

Report on the LkSG (Supply Chain Due Diligence Act)

Reporting period from 01.01.2024 to 31.03.2024

Name of the organisation: ARRK Engineering GmbH

Address: Frankfurter Ring 160, 80807 Munich

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A. Strategy & anchoring

A1. Monitoring of risk management & responsibility of the management

What responsibilities were defined for monitoring risk management during the reporting period?

ARRK Engineering GmbH has appointed a Human Rights Officer within the meaning of Section 4 (3) LkSG as of 1 January 2024:

Name of the Human Rights Officer: Patrick Schianchi Function:

Compliance Officer

A. Strategy & anchoring

A1. Monitoring of risk management & responsibility of the management

Has the management established a reporting process that ensures that it is regularly - at least once a year - informed about the work of the person responsible for monitoring risk management?

It is confirmed that the management has established a reporting process that ensures that it is informed regularly - at least once a year - about the work of the person responsible for monitoring risk management within the meaning of Section 4 (3) LkSG.

- Confirmed

Describe the process that ensures reporting to management at least once a year or regularly with regard to risk management.

Reporting on the work of the person responsible for monitoring risk management takes place regularly (several times a year) via the Risk Management and Compliance Coordination Group ("RICKO Team"), which is also attended by a representative of the Management Board. In addition, ad hoc issues or relevant risks are reported directly to the Management Board by the Human Rights Officer.

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

Is there a policy statement that has been prepared or updated on the basis of the risk analysis carried out during the reporting period?

The policy statement has been uploaded

https://engineering.arrk.com/_Resources/Persistent/8/a/8/9/8a89f7d65b3ec8f3a8ad5052b149bb24c6c8211e/Grundsatzerklaerung%20zur%20Achtung%20der%20Menschenrechte%20und%20Umwelt_270324.pdf

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

Has the policy statement for the reporting period been communicated?

It is confirmed that the policy statement has been communicated to employees, the works council if applicable, the public and the direct suppliers where a risk was identified in the risk analysis.

- Confirmed

Please describe how the policy statement was communicated to the relevant target groups.

The declaration of principles was published for the first time on 27 March 2024 and is available to employees, the Works Council, the public and direct suppliers on the company website in German and English.

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

What elements does the policy statement contain?

- Establishment of a risk management system
- Annual risk analysis
- Establishment of preventive measures in the company's own business area, with direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Corrective measures in own business area, at direct suppliers and, if applicable, indirect suppliers and their effectiveness review
- Provision of a complaints procedure in the company's own business area, with suppliers and review of its effectiveness
- Documentation and reporting obligations
- Description of the prioritised risks identified
- Description of human rights-related and environmental expectations of own employees and suppliers

A. Strategy & anchoring

A2. Policy statement on the human rights strategy

Description of possible updates during the reporting period and the reasons for them.

An update was not carried out as there was no significant change or significant increase in the risk situation in the company's own business area or at a direct supplier.

A. Strategy & Anchoring

A3. Anchoring the human rights strategy within your own organisation

In which relevant departments/business processes was the anchoring of the human rights strategy ensured during the reporting period?

- Personnel/HR
- Environmental management
- Occupational safety & occupational health management
- Communication / Corporate Affairs
- Research & Development
- Purchasing/Procurement
- Supplier management
- CSR/Sustainability
- Legal/Compliance
- Quality management
- Business Development
- IT / Digital infrastructure

Describe how responsibility for implementing the strategy is distributed within the various departments/business processes.

Overall responsibility: Compliance Officer

Within the compliance management system, responsibilities are allocated according to the compliance fields within the risk management and compliance coordination group ("RICKO team") and coordinated and monitored by the respective compliance officer.

Describe how the strategy is integrated into operational processes and procedures.

The strategy has been rolled out to all employees through the compliance management system, including the focal points based on human and environmental rights (Code of Conduct, Declaration of Principles on Respect for Human Rights and the Environment in accordance with Section 6 (2) of the German Supply Chain Duties Act ("LkSG")). In addition, the Human Rights Officer / Compliance Officer liaises closely with the departments relevant to the risk analysis (HR, Purchasing, Environmental Management) and within the Risk Management and Compliance Coordination Group ("RICKO Team"). In addition, regular training of managers ensures that the strategy is integrated into operational processes and procedures.

Describe which resources and expertise are provided for implementation.

Various financial, human and material resources are made available by the company.

The Risk Management and Compliance Coordination Group ("RICKO") is made up of a very large pool of expertise with many years of professional experience from the Legal, Human Resources, Environmental Management, Occupational Health and Safety and Sustainability departments.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Was a regular (annual) risk analysis carried out during the reporting period to identify, weight and prioritise human rights and environmental risks?

