



**1. Objectives and background**

Preserving the natural basis of life for future generations, protecting the climate, ensuring the health and safety of employees, manufacturing and selling high-quality and safe products, providing a high quality of service and minimising the negative impact of business activities on the environment and society are important objectives for the KTR-Group, a family-owned company with a long tradition.

As a mechanical engineering company with an extensive portfolio of high-quality drive technology and hydraulic components as well as brake and cooling systems, we want to be economically successful in the long term and at the same time take responsibility for our business activities.

Applicable laws and regulations provide us with binding standards, which we naturally ensure are complied with. To achieve our goals, we also rely in particular on voluntary commitments that go beyond the legal requirements in many areas. We are committed to the rule of law and an economic system based on competition. Compliance with the law and ethically correct behaviour are part of our self-image and are one of the main pillars on which KTR's business success is based. Our guiding principles for lawful and responsible behaviour are set out in our Code of Conduct.

The management defines our guiding principles for quality, the environment, occupational health and safety, human rights and sustainable procurement in our company policy. It ensures that these are in line with the company's objectives and are compatible with the organisation's mission statement and long-term strategic direction. Our goals, guiding principles and actions are based on the Sustainable Development Goals (SDGs) and the United Nations' Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the core labour standards of the International Labour Organization (ILO) and the Guiding Principles on Business and Human Rights, among others.

The description of the strategy, quantitative objectives and the description of measures are reflected in the subordinate guidelines and the specific corporate objectives for the financial year.

The measures, key figures and results are incorporated into the annual management review and public sustainability reporting. This ensures that the KTR-Group's integrated management system achieves its intended results and that stakeholders are informed about developments.

The company policy is reviewed annually to ensure that it is up to date and realigned if necessary. This involves important departments and key positions that are involved in the development and continuation of the company policy and are also responsible for the operational implementation of the objectives. These include:

- CEO
- Head of Quality
- Head of Purchasing
- Head of Operations
- Head of Corporate Responsibility
- HSE Manager
- Compliance Manager

We communicate the content of the company policy to all employees and across all levels of the KTR-Group. It is published on the company website for external stakeholders.

**2. Scope of application**

This company policy applies to all companies, locations and subsidiaries of the KTR-Group and covers all processes, products and services associated with the development, manufacture and marketing of our products. It covers all employees, managers, contractors and business partners, suppliers and service providers.

Place, Date, Nicola Warning (CEO KTR-Group)

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**3. Quality policy**

- The wish to satisfy our customers at the best determines the way we are acting  
Our customer sets the standard on the quality of our products and services. We meet with his or her requirements extensively and in time.
- The company policy is in accordance with the company’s objectives  
The general management defines the company policy ensuring that it complies with the company’s objectives and is compatible with the company’s context and strategic orientation.
- Every employee contributes to realizing the customers’ requirements on his or her responsibility  
The in-house relation between customer and supplier applies. Already the next person within the in-house working process is our customer – he will get perfect results of work.
- It is a vital task of the management to improve the consciousness for quality  
We assure the high qualification of every employee by means of consistent further training and detailed information. Management staff are role models with implementing the quality awareness.
- Preventing mistakes has priority over eliminating mistakes  
Eliminating mistakes is not sufficient! It is important to find the potential sources of mistakes and get rid of them preventatively and in the long run.
- Improving the quality is a permanent duty  
The initiative of every single employee to permanently improve the processes, method and environment of work is an important contribution to personal success and satisfaction and secures our top position in the market.
- Incorporating interested parties in our management system  
The expectations of interested parties are incorporated in our business processes and are an integral part of our management system.

We bind our suppliers to our demands on quality. We support them with the realization of our common objectives on quality in a fair and open partnership.

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**4. Environmental policy**

The KTR-Group is committed to responsible and sustainable business practices, whereby our full environmental impact is considered, taking into account the aspects that are essential to us according to the double materiality analysis.

The KTR-Group is therefore committed to the following:

**Principles of environmental management**

- The impact on the environment is minimised as far as possible and environmental protection always takes priority.
- Our certified environmental management system in accordance with ISO 14001 is maintained and continuously improved.
- The necessary financial and human resources and information are made available.
- We are committed to complying with all environmental laws and regulations relevant to the Group as a minimum and to designing our internal rules of conduct, guidelines and standards accordingly.
- Together with business partners, suppliers, service providers, trading partners and recycling companies, the environmental compatibility of the products and the production sites must be subjected to a continuous improvement process.
- Open and clear information to the public and dialogue with our stakeholders are a matter of course. Cooperation with politicians and authorities is based on an action-orientated and trusting attitude and includes emergency preparedness.
- All employees are informed about environmental protection in accordance with their area of responsibility. They are obliged to implement these principles and to fulfil the legal and official requirements within the scope of their respective tasks.

