

Policy statement

of KARL STORZ SE & Co. KG in accordance with the German Supply Chain Due Diligence Act (LkSG)

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1. Foreword

As an international medical technology company, we are aware of our responsibility towards people and the environment.

KARL STORZ SE & Co. KG is committed to respecting human rights and protecting the environment, both in our own business area and within the supply chain. Our own business area also includes our domestic and foreign subsidiaries on which we exercise a decisive influence (KARL STORZ SE & Co. KG and the afore-mentioned subsidiaries hereinafter collectively referred to as "KARL STORZ").

In its own operations and in its supply and distribution chains, KARL STORZ stands up for promoting social working conditions that are in line with the respective national conditions and for fighting methods that are characterized by inhumanity, lack of ethics, slavery, child and forced labor, disregard for occupational health and safety, unequal treatment of employees, withholding of an adequate wage, denial of access to food and water, unlawful eviction of land and livelihoods, torture or exploitation of emergencies and conflict resources.

KARL STORZ also strives to conduct its activities and business in an environmentally compatible manner. This includes, in particular, compliance with the relevant environmental laws and regulations. KARL STORZ initiates company-wide programs for the responsible use of natural resources, energy, packaging, transport, recycling and pollution prevention.

Respect for human rights and protection of the environment are central elements of KARL STORZ's value system and therefore more than just fulfilling legal obligations. For example, KARL STORZ has also chosen to participate in the United Nations Global Compact, a worldwide initiative to promote sustainable development and social commitment.

We implement applicable law, respect internationally recognized human rights and environmental obligations, and take care to prevent human rights abuses and environmental impacts in our business operations.

With this policy statement, we declare in particular our acknowledgement of the principles of the LkSG and our commitment to implement these principles in all our business areas and in our supply chains.

Tuttlingen, October 2023

Karl-Christian Storz
Managing Director & CEO of KARL STORZ SE & Co. KG

2. Procedures for fulfilling the due diligence obligations of the LkSG

In order to comply with the due diligence obligations under the LkSG, KARL STORZ has established the following procedures within its own business area and, where necessary, vis-à-vis its direct and indirect suppliers.

2.1. Risk management

KARL STORZ has a global risk management system in place to be able to identify and manage risks in all relevant business areas. The overall objective is to protect the company from material risks and to support the achievement of the company's goals.

As an international company in the medical technology sector, KARL STORZ operates in a highly regulated market environment. Acting in accordance with the law is one of KARL STORZ's core corporate values and a basic prerequisite for long-term success. In order to comply with the statutory requirements on human rights and environmental protection according to the LkSG and to reduce associated potential risks for people and the environment, we have expanded the existing risk management system to include these specific requirements. The expansion includes various components aimed at identifying, assessing, monitoring and controlling risks along the supply chain as well as in our own business area.

The risk management system is embedded in all relevant functions and is applied at all relevant points in our business processes. It also takes into account the special features of the medical products sector and international business activities. It thus covers further risk areas that lie outside the LkSG.

The head of the Global Compliance department is designated to monitor risk management with regard to the human rights-related and environment-related risks of the LkSG.

2.2. Risk analysis

In our own business area as well as with regard to the direct suppliers of KARL STORZ SE & Co. KG, regular, at least annual, and ad hoc risk analyses are carried out. If we have sufficient indications of a violation of a human rights-related or environment-related obligation at an indirect supplier, we conduct a risk analysis with regard to such indirect supplier.

The risk analysis follows a risk-based approach and includes the process of identifying, assessing and communicating potential risks along the supply chain and in the company's own business area.

The risk analysis may also include further risk categories beyond the LkSG if these are highly relevant in our experience in the medical products sector. The individual sub-processes of the risk analysis are described below.