- Yes, for your own business area
- Yes, for direct suppliers

Describe the period in which the annual risk analysis was carried out.

01.01.2024-31.03.2024

Describe the risk analysis procedure.

Own business division:

A separate quantitative score was calculated for the risk analysis of our own business division for an initial assessment. This is based on existing, recognised country indices, analogous to the assessment in purchasing. The result is a separate human rights and environmental index. A uniform colour scale enables a quick risk assessment by country and location. The detailed qualitative assessment of the individual locations was then carried out by experts within the company. Firstly, the legal situation in the individual countries was assessed. The human rights situation in each country was then assessed using various sources. For the final overall assessment, the company's (preventive) measures, such as guidelines, control processes, training or management systems, were also taken into account."

Direct suppliers:

The risk analysis was preceded by a comprehensive review of the business relationships. The suppliers that exceeded the relevant purchasing value were then subjected to an abstract risk assessment based on a country, sector and product evaluation. This was combined to produce a critical traffic light assessment in the categories green, amber and red. All suppliers not rated green were then subjected to a concrete risk assessment, which in turn led to an examination of the appropriateness criteria including a corresponding weighting in the event of any anomalies. The individual results as a whole led to a final assessment, a possible prioritisation and the conclusion regarding necessary measures. Based on the results, further prioritisation and the introduction of specific measures beyond the existing processes and regulations were not necessary.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Were event-driven risk analyses also carried out during the reporting period?

- No

Give reasons for your answer.

There were no relevant incidents or significant changes in business activities in the reporting period that led to an event-driven risk analysis.

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(s) in your own business area?

- None

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Results of the risk assessment

What risks were identified in the risk analysis(s) for direct suppliers?

- None

B. Risk analysis and preventive measures

B1. Implementation, procedure and results of the risk analysis

Were the risks identified in the reporting period weighted and, if applicable, prioritised and, if so, on the basis of which appropriateness criteria?

- Yes, based on the expected severity of the injury in terms of degree, number of people affected and irreversibility
- Yes, on the basis of your own influence
- Yes, based on the probability of occurrence
- Yes, based on the nature and scope of own business activities
- Yes, based on the type of contribution to causation

Describe in more detail how the weighting and prioritisation process was carried out and what considerations were made.

Following a comprehensive risk analysis, consisting of an abstract and concrete risk assessment, a review of the appropriateness criteria was carried out for potential anomalies, both for the company's own business area and its direct suppliers. The expected severity of the breach was analysed according to degree, number of people affected and irreversibility, basis of the company's ability to influence, probability of occurrence, type and scope of the company's own business activities, type of contribution to causation, including a corresponding weighting. The totality of the individual results of the appropriateness criteria leads to the final assessment and prioritisation and the conclusion of potentially necessary measures. Based on the results, further prioritisation was no longer necessary, either in the company's own business area or with its direct suppliers.

B. Risk analysis and preventive measures

B2. Preventive measures in own business area

Which risks were prioritised in your own business area during the reporting period?

- None

If no risks have been selected, give reasons for your answer.

No specific risks were identified in the annual risk analysis for the company's own business division, so no further prioritisation was necessary.

B. Risk analysis and preventive measures

B2. Preventive measures in own business area

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks in your own business area?

- Carrying out training courses in relevant business areas
- Implementation of risk-based control measures

Carrying out training courses in relevant business areas

Describe the measures implemented and, in particular, specify the scope (e.g. number, coverage/area of application).

Although no priority risks were identified in the company's own business area, extensive preventative measures have been implemented within the company. For example, training was provided in the areas of occupational health and safety (e.g. first aid, mental stress), discrimination/anti-harassment and general training for managers in labour law.

Describe the extent to which training to prevent and minimise the priority risks is appropriate and effective.

n/a - as no prioritised risks

Implementation of risk-based control measures

Describe the measures implemented and, in particular, specify the scope (e.g. number, coverage/area of application).

A certified occupational health and safety management system in accordance with ISO 45001 has been established throughout the company. Control measures, such as the recording of key figures, are part of the management system in order to minimise risks in the area of occupational health and safety.

Describe the extent to which the measures to prevent and minimise the priority risks are appropriate and effective.

n/a - as no prioritised risks

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

Which risks were prioritised for direct suppliers during the reporting period?

- None

If no risks have been selected, give reasons for your answer.

Due to the lack of concrete risks as a result of the risk analysis, further prioritisation was not necessary.

B. Risk analysis and preventive measures

B3. Preventive measures for direct suppliers

What preventive measures were implemented for the reporting period to prevent and minimise the priority risks at direct suppliers?

