

**Declaration of Principles of
Binderholz Oberrot | Baruth GmbH
on the
Human Rights Strategy and Environmental Risks**

Foreword by the Management

The Binderholz Group¹ (hereinafter referred to as Binderholz) is one of the leading sawmill and wood processing companies in Europe and deals with renewable wood products on the global market. In the wood industry, the name Binder stands for tradition and reliability as well as high-tech and innovation. Today, our family business is recognised as a leading company working with state-of-the-art technologies and production methods with a solid reputation in the market. Binderholz processes the renewable raw material wood according to the zero-waste principle and utilises up to 100% of the resource. We cover the entire value chain from forest management and timber harvesting, through sawmilling, to the manufacture of solid wood products and innovative construction solutions. Waste wood from production processes is processed into biofuels, green electricity and pressboard products.

At Binderholz, we strive to avoid negative impacts on human rights and the environment through our business activities to the best of our abilities. Respecting and safeguarding human rights and the protection of the environment are important concerns for us, deeply anchored in our company culture. As a wood processing company, we are particularly reliant on sustainable business practices.

1. Binderholz's commitment to respect human rights

As Binderholz, we are expressly committed to respecting and protecting human rights and avoiding environmental risks. We therefore base our activities within our own business and within our global supply chains on the applicable laws and the following international regulations and standards:

- International Labour Organization Convention No. 138 of 26 June 1973
- International Labour Organization Convention No. 182 of 17 June 1999
- International Labour Organization Convention No. 29 concerning Forced or Compulsory Labour of 28 June 1930
- International Covenant on Civil and Political Rights of 19 December 1966
- Minamata Convention on Mercury of 10 October 2013,
- Stockholm Convention on Persistent Organic Pollutants of 23 May 2001 and
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989.

The observance of the rights protected under the applicable laws as well as the above-mentioned conventions and the covenant is central to the daily work of our employees at all Binderholz locations and companies. Our approach to implementing our human rights and environmental due diligence obligations underlines our commitment.

¹ The group comprises Binderholz Oberrot | Baruth GmbH and the companies affiliated with it as the parent company.

Binderholz expects all of our employees and business partners to comply with the applicable laws and the aforementioned international agreements. Binderholz expects its own employees to ground their daily decisions in particular in the guidelines set out in this Declaration of Principles and our Code of Conduct. We expect our suppliers to meet our human rights and environmental expectations and to address them appropriately along the supply chain. To this end, our suppliers should undertake to comply with our Code of Conduct.

2. Procedure description

2.1 Risk management

As an international company, Binderholz is exposed to various human rights and environmental risks both directly and along its supply chain. Managing these risks appropriately is the responsibility of our risk management system. Our aim is to take appropriate measures that make it possible to identify and minimise risks to human rights and the environment and to prevent, end or minimise the extent of violations of human rights and environmental obligations if we have caused such risks or violations within our supply chain or contributed to them. Of course, we also take into account risks that may lie with our direct and, where applicable, indirect suppliers.

We consider the management of human rights and environmental risks as a constant process that forms an integral part of our operational procedures.

Our risk management system is monitored by our Compliance Officer, with ultimate responsibility lying with the Management Board. Our Compliance Officer is chosen from among our employees, with sufficient expertise, experience and appropriate training, enabling us to ensure the effectiveness and continuous development of our risk management system.

Our risk management system is a multi-stage process designed to take the various requirements of our due diligence obligations appropriately into account.

In our Mission Statement and Code of Conduct, our management has set forth the values and principles that Binderholz stands for today and which we want to continue to commit to in the future.

When dealing with colleagues and employees, equal treatment and non-discrimination, cooperation with employee representatives as well as compliance with occupational health and safety regulations are required. Support is provided to employees to help them cope with professional demands and personal development.

All employees of our company must commit themselves to observe the law, avoid conflicts of interest and to be fair and respectful in their business dealings. Employees in our procurement teams are also particularly made aware of potential human rights and environmental risks.

We analyse abstract and practical risks in order to identify potential negative impacts on human rights and the environment as well as potentially affected parties in our own field of business and along our supply chain. Binderholz uses these findings to identify and prioritise specific risks. On this basis, we define appropriate targets for risk avoidance and mitigation, and we develop and implement preventive and corrective measures following our risk assessment. This applies both to our own business activities as well as to our supply chain. Where required, we involve stakeholders and utilize information from the complaints mechanism. The effectiveness of our measures is constantly monitored and continuously improved. It goes without saying that we fulfil our documentation and reporting obligations.

2.2 Risk analysis

In our risk analysis, we consider both our own business activities and our direct suppliers. Indirect suppliers are covered by risk management measures on an event-driven basis.