2.2.1. Risk identification

The aim of risk identification is to identify risks related to human rights and environmental protection. The focus is on the following risks:

- Prohibition of child labor
- Prohibition of the worst forms of child labor
- Prohibition of forced labor
- Prohibition of all forms of slavery
- Prohibition of disregard for occupational health and safety
- Prohibition of disregard for freedom of association

- Prohibition of unequal treatment in employment
- Prohibition of withholding an adequate wage
- Prohibition of impairment of livelihoods (food, drinking water, sanitation) by causing environmental damage (soil, water, air, noise, water consumption).
- Prohibition of unlawful eviction
- Prohibition of violation of basic human rights due to a lack of instruction or control of security forces
- Prohibition of the manufacture of mercury-added products
- Prohibition of the use of mercury and mercury compounds in manufacturing processes
- Prohibition of the treatment of mercury waste contrary to the provisions
- Prohibition of the production and use of persistent organic pollutants
- Prohibition of the handling of persistent organic pollutants in a manner that is not environmentally sound
- Prohibition of transboundary movements of hazardous wastes contrary to the provisions

Risk identification follows a risk-based approach. First of all, the type of business activity, the industry and the respective country are of central importance. Depending on this, risks in the areas of human rights and environmental protection can be identified by means of specific questions.

2.2.2. Risk assessment

Each identified risk is analyzed and assessed in terms of its potential impact on damage. The assessment is based on a defined assessment model. Depending on the assessment result, follow-up assessments may arise that allow for a more comprehensive and detailed risk assessment.

Based on the assessment, risks are prioritized according to their relevance and urgency. This makes it possible to focus resources and measures on the most critical risks first.

2.2.3. Risk communication

The results of the risk analyses are communicated to the company's management, the internal audit department, the head of the legal and compliance department and the head of purchasing.

2.3. Measures

Based on the results of the risk analysis, measures are defined to minimize or prevent the identified and prioritized risks. We make sure that all defined measures are appropriate and effective with regard to the required risk management. If necessary, we make corresponding adjustments.

2.3.1. Prevention measures

If we, through the risk analysis, identify human rights-related or environment-related risks along our supply chain, we immediately take preventive measures to reduce or avoid the risk.

Concerning our own business area, these can be, among others, the following measures:

- the implementation of our human rights and environmental strategy in our business processes, especially in our procurement procedures;

- Review of internal processes to ensure that they comply with applicable standards and regulations and that risks are minimised;
- Training and awareness-raising measures for employees to raise awareness of risks and identify risks;
- conducting checks to verify that our employees are complying with regulations and expectations.

We require our direct suppliers to commit to meeting the expectations described in our Code of Conduct. The Code of Conduct is the basis of business relations with all business partners.

In addition, the following measures, among others, can be considered in relation to direct suppliers:

- claiming the right to check whether the expectations are being met;
- carrying out checks to verify that our suppliers are meeting our expectations.

With regard to our indirect suppliers, these may include the following measures:

- requesting direct suppliers to communicate the expectations to their suppliers, to make actions mandatory and to monitor them;
- requesting corresponding evidence.

2.3.2. Remedial action

If we have identified a violation of a human rights-related or environment-related obligation or the imminent risk of such a violation, we take appropriate remedial action without delay to prevent, end or minimize the extent of the violation.

To do this, we analyze the facts to determine the causes that led to the violation. In the case of violations by a supplier, we request corresponding evidence from the supplier and, if necessary and possible, conduct an on-site audit. Depending on the severity of the violation, we reserve the right to suspend the business relationship. In serious cases, it may even result in the termination of the business relationship.

2.4. Monitoring

The risks as well as the risk management measures are monitored regularly. Depending on the results, an update of the risk assessment or an adjustment of the measures may be necessary.

2.5. Complaints procedure

KARL STORZ operates a worldwide whistleblowing system in order to detect potential violations in good time, to initiate countermeasures, and also to derive preventive measures for the future. KARL STORZ employees and third parties can report corresponding violations or concerns at any time.

