee Code of Conduct](#)) and Supplier Code of Conduct.

Our Good Business program encourages and facilitates the reporting of known and potential violations of human rights and environment-related risks that are happening within Vanderlande's own business area and within its supply chain, through its dedicated complaints procedure. It also enables persons to report risks to Human Rights or Environment-related risks as well as violations of Human Rights-related or Environment-related obligations that have arisen due to economic actions of an indirect supplier. Upon receipt of any concern received via the designated channels, we will confirm the receipt, acknowledge the concern, seek further details if not sufficiently detailed and we will conduct our own risk analysis. The effectiveness of this complaint's procedure will be reviewed at least annually and on an ad hoc basis.

Persons can report via our [designated channel](#) in the form of a Speak-Up Line. "Speak Up" can be used by all employees and management as well as customers, suppliers and other stakeholders. Our Speak-Up Line is a company-wide, transparent and barrier-free tool. All data supplied in a report is maintained on secure servers and the line and website are confidential and easy to use. All reported content is handled exclusively for Vanderlande. The system is managed by a third party called Navex. If you would prefer to ask a question, raise a concern or make a report via the internet, you can simply open the [website](#) and provide information in the requested fields. If you prefer to speak with a live operator, you can dial the helpline number and report in most used language. Regardless of which method you choose, a report is prepared that will be forwarded to the appropriate person for review and, if necessary, investigation. With each method of reporting, you will have the option of providing your name and contact information, or you may remain anonymous.

9. Documentation & Reporting

We conduct regular reviews and updates of our policy statement to align with changing circumstances and processes. Our ongoing documentation ensures compliance with human rights and environmental due diligence obligations. These records will be securely stored for a minimum of seven years. Additionally, in accordance with SCDDA requirements, we will prepare our first annual report for the reporting period of 1 January 2024 until 31 March 2024. This report will be submitted to the Federal Office for Economic Affairs and Export (BAFA) as mandated by legal requirements and will also be published on our [Corporate website](#).

10. Approval & Adoption

This Policy Statement has been approved and adopted by the management board on 18 July 2024:

Markus Ehrmann

Markus Ehrmann (Jul 18, 2024 13:56 GMT+2)

Markus Klaus Ehrmann, Executive Managing Director

Location: Mönchengladbach

Date: Jul 18, 2024









Vanderlande Policy Statement SCDDA FY24

Final Audit Report

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