Our risk analysis is updated both annually and as required by events. The risk analysis is performed in stages, starting with an abstract analysis of potential human rights and environmental risks. Suppliers are initially categorised based on geographic indicators (risk atlas for specific countries/regions) and the goods and services procured (industry-specific risks). In a second step, activities (both our own and those of our suppliers) for which this abstract analysis identifies an increased human rights or environmental risk are then subjected to a more specific risk analysis. Depending on the risk classification, suppliers are then involved in risk monitoring to varying degrees. For our analytical work, we draw in particular on publicly available information on the Internet, press coverage, reports from NGOs, whistleblowers, our complaints system, surveys of our suppliers and the expertise and experience of our employees, who are in constant dialogue with the relevant suppliers.

2.3 Prioritized human rights and environmental risks identified on the basis of the risk analysis

The risk analysis covers all legal positions that must be included in accordance with the Supply Chain Act. Our analysis has shown that in our business activities, we do not cause any significant human rights or environmental risks or exacerbate any existing risks. Neither our field of business nor the nature and scope of our business activities provide any indication of human rights or environmental risks. We are not aware of any circumstances that could with sufficient probability give rise to a violation of the prohibitions mentioned in § 2 para. 2 and para. 3 German Supply Chain Act (LkSG). We also do not consider the occurrence of such a risk to be likely. We are based in Germany and our production is exclusively domestic. Where we supply products of other Binderholz entities, these are also based and have their respective production facilities in the EU or the UK. The raw materials we use come from sustainable forestry; the origin of the raw material can be proven by appropriate certification. This also applies to products of other Binderholz entities which we supply.

That said, we have identified the following – abstract – priority risks to human rights and environmental risks in our business activities and along our supply chain, which we emphasize in particular in our risk management system:

a. Human rights

i. Prohibition of child labour

The protection of children is important to us. We therefore strongly oppose any form of employment of children below the age at which compulsory education ends within the jurisdiction of the place of employment, which however may not be less than 15 years of age, unless the law of the place of employment deviates from this in accordance with Article 2, paragraph 4, and Articles 4 to 8 of the ILO Convention Concerning Minimum Age for Admission to Employment of 26 June 1973 (No. 138).

The same of course also applies for the worst forms of child labour for children under the age of 18 in accordance with Article 3 of ILO Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour of 17 June 1999 (No. 182).

No form of child labour takes place in our business activities, and we expect the same from our suppliers. To the best of our knowledge, our suppliers are in compliance with this expectation.

ii. Prohibition of forced labour and slavery

We emphasise that employment relationships must always be founded on a voluntary basis, and we reject any form of prohibited forced labour. This applies in particular for all forms of slavery and human trafficking. As a minimum, our standards comply with the ILO Convention Concerning Forced or Compulsory Labour of 28 June 1930 (No. 29) and the International Covenant on Civil and Political Rights of 19 December 1966.

No form of forced labour or slavery takes place in our business activities. and we expect the same from our suppliers. To the best of our knowledge, our suppliers are in compliance with this expectation.

No orders are placed with penal institutions.

iii. Security in the workplace

The safety of our employees is of particular importance to us. As an employer, we therefore ensure occupational health and safety within the framework of the applicable law. We seek to avoid accidents and illnesses caused by our operations to the greatest extent possible. We therefore ensure that applicable safety standards are met in the provision and maintenance of the workplace, workstation and work equipment; appropriate protective measures are in place or are introduced to avoid exposure to chemical, physical or biological agents; statutory working hours and rest breaks are observed; and our employees receive appropriate training.

We have safety specialists at our sites. We carry out risk assessments for our workplaces. Our employees receive training in safety and fire protection. In addition, regular meetings of the Works Council's occupational health and safety committee are held at our plants with the participation of the respective plant management and company management.

We expect our suppliers to observe applicable safety standards, and we have no information about any violations of such standards on the part of our suppliers.

iv. Freedom of association

We respect the right of our employees to freely associate or join trade unions. This will not expose them to discrimination or retaliation.

We recognise the rights of trade unions applying at the place of employment, in particular the right to strike and the right to collective bargaining.

We expect our suppliers to respect the freedom of association and to comply with the relevant applicable laws. We have no information about any infringements by our suppliers.

v. Prohibition of discrimination

At Binderholz, we offer all of our employees equal opportunity. We do not tolerate any form of discrimination or unequal treatment, such as on the basis of national and ethnic origin, social background, state of health, disability, sexual orientation, age, gender, political opinion, religion or belief, unless it is justified by the requirements of the employment. We stand for equal wages for work of equal value.

Our system of remuneration is therefore based on the function and not on the person of the employee.

We have set up a “whistleblower hotline” for reporting potential or actual cases of discrimination of any kind, to which those affected or employees who have witnessed an act of discrimination or a discriminatory statement can make a report in an anonymised form, see “Announcement regarding the Whistleblower Protection Act”.

We expect our suppliers to comply with the applicable non-discrimination rules. We have no information about any infringements by our suppliers.

vi. Reasonable and fair remuneration

We pay our employees a fair wage.