The internal company complaints procedure provides KARL STORZ with an ongoing opportunity to obtain information on human rights-related and environment-related risks and on violations of human rights-related and environment-related obligations, even independently of risk analyses. Further information and contact details can be found at the following link: <https://secure.ethicspoint.eu/domain/media/en/gui/104638/>.

When a report is received, an initial assessment is made by the Compliance department. Depending on the content of the report, other departments may be involved in the investigation.

Investigations are conducted independently, impartially and confidentially. If a suspicion turns out to be well-founded, it is determined which measures are appropriate.

The detailed handling of reports from the whistleblower system can be found in the published rules of procedure. These can be found under the following link:

<https://www.karlstorz.com/de/de/compliance.htm>.

2.6. Documentation and reporting

All relevant information related to the implementation of the LkSG is documented and the documentation will be kept for at least seven years from its creation. In addition, we will publish an annual report on the fulfilment of our due diligence obligations. This will be published on our website at www.karlstorz.com no later than four months after the end of our financial year and will be available free of charge for a period of seven years. We will publish further details on this in due course.

3. Our human rights-related and environment-related priorities

As an internationally active medical technology company, we focus our human rights-related and environment-related priorities equally on our own business area and our direct suppliers.

3.1. Own business area

KARL STORZ has its production sites in Germany, Switzerland, the USA, and Estonia. We therefore produce in countries where there are comparatively strict legal rules and regulations for companies with regard to working conditions, environmental protection and human rights.

Some of the sales and marketing locations are in countries that are classified as higher risk on the basis of recognized country indices on human rights and environmental protection.

However, the business activities at these locations mainly comprise administrative activities, which in turn significantly reduces the spectrum of potential risks under the LkSG.

Basically, we see a lower susceptibility to risks in the sense of the LkSG in the medical technology sector compared to other industries. This is due in particular to the fact that the medical technology industry is highly regulated and subject to strict norms and quality standards. This can have a risk-minimizing effect on certain risks under the LkSG.

We will disclose our assessment of any priority risks in our own business area in an updated version of this policy statement once the risk analysis has been completed.

3.2. Direct and indirect suppliers

With our direct suppliers, we also place great emphasis on respect for human rights and compliance with environmental protection. We work closely with our suppliers to ensure that they comply with these standards and support them where necessary. We recognize that ensuring human rights and protecting the environment require continuous effort. Therefore, we regularly monitor, evaluate and improve our processes to ensure this in our suppliers' environment as well.

It is our goal to work with suppliers who strive to comply with human rights and environmental protection. We actively demand this commitment from our business partners by agreeing to the "Code of Conduct for Business Partners".

So far, we are not aware of any concrete indications of risks related to human rights or environmental protection. We consider the decisive factor here to be that we mainly source our products from countries with established and strict standards, especially from Europe and the USA. These regions have robust legal frameworks and strict regulations regarding human rights, the environment and working conditions. This significantly reduces the risk of human rights violations and environmental impacts in our supply chains.

In addition, medical technology products are already subject to strict quality and safety standards, both nationally and internationally. As a result, manufacturers and suppliers in these industries often already implement strict compliance measures to meet these requirements, which reduces the risk of human rights violations.

After completing the risk analysis, we will disclose any priority risks.

4. Our expectations of our employees and suppliers

The principles set out in this policy statement apply both to our own business area, i.e., to all KARL STORZ employees, and to our suppliers.

KARL STORZ has formulated a binding code of conduct for both employees and business partners, which translates the corporate values as well as laws, internal regulations and other guidelines into practical instructions for action.

We expect our suppliers and other business partners to also commit to complying with our principles and to develop and embed appropriate and effective processes to both address and prevent the risks and violations we have discovered and to detect further potential risks. In addition, we expect our suppliers to strive to oblige their own suppliers accordingly.

The link <https://www.karlstorz.com/de/en/compliance.htm> will take you to our Compliance page, where the following additional documents are available:

- KARL STORZ Code of Conduct – Our framework for ethical conduct in the workplace
- KARL STORZ Third Party Code of Conduct