



Policy statement

to respect human rights and environment-related obligations according to the
Act on Corporate Due Diligence Obligations in Supply Chains
(Lieferkettensorgfaltspflichtengesetz, "LkSG")



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1. Foreword by the Executive Board

With the statement “Protecting Freedom – no compromise” we express the fundamental understanding of our entrepreneurial thinking and actions. With our products, we contribute to securing freedom and democracy, strictly complying with the law and living ethical standards and values. These standards and values include, in particular, the preservation of human rights and environmental protection measures. We must always demand this claim both within the Heckler & Koch Group and along the supply chain. A key component in meeting this requirement is compliance with the due diligence obligations with regard to the Supply Chain Due Diligence Act (“LkSG”).

With this declaration of principles, we commit ourselves to respecting, protecting and upholding the human rights of the individual.

Based on our principles, we will not, under any circumstances, tolerate violations of the following prohibitions in our own business or by suppliers:

1. Prohibition of child labor and forced labor
2. Prohibition of slavery and discrimination
3. Prohibition of failure to comply with occupational health and safety obligations
4. Prohibition of disregard for freedom of association and the right to collective bargaining
5. Prohibition of withholding adequate wages
6. Prohibition of non-compliance with maximum working hours
7. Prohibition of failure to comply with the protection of personal data
8. Prohibition of causing environmental damage and handling waste in an environmentally harmful manner
9. Prohibition of the employment of security forces who do not respect human rights

This policy statement is binding and must be adhered to without restriction by all employees in the domestic and foreign companies of the Heckler & Koch Group. We also expect our suppliers to respect human rights in every way and to make this the basis of their actions. Compliance with this policy statement and our duty of care under the LkSG is accompanied and supported by appropriate communication measures by the Board of Directors.

We can only make our contribution to securing freedom and democracy if we fulfill our social responsibility and live up to our reputation as a reliable partner and supplier to the armed forces and police forces. This also requires uncompromising compliance with our duty of care. Every single person at Heckler & Koch makes its contribution to this. We would like to thank you for that!

Dr. Jens Bodo Koch
CEO

Andreas Schnautz
CFO

Marco Geißinger
CSO



2. Human rights and environmental expectations

This policy statement reflects the expectations we have of our employees and suppliers. We are convinced that in order to fulfill our social responsibility within our supply chain, the positive cooperation of all parties involved is required. Therefore, both our suppliers and their employees can count on our support in clarifying and correcting possible violations.

Heckler & Koch respects the human rights of its employees and has set itself the goal of exceeding the minimum standards with its working conditions. We expect behaviour from our employees and suppliers that is characterized by openness, trust, transparency, responsibility and appreciation. Heckler & Koch's managers play a key role in this, as they are particularly called upon to bring these values to bear in their everyday management and to set an example for their employees.

We are aware that the production of our products always has an impact on the environment. We therefore always take into account the impact on people, animals and nature in our activities and decisions. To ensure this in the long term, Heckler & Koch set up a sustainability management system at the Oberndorf location in 2021 and set itself the goal of reducing emissions to “net zero” by 2030. The company also promotes ecological sustainability through the use of environmentally friendly technologies, in particular through the economical use of natural resources, and is constantly working to reduce harmful effects on the climate and the environment. We also take this into account by using short transport routes and to choose the vast majority of our suppliers in our region.

Further information about Heckler & Koch's social responsibility can be found in our sustainability report.

3. Implementation of human rights and environmental due diligence obligations

The implementation of the human rights and environmental due diligence obligations of the LkSG is essentially carried out by making adjustments to the existing risk management system described in more detail below. This includes expanding the risk management system, revising the whistleblower reporting system and adapting our training to raise employee awareness of human and environmental rights.

3.1. Determination of responsibilities

The Human Rights Officer is responsible for monitoring the risk management system with regard to human rights and environmental due diligence obligations of the LkSG. This function is located in the compliance department and is exempt from instructions for all tasks associated with the performance of this activity. The relevant areas themselves are responsible for implementing department-specific tasks; this particularly applies to the areas of HR and sustainability as well as the purchase department.



3.2. Carrying out risk analyses

In order to be able to identify potential human and environmental rights risks in our own business area and within our supply chain, risk analyses are carried out in accordance with the LkSG, both annually and on an ad-hoc basis.

3.2.1. Risk analysis in our own business area

In the first step, risks from Heckler & Koch's activities are identified abstractly according to industry and country risks using indices, particularly in connection with human rights and environmental concerns.

Once identified, the risks are assessed based on various criteria. The extent of the potential impact on the rights holders, the extent of the impairment of the persons affected and the irreversibility of the damage caused as well as the probability of the risk occurring are assessed, taking into account the measures that have already been taken. Each of these criteria is rated on a scale of 1-3 (low to high risk).

The combined risk score for each activity in the different human rights and environmental categories is calculated. This includes an assessment of the extent, scope and irreversibility of the impact on the rights holders. Findings from the complaint process are also included in the risk value.

Based on the calculated risk values, significant human rights and environmental issues are identified and prioritized. Finally, the company derives further measures for the group at H&K AG level. These measures aim to prevent future human rights violations and minimize the identified risks.