- Development and implementation of suitable procurement strategies and purchasing practices
- Integration of expectations into the supplier selection process
- Obtaining contractual assurance for compliance and realisation of expectations along the supply chain
- Training and further education to enforce the contractual assurance

Category: Procurement strategy & purchasing practices

selected:

- Development and implementation of suitable procurement strategies and purchasing practices

Describe the measures implemented and the extent to which the definition of delivery times, purchase prices or the duration of contractual relationships have been adjusted.

In order to positively influence procedures in the area of purchasing with regard to risk minimisation, the procurement strategy and purchasing practices are expanded to include the relevant topics relating to supplier selection with the help of a guideline and training for employees in the relevant area. No further adjustment of the given delivery times, purchase prices or duration of contractual relationships was necessary.

Describe the extent to which adjustments to your own procurement strategy and purchasing practices should contribute to the prevention and minimisation of priority risks.

A predefined evaluation scheme enables a detailed review of existing and new suppliers with regard to potential risk. Several successive process steps, each of which is easy to understand, make it possible to carry out an in-depth analysis and ultimately make a simple and clear decision. This procedure enables us to take measures against potential risks at an early stage and to exclude co-operation with risky suppliers in good time.

Other categories:

selected:

- Integration of expectations into the supplier selection process
- Obtaining contractual assurance for compliance and realisation of expectations along the supply chain

- Training and further education to enforce the contractual assurance

Describe the extent to which the measures to prevent and minimise the priority risks are appropriate and effective.

The "Compliance and Sustainability Commitment for Suppliers", which is already included as standard in the supplier process, ensures comprehensive regulation of the framework conditions to be observed by our suppliers. This obligation not only includes passing on the principles to the upstream supply chain and checking their implementation, but also a precise control option for monitoring compliance. Suppliers are informed of the possible consequences of non-compliance, including the potential termination of the supplier relationship. If suppliers have any questions regarding the implementation of the obligations and principles, these can be clarified in consultation with the relevant internal departments. Internal process-relevant persons are trained in the content of the "Compliance and Sustainability Commitment for Suppliers" and the corresponding implementation options.

B. Risk analysis and preventive measures

B5. Communication of the results

Were the results of the risk analysis(es) for the reporting period communicated internally to relevant decision-makers?

It is confirmed that the results of the risk analysis(es) for the reporting period were communicated internally to the relevant decision-makers, such as the Executive Board, the management or the purchasing department, in accordance with Section 5 (3) LkSG.

- Confirmed

B. Risk analysis and preventive measures

B6. Changes to the risk disposition

What changes have occurred with regard to priority risks compared to the previous reporting period?

There is no previous reporting period.

C. Identification of violations and corrective measures

C1. Identification of violations and corrective measures in own business area

Were any violations identified in your own business area during the reporting period?

- No

Describe which procedures can be used to detect violations in your own business area.

In order to ensure respect for human and environmental rights and to guarantee equivalent corporate standards, we have established the following measures in the company in particular, irrespective of the results of our risk analysis, in order to identify violations in our own business area: Complaints procedure, trained managers, works council, regular town hall meetings, HR control processes, certified occupational health and safety management system and environmental management system.

C. Identification of violations and corrective measures

C2. Identification of violations and corrective actions at direct suppliers

Were any violations identified at direct suppliers during the reporting period?

- No

Describe the procedures that can be used to detect violations at direct suppliers.

In order to identify potential violations at direct suppliers, the risk analysis and assessment of the relevant suppliers was carried out in the reporting period. In addition to the regular review, an ad hoc review is carried out if there are indications of a breach of these obligations by suppliers. The complaints procedure that has been set up allows both internal and external parties to report violations. The purchasing department has been sensitised to how to deal with these reports. This sensitisation ensures critical media monitoring of incidents at the company's own direct suppliers. In the event of corresponding indications of violations, supplier questionnaires, requests for evidence of compliance with the specifications and supplier audits to establish a violation beyond doubt and remedy it would be practical measures.

C. Identification of violations and corrective measures

C3. Identification of violations and corrective actions for indirect suppliers

Were any violations identified at indirect suppliers during the reporting period?

- No

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

In what form was a complaints procedure offered for the reporting period?

- In-house complaints procedure

Describe the company's own process and/or the process in which your company participates.

ARRK Engineering GmbH has set up an online reporting system to give its employees and external persons the opportunity to submit information or complaints in connection with non-compliance with laws within the company or in the supply chain. It is possible to report suspected cases anonymously. It is not necessary to provide personal data (e.g. contact details). The Compliance Officer is responsible for processing all reports that fall within the scope of these rules of procedure. Once the report has been received, it will be checked whether a complaint relates to possible compliance violations or to violations or risks relating to human rights or environmental obligations. If there is an initial suspicion of a compliance violation or a human rights or environmental risk, a further investigation of the reported matter is initiated. If the facts are confirmed in the course of the procedure, appropriate measures are initiated to remedy the misconduct identified and to prevent corresponding risks.