The minimum wage regulations applicable under the law will of course be observed. A remuneration system has been introduced, under which employees will be paid according to the function they fulfil.

We also expect our suppliers to remunerate their employees appropriately and fairly. In particular, the applicable minimum wage regulations must be observed. We have no information about any infringements by our suppliers. We do not place orders with penal institutions.

vii. Protection of the natural environment

The protection of the natural environment is of particular importance to us, and we take care to observe applicable environmental protection and emission control rules. We use natural resources responsibly so as to preserve the natural basis for the production of food, access to clean drinking water and sanitary facilities, as well as human health. We will remedy any damage to nature and the environment caused by our operations in accordance with applicable regulations.

We will of course comply with the prohibition of unlawful eviction and the prohibition of unlawful deprivation of land, forests and waters in the acquisition, construction or other use of land, forests and waters, the use of which supports a person’s livelihood. As a company from the wood processing industry, we have a special responsibility in this respect.

Our plants only process wood that has been certified according to recognised standards. Moreover, the wood we use comes almost exclusively from the Member States of the EU, Switzerland and the United Kingdom. Our PEFC certification shows that we source our raw materials from sustainably managed forests. The same applies to products supplied by us from Binderholz companies based in the UK that have FSC certification. We also expect our other suppliers to comply with applicable environmental protection and emission control regulations, and we are not aware of any violations of relevant regulations and standards on the part of our suppliers.

viii. Environmental protection

At Binderholz, we are deeply committed to our responsibility to protect the environment and we understand the potential impact of our business activities on the environment. We comply with the environmental due diligence obligations which apply both to our work as well as with regard to our suppliers and business partners. We strive to achieve exemplary environmental and energy performance and are committed to protect the environment and preserve resources in everything we do. We want to avoid or minimise negative impacts on the environment. To achieve this goal, we diligently observe environmental protection standards and the associated laws within our business activities.

Our German sites have implemented energy management systems that are certified according to ISO 50001. Our supply chain meets the PEFC Chain of Custody standards. All our raw material suppliers are subjected to strict controls and audits regarding the compliance of their deliveries. We are committed to identify the sources of all supplies and document the origin of the materials used. Where we supply products of other Binderholz companies based in the UK, these have their own FSC certification.

Insofar as this is relevant to our business at all, we of course adhere to the requirements of the Minamata Convention on Mercury of 10 October 2013, the Stockholm Convention on Persistent Organic Pollutants of 23 May 2001 and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989, as amended.

We expect our suppliers to comply with applicable environmental protection standards and any related laws. We are not aware of any violations within our supply chain.

2.4 Preventive measures

Binderholz endeavours to ensure compliance with this Declaration of Principles and the protected legal rights and principles set out in the LkSG. To this end, we have established a risk management system that we continuously monitor for its effectiveness and efficiency and adapt as necessary. All our employees are required to adhere to the law in their work; to ensure this, our employees are obligated to comply with this Declaration of Principles and our Code of Conduct. Relevant training courses are also organised to further raise awareness. We require our suppliers to commit to comply with the legal rights and principles protected under the LkSG and to grant us corresponding oversight rights (e.g. information rights, audits, certifications). We take particular care in our procurement of raw materials, making sure that we only source wood from certified sources. This is to ensure that human rights and environmental concerns are appropriately taken into account both in our own business operations and along our supply chain.

2.5 Remedies for violations

Should Binderholz become aware of potential or actual violations of human rights or of environmental risk within our business operations or at our suppliers, we will endeavour to take appropriate measures to remedy the issue and to limit the risks. The measures we will take will depend on the individual case. In relation to our suppliers, such measures may also include the termination of the business relationship.

3. Complaints procedure

Binderholz has implemented a whistleblower system. This system is available to both our employees and external third parties. The whistleblower system makes it possible to report human rights and environmental risks and violations of obligations relating to human rights or the environment arising as a result of business activities in our own business operations or those of a direct or indirect supplier. We will investigate all reports and take appropriate remedial action if necessary. In our investigations, we seek to pursue a transparent and fair approach that respects the principle of proportionality towards the person concerned and at the same time protects the interests of the whistleblower. The details are set out in our "Reporting Procedure and Whistleblower Protection" document, which is available on our website. Our employees can contact the complaints office

with any information they may have. A separate reporting office is available to external whistleblowers at Meldestelle-OB@binderholz.com.

We will review the effectiveness of our whistleblower system at least once a year and on an event-driven basis.

4. Documentation and reporting

Compliance with due diligence obligations relating to human rights and environmental protection is documented on an ongoing basis. An annual report on the findings of our risk monitoring will be prepared. This report will be made available to the public on our website (www.binderholz.com) by the end of the fourth month after the end of the financial year and remains available there for a period of seven years.

Oberrot, November 2023



Gebhard Dünser
Managing Director



Markus Kehren
Managing Director