3.2.2. Supplier risk analysis

In order to identify potential dangers in the supply chain, risk analyzes shall be carried out regarding our direct suppliers. This analysis takes place similar to the analysis of the risk of our own business area. The suppliers are abstractly divided into different risk levels (low, medium, high) based on the categories of country, industry and volume risk. The criteria listed in section 3.2.1 must also be applied here and the results from the supplier self-assessment must be taken into account. If a medium or high risk is identified, more detailed research is carried out to determine the risk and the necessary measures to be taken. This includes, for example, the submission of certifications, the request to present individual processes or prevention measures, the implementation of audits and training courses. All measures aim to prevent, remedy violations and raise suppliers' awareness of human rights and environmental risks.

3.3. Prevention measures

Based on the risk analyses, measures are implemented to appropriately prevent risks relating to the human rights and environmental prohibitions of the LkSG.



3.3.1. Prevention measures in our own business area

The prevention measures in our own business area include, among others:

- Regular communication and information for employees
- Conducting training courses
- Binding nature of the code of ethics and conduct in business life
- Continuous improvement and further development of the Compliance Management System and the Risk Management System
- ISO certifications in relevant safety and environmental areas (e.g. ISO 14001, ISO 45001)

3.3.2. Prevention measures in the supply chain

The supply chain prevention measures include, among others:

- Implementation of a Supplier Code of Conduct with requirements and expectations for suppliers
- Contractual agreement with suppliers to comply with our human rights and environmental expectations
- Training of suppliers in high-risk countries regarding human rights and environmental risks

For HK, responsible procurement of materials and services is an important element for the company's success. All suppliers must respect and comply with internationally recognized human rights. Our direct suppliers are required to comply with our guidelines on human rights and working conditions, to familiarize their employees with them and to include them in the contractual relationship with their upstream suppliers. Compliance should be monitored by the supplier. Our purchasing department checks whether the sustainability standards are being met. When it comes to new suppliers, we pay particular attention to compliance with these requirements.

3.4. Remedial measures

If, despite the measures taken, there is a violation of the rights and legal positions as specified in Section 2 Paragraph 2 and Paragraph 3 LkSG, we will take appropriate measures to remedy or minimize the violation. Exactly which measures are taken depends on the circumstances of each individual case.

3.4.1. Remedial measures in our own business area

Remedies within our own business area must be appropriate and proportionate and has to result in a termination of the violation.

Possible remedial measures could include:

- Instructions from the supervisor and conversation with employees
- Implementation of additional internal regulations
- Raising awareness through workshops and in-depth training
- Labor law measures, such as warnings and termination



3.4.2. Supply chain remedial measures

If a violation or a risk of violation of the rights protected by the LkSG is discovered at one of our suppliers, targeted measures will be taken to remedy the situation. To do this, the responsible employee in purchasing contacts the direct supplier concerned and works with them to develop a plan with corrective measures and implementation deadlines. The implementation of the plan must be monitored if the business relationship continues. Depending on the extent of the legal violation, we reserve the right to demand that our suppliers immediately remedy the situation, take legal action, temporarily suspend the business relationship or, as a last resort, terminate it.

If we have actual indications that suggest that a violation of a human rights or environmental obligation by indirect suppliers appears possible, we will take immediate measures based on the legal and actual options available to us in each individual case to prevent, stop or terminate these violations or to minimize the extent of these violations.

3.5. Effectiveness tests

The Human Rights Officer will conduct an annual independent review to ensure compliance with human rights and environmental rights.

This review includes examining the environmental and human rights risks, the effectiveness of the measures taken to avoid these risks as well as examining the effectiveness of the preventive and remedial measures in accordance with Sections 6 and 7 LkSG and the complaints procedure in accordance with Section 8 LkSG.

3.6. Complaints proceedings

Heckler & Koch has introduced a comprehensive complaints procedure that is fully accessible to everyone. It serves to receive information about human rights and environmental risks, violations of obligations under the LkSG as well as legal and internal requirements (e.g. code of conduct) that were caused by Heckler & Koch.

Any complaint about possible human rights violations and violations of environmental obligations in our own business and supply chain will be treated confidentially and anonymously and dealt with neutrally as part of a standardized process.

For further information we refer to the rules of procedure of our complaints system.

3.7. Documentation and reporting obligations

Our due diligence processes, implemented measures and their effectiveness are documented and summarized in an annual report to the Federal Office of Economics and Export Control (BAFA).



4. Further development of the due diligence processes and the policy statement

To ensure that our commitment to compliance with human rights and environmental rights continues to be effective in the future, we review and revise our due diligence processes regularly, but also on an ad hoc basis, and continually develop them further. This applies in particular to changes in existing business activities and the development of new business areas. In this context, this policy statement will also be examined and revised.

5. Entering into force and scope of the policy statement

This policy statement enters into force on January 1, 2024 and has no retroactive effect. No rights of individuals or third parties can be derived from this.

This policy statement applies to H&K AG and the domestic and foreign companies of the Heckler & Koch Group that are directly or indirectly under the control of H&K AG.

6. Questions and comments about this policy statement

Questions and comments about this policy statement or other human rights-related topics can be directed to the Compliance department by email:

compliance-hotline@heckler-koch-de.com