**Energy consumption and greenhouse gas emissions**

- We reduce material and energy consumption and our ecological footprint through the targeted optimisation of material use, energy efficiency and the use of innovative technologies.
- We are continually replacing fossil fuels with renewable energy sources, thereby reducing our dependence on fossil fuels and continuously cutting CO<sub>2</sub> emissions.
- We draw up a carbon footprint and develop specific targets for the Group and the supply chain (Scope 1-3).

**Air pollution and noise pollution**

- We are continuously working on reducing air pollution and minimising the noise generated on the company premises.

**Water management**

- We monitor water consumption at all production sites and invest in processes that enable efficient water recycling.
- We minimise water pollution and water consumption and use recycling and recirculation wherever possible.

**Biodiversity and use of land and soil**

- We minimise our land and soil use and avoid sealing areas unless it is absolutely necessary for our business activities.
- We examine our negative impact on biodiversity and minimise it by supporting and developing specific projects.

**Chemicals and (hazardous) waste**

- We only use chemicals when absolutely necessary and regularly check their substitutability with more environmentally friendly alternatives.
- All employees who handle chemicals and hazardous waste are trained in safe and environmentally friendly handling in accordance with their areas of responsibility.
- Clear targets for reducing the volume of waste are a central component of our environmental protection strategy, which we already take into account during product development and in all subsequent processes.

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**Use of materials, resource management and circular economy**

- Natural resources are limited, which is why we focus on the sustainable use of energy, raw materials and materials.
- We use innovative technology to reduce energy and material consumption throughout the entire product life cycle.
- Whenever possible, we use recycled raw materials and materials and continuously check whether it is possible to substitute primary materials.
- We pay attention to the recyclability of our products and set ourselves continuous improvement targets.

**Product life cycle (design, procurement, manufacture, use, end of life)**

- In product development and manufacturing, we pay attention to reducing the use of resources required for product use, extending product life, reducing waste and minimising emissions.
- We analyse the environmental impact of our products and try to reduce it.
- Our innovation process integrates environmental aspects by increasing the proportion of recyclable materials and ensuring compliance with regulations on the registration, evaluation, authorisation and restriction of the use of chemicals (REACH) and the restriction of the use of hazardous substances (RoHS).
- We are focussing on lightweight construction in order to save material and at the same time ensure a high power density. Our aim is to reduce the use of materials without compromising the size or efficiency of the products.
- We optimise primary packaging to reduce dimensions and weight or to simplify material composition and avoid greenhouse gas emissions.
- We enable the reprocessing of certain products and pay attention to the recyclability of our products at the end of their life.
- We provide our customers with information on efficient use, storage and maintenance to extend the life of our products.

**Customer health and safety**

- Our products fulfil the highest safety and quality standards in order to strengthen customer confidence and secure it in the long term.
- For the KTR-Group, high quality means fulfilling customer requirements in terms of functionality, reliability and application safety in the best possible way. The central Quality department is responsible for ensuring that suitable framework conditions promote a culture of quality throughout the company and that all employees act in a quality-conscious and responsible manner.

**Environmental services and representation of interests**

- We promote our employees' sense of responsibility and environmental awareness for the environment.
- As part of our core business, we contribute to the nationwide expansion of renewable energies with products for the wind industry that help end customers reduce their ecological footprint.

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**5. Occupational health and safety policy**

The KTR-Group is committed to protecting the health and safety of employees in all areas. The progress of the objectives listed below is recorded in an annual safety report, which is submitted to the management.

Our strategic goals are:

- Accident prevention: minimisation of occupational accidents and injuries
- Health protection: protection against harmful influences in the workplace
- Legal certainty: compliance with legal and regulatory requirements
- Risk minimisation: identification and reduction of work-related sources of danger
- Safety culture: promoting safety awareness among all employees

The KTR-Group is therefore committed to the following:

**Principles of occupational health and safety**

- The health and safety of our employees is always our top priority. A broad-based occupational health and safety organisation ensures that safe working practices are maintained at all times.
- Health and safety risks must be eliminated at every workplace in order to prevent accidents and adverse health effects that could result from day-to-day work.
- To promote the long-term and sustainable health of our employees, we have set up a company health management system. This strengthens the foundation of our economic activities and increases the quality of life of our workforce.
- The necessary financial and human resources and information are made available.
- We are committed to complying with all laws and regulations on occupational health and safety relevant to the Group and to designing our internal rules of conduct, guidelines and standards accordingly.
- We expect business partners, suppliers, service providers and trading partners to comply with the laws and regulations on occupational health and safety in order to avoid health hazards in our working environment. This is taken into account when selecting and working with partner companies.
- We involve our employees in the organisation of their workplaces, their working environment and their work processes. Our goal is the continuous improvement of occupational health and safety.

**Organisation of occupational safety**

- Fire protection officers, safety officers and occupational safety specialists are appointed.
- Regular health and safety committee meetings and internal departmental health and safety meetings are held in which those responsible discuss current issues and drive forward the implementation of measures.
- Processes for compliance with defined rules and procedures help to minimise risks and maintain the safety culture and are constantly being improved.
- Accidents and near-incidents are systematically recorded and analysed using a reporting system and measures are derived to prevent future incidents.
- Regular internal and external audits and inspections are carried out to check compliance with safety regulations and initiate continuous improvements.