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

Which potentially involved parties have access to the complaints procedure?

- Own employees
- Communities in the vicinity of own locations
- Employees at suppliers
- External stakeholders such as NGOs, trade unions, etc

How is access to the complaints procedure ensured for the various groups of potentially involved parties?

- Publicly accessible rules of procedure in text form
- Information on accessibility
- Information on responsibility
- Information on the process
- All information is clear and understandable
- All information is publicly accessible

Publicly accessible rules of procedure in text form Optional:

Describe.

-

Information on accessibility Optional:

Describe.

-

Information on responsibility

Optional: Describe.

-

Information on the process

Optional: Describe.

-

All information is clear and understandable

Optional: Describe.

-

All information is publicly accessible **Optional: Describe.**

-

D. Complaints procedure

D1. Establishment of or participation in a complaints procedure

Were the rules of procedure for the reporting period publicly available?

File has been uploaded

The Rules of Procedure:

https://engineering.ark.com/_Resources/Persistent/0/b/0/6/0b06ba476616895f66bbebac26d137e8d94d3ea3/Verfahrensordnung%20ARRK%20Online-Meldeverfahren%20Version%201.1_01.01.2024.pdf

D. Complaints procedure

D2. Requirements for the complaints procedure

Indicate the person(s) responsible for the procedure and their function(s).

The Compliance Officer of ARRK Engineering GmbH is responsible for the proper implementation of the complaints procedure.

It is confirmed that the criteria contained in Section 8 (3) LkSG are met for the responsible parties, i.e. that they offer a guarantee of impartiality, are independent and not bound by instructions and are obliged to maintain confidentiality

- Confirmed

D. Complaints procedure

D2. Requirements for the complaints procedure

It is confirmed that precautions were taken during the reporting period to protect those potentially involved from being disadvantaged or penalised as a result of a complaint.

- Confirmed

Describe what precautions have been taken, in particular how the complaints procedure ensures the confidentiality of the identity of whistleblowers.

The identity of the whistleblower enjoys special protection. The number of employees involved in the processing of complaints is limited to what is necessary. All persons involved in the processing are obliged to maintain confidentiality.

All information is processed in accordance with the principle of confidentiality. The identity of the whistleblower is only used internally to the extent necessary on the basis of the need-to-know principle. It is possible to submit complaints anonymously.

Describe what precautions have been taken, in particular what other measures are in place to protect whistleblowers.

Reprisals against whistleblowers are strictly prohibited. The prohibition also includes the threat and attempt of reprisals. Employees who are involved in the processing of reports are instructed to avoid actual or imminent conflicts of interest or to report them immediately.

D. Complaints procedure

D3. Implementation of the complaints procedure

Did you receive any information about the complaints procedure during the reporting period?

- No

E. Review of risk management

Is there a process in place to review the appropriateness and effectiveness of risk management across the board?

In which of the following areas of risk management is the appropriateness and effectiveness checked?

- Resources & Expertise
- Risk analysis and prioritisation process
- Preventive measures
- Remedial measures
- Complaints procedure
- Documentation

Describe how this audit is carried out for the respective area and what results it has led to, in particular with regard to the prioritised risks.

The various areas of our internal risk management are subject to regular controls to assess their effectiveness and appropriateness. The results are documented and actively integrated into the further development of processes and measures to ensure that the protected legal positions of the various interest groups are appropriately taken into account.

E. Review of risk management

Are there processes or measures in place to ensure that the interests of your employees, the employees within your supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of your company or by the economic activities of a company in your supply chains are adequately taken into account in the establishment and implementation of risk management?

In which areas of risk management do processes or measures exist to take into account the interests of those potentially affected?

- Resources & Expertise
- Preventive measures
- Remedial measures
- Complaints procedure

Describe the processes and measures for the respective area of risk management.

Resources and expertise:

Regular training courses are organised for employees, particularly for the specialists and managers concerned. These training sessions cover relevant laws and regulations as well as how to deal with sensitive issues.

Preventive measures:

The established control measures, such as in occupational health and safety or purchasing, are regularly reviewed. In addition, the results of the annual employee survey and the requirements of stakeholders, such as customers, are taken into account when assessing the interests of potentially affected parties. There is also a regular dialogue with the works council on a variety of social and ethical issues.

Remedial measures:

The effectiveness of the remedial measures is reviewed regularly and as required and updated if necessary. This is carried out by the Risk Management and Compliance Coordination Group ("RICKO Team") and, for certain topics, also by involving the Works Council.

Complaints procedure:

The effectiveness of the complaints procedure is reviewed once a year and on an ad hoc basis. The Works Council was involved in the introduction of the procedure to ensure that the interests of potentially affected employees are fully taken into account.

