

Policy statement by RATIONAL AG on due diligence in the supply chain

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Commitment to protecting human rights and the environment

As an international company with more than 30 subsidiaries worldwide, RATIONAL is aware of its responsibility for all of its employees and the company.

In its business activities, RATIONAL always strives to neither cause human rights violations or harmful effects on the environment directly, nor to contribute indirectly to them. In doing so, RATIONAL complies with internationally applicable human rights and environmental standards that are written down in Divisions 2 and 3 of the German Supply Chain Due Diligence Act.

We are committed uncompromisingly to respecting human rights and sustainable fair and environmentally friendly business practices. This self-image is an integral part of the corporate culture at RATIONAL and is firmly established in our RATIONAL Code of Conduct. Our sustainability strategy is explicitly about promoting people in their diversity and recognising our corporate responsibility in doing so. This policy statement reflects this self-image and its strategic implementation.

Implementation of due diligence obligations

Risk management and risk analysis

Exercising due care with regard to human rights and environmental protection is an ongoing process. RATIONAL adopts a risk-based approach in this process, which is why it regularly conducts analyses of its business activities and its business relationships. This procedure – carried out in a multi-stage process with abstract and concrete risk analysis – forms the basis for identifying human rights and environmental risks and appropriate preventive and remedial measures. RATIONAL regularly, but at least once a year, reviews human rights and environmental risks in its own business area and within the supply chain as part of the risk management process. In addition, ad hoc risks are reviewed whenever there are indications (“substantiated knowledge”) of an elevated risk of violation – if necessary, also in relation to indirect suppliers. The risk analysis takes account of self-assessments by suppliers, process audits at suppliers with explicit questions on human rights and environmental aspects as well as compliance audits conducted by an independent service provider. Findings from the materiality analysis in line with the Corporate Sustainability Directive are also included in the risk analysis. Another key aspect is the continuous supplier dialogue that accompanies the entire risk analysis process. The risk analysis process is supported by special software that reflects country and sector-specific risk indicators, for example, and promotes dialogue with suppliers.

Results of the risk assessment

RATIONAL carried out a risk analysis in the field of human rights in 2024. Once again, no violations were identified in its own business area. The existing Code of Conduct provides a binding framework for all managers and employees with regard to observing and promoting human rights. This also applies to countries with particular risks regarding forced labour or restrictions on freedom of association in which RATIONAL has subsidiaries or operating sites.

Within an abstract analysis of the supply chain, certain countries with an elevated risk were identified. The specific risk analyses carried out didn't show any particular net risks to an extent

that would have required further preventive or remedial measures to reduce risk beyond the existing processes. It was therefore not necessary to prioritize further analyses or measures.

Preventive and remedial measures

If special risks or a human rights or environmental violation are detected, we immediately take preventive and remedial measures. Depending on the severity of the violation, these measures can extend as far as terminating business relationships.

Reviewing the effectiveness of the measures is the responsibility of the human rights officer at RATIONAL AG and takes place at least once a year. The human rights officer prepares a corresponding report for the Management Board.

In our own business area

Our values and expectations are defined in our RATIONAL Corporate Philosophy and the RATIONAL Code of Conduct and are binding. The RATIONAL Compliance Programme obligates managers and employees at all levels to observe, accept and promote the agreed values. These principles are only lived and put into practice when they are communicated to all employees and the latter receive regular training. To that end, RATIONAL has implemented a corresponding and compulsory training programme. The auditing of our business units by the Internal Audit function is also used for that purpose, to raise awareness among managers and employees to identify any deviations early on and initiate necessary remedial measures. If a violation of a human rights or environmental obligation is found, the human rights officer must be informed immediately. Measures will be initiated straight away to bring the violation to an end.

Within the supply chain

RATIONAL has formulated its expectations of suppliers in a Supplier Code of Conduct. RATIONAL expressly requests suppliers and subcontractors to comply with the values and regulations contained in these principles. The obligation of our suppliers and subcontractors to comply with the Code of Conduct or a comparable code of conduct is a prerequisite for entering into a business relationship with them. In addition, and risk-based, we conclude an agreement with our series suppliers on ethical conduct in business transactions, which supplements the Supplier Code of Conduct.

Suppliers of series products are obligated to name the production facilities at which products for RATIONAL AG are manufactured. Raising awareness and obligating contractual partners makes an important contribution to a continuous improvement in observing human rights and protecting the environment along the entire supply chain. The employees in Purchasing department at RATIONAL are instructed and trained accordingly for this purpose. Reviewing compliance with the agreements made is part of on-site audits (process- and compliance-audits), which are carried out both by our own employees and by service providers with the relevant expertise. In the process-audit mandatory questions are included that focus on occupational health and safety. If a violation of a human rights or environmental obligation at a direct supplier is identified, the human rights officer must be informed immediately, and measures initiated to bring the violation to an end. If it is not possible to bring the violation to

an end immediately, a concept to end or minimise the violation will be drawn up and the Head of Purchasing department will be responsible for its implementation. Improving the situation is always preferable to terminating the business relationship.

If indications (“substantiated knowledge”) of a violation of human rights or environmental obligations arise for indirect suppliers, they must be included in the risk analysis and, if necessary, further measures must be initiated, as described above.

Complaints procedure

RATIONAL practises a zero-tolerance policy when it comes to unethical conduct in business life. Whenever RATIONAL learns of a violation of the values of the RATIONAL Code of Conduct, the Supplier Code of Conduct or this policy statement, we will take measures to correct the violation and prevent future occurrences. In the case of violations in the supply chain, we will agree the measures in partnership with the affected suppliers. In our own business area, we will involve the necessary managers.

Violations can be reported anonymously via a complaints management system. That rules out any discrimination against whistleblowers in connection with the complaints they have submitted. The complaints procedure enables individuals or groups, who are affected by a negative impact on human rights or feel threatened by it, and their representatives to voice their concerns. It is available around the clock. A potentially negative impact can thus be identified at an early stage and measures taken to prevent violations, avoid them in the future and remedy the situation.

Responsibilities, monitoring and reporting

The Management Board of RATIONAL AG is responsible for implementing and complying with the “Policy statement on due diligence in the supply chain”. RATIONAL has appointed a Human Rights Officer to monitor the measures for compliance with and implementation of the due diligence obligations. In this role, this person is not bound by instructions and informs the Management Board regularly on his/her work and the current risk situation. The process is also supported by the Chief Compliance Officer and in close cooperation with those responsible for other relevant areas. Risk management is reviewed regularly by internal control mechanisms and external auditors.

The results of the risk analysis, complaints, and preventive and remedial measures carried out are documented. Based on this documentation, RATIONAL annually presents a report to the Federal Office for Economic Affairs and Export Control (BAFA) on the fulfilment of its human rights due diligence obligations.

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