**Preventive measures**

- All work areas are regularly checked for safety risks as part of risk analyses and hazard assessments, and appropriate measures are taken to minimise hazards.
- The selection and provision of necessary work and operating equipment is based on the state of the art and is subject to an approval process.
- Regular training of our staff helps them to assess the work situation professionally and promotes the development of a sustainable safety culture.
- Compliance with safety regulations is required of both our employees and the employees of external companies. We ensure this compliance through advice, monitoring, induction programmes for new employees and risk assessments of work processes.

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**Acting responsibly**

- Managers are obliged to act responsibly and in an exemplary manner in terms of occupational health and safety and to support their employees.
- Our employees must take personal responsibility for health and safety at work by carrying out their work in a safety-conscious manner.
- They are obliged to observe safety regulations, report potential hazards and use personal protective equipment correctly.

**Workplace design and personal protective equipment**

- Workplaces are ergonomically designed to prevent health problems.
- High levels of physical strain in the industrial sector are avoided by providing individualised lifting equipment.
- All employees in the industrial sector are equipped with the necessary personal protective equipment and machines are regularly serviced to prevent accidents.

**Fire protection, emergency management and first aid**

- In all work areas, employees are regularly trained as first aiders, fire safety assistants and evacuation assistants.
- Emergency plans for fires, evacuations and medical emergencies are drawn up for each building and work area. Employees are regularly trained in correct behaviour.
- First aid facilities, fire extinguishers and defibrillators are provided throughout the site.
- We ensure that the necessary measures are taken to comply with legal regulations on fire safety and that expert assessments are carried out in the event of changes or adjustments to consolidate decisions in the long term.

**Training and further education**

- Clear and concise instructions and information are provided to ensure that all employees can carry out their tasks in a safe manner.
- To ensure that our staff are professionally supervised, all health and safety officers receive high-quality training and regular training that is aligned with the state of the art. All employees receive regular training in relevant occupational health and safety topics.
- New employees receive comprehensive safety training before starting work.
- Specific training is provided for hazardous work, such as handling hazardous substances, machinery, working with lifting equipment or working at great heights.

**Compliance with regulations and instruction of external companies**

- Compliance with safety regulations is required of both our employees and the employees of external companies. We ensure this compliance through consultation, monitoring, induction programmes for new employees and risk assessments of work processes.

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**6. Policy for human rights and sustainable procurement**

It is important for the KTR-Group to work with suppliers, subcontractors, service providers and other business partners (hereinafter referred to as suppliers) who respect human rights and actively work to minimise the negative environmental or social impacts of their business activities. We strictly reject raw materials, materials and (preliminary) products that are obtained under conditions that violate human rights (e.g. forced labour) or illegally interfere with nature (e.g. deforestation).

The following principles apply when selecting suppliers for the KTR-Group:

**I. Social and corporate governance practices**

**Respect for human rights and fair working conditions**

- Social and corporate governance practices are taken into account in our purchasing process.
- Our suppliers are obliged to comply with our Code of Conduct or an equivalent or higher standard and must confirm and ensure compliance with the KTR-Group.
- The Code of Conduct specifies minimum standards on the following topics: integrity and compliance, health and safety, remuneration and working hours, respect for human rights, environment, energy and climate protection, handling of conflict minerals, supply chain, consumer interests.
- Violations of the Code of Conduct can be reported to the KTR-Group. Reports are handled and investigated in accordance with legal requirements and, if necessary, follow-up measures are initiated.
- In an annual risk analysis, we analyse whether suppliers have an increased risk of human rights violations or environmental damage. If necessary, further measures are introduced to minimise risks.

**Sustainable material and raw material procurement and traceability**

- When selecting raw materials and supplies, we consider not only price, quality and availability, but also conflict-free extraction/production, particularly with regard to conflict minerals.
- The traceability and sustainable procurement of raw materials are essential for us; suppliers must ensure that the conflict minerals they use or sell are conflict-free and provide information on sources of supply.

**II. Environmental practices**

**Energy efficiency, renewable energy and emission reduction**

- We are committed to promoting renewable energy and reducing energy consumption in our supply chain and expect our suppliers to do the same.
- Reducing greenhouse gas emissions is one of our key objectives. The ecological footprint is therefore also taken into account when selecting raw materials and materials.
- We prioritise suppliers who are able to record and report their greenhouse gas emissions and define specific reduction targets.

**Waste minimisation and circular economy**

- We favour raw materials, materials and (preliminary) products made from renewable/recycled raw materials or with a high proportion of them.
- Our suppliers should minimise waste volumes within their own value chain.

**Sustainable material and raw material procurement and traceability**

- Our suppliers must ensure compliance with laws and regulations for certain raw materials, materials and ingredients that are regulated by law and provide information on request.
- Our suppliers must ensure transparency and traceability along their supply chains and provide us with information on compliance with our due diligence and regulatory reporting obligations.

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