



# REPORT ON THE LKSG

THE ACT ON CORPORATE DUE DILIGENCE OBLIGATIONS IN SUPPLY CHAINS

Reporting periode from 01.01.2025 to 31.12.2025

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## **A. STRATEGY & INTEGRATION**

### **A1. OVERSIGHT OF RISK MANAGEMENT & RESPONSIBILITY OF MANAGEMENT**

Responsibility for monitoring LkSG risk management lies with the Human Rights Officer. The Compliance Board performs the function of the Human Rights Officer and monitors the internal implementation of due diligence obligations (with respect to the Compliance department, with the exception of the complaints procedure). The Compliance Board consists of employees from the Sustainability, Legal, and Compliance departments, as well as the member of the Board of Management responsible for Governance, Risk and Compliance (GRC) (“CFO”).

The Compliance Board meets regularly at least twice a year, as well as on an ad hoc basis. Meetings are convened by the Compliance Department. The frequency of meetings is governed by the Compliance Organizational Policy, which was adopted by the Board of Management of INDUS Holding AG. The Compliance Board has the right to ask questions and request information from all companies and employees within its own business area.

The participation of the responsible member of the Board of Management in the Compliance Board meetings ensures direct reporting to the CFO. In addition, the Board of Management has established a reporting process that, within the meaning of Section 4(3) of the LkSG, ensures that it and the Supervisory Board are regularly—at least once a year—informed about the work of the persons responsible for monitoring LkSG risk management.

Individual reviews, such as the communication of the complaint system, are conducted as part of the monitoring of the implementation of the Declaration of principles on respecting human rights within the scope of the audits of the Compliance Management System by the Internal Audit Department of INDUS Holding AG.

### **A2. DECLARATION OF PRINCIPLES ON RESPECTING HUMAN RIGHTS**

The Declaration of principles on respecting human rights was first adopted and published by the Board of Management in December 2022. It is available on the INDUS Holding AG website (<https://indus.eu/investors/governance-documents/>, under “Code of Conduct”) in German and English. It was last updated in December 2025 based on the risk analysis conducted during the respective reporting period.

In terms of contents, the Declaration of principles on respecting human rights includes all information required under Section 6 of the LkSG and also contains the access data for the complaint system. Employees within the INDUS Group’s own business areas—and thus also the works councils—were informed via the companies’ established communication channels, such as the intranet, website, notices, or the “bulletin board.”

The Code of Conduct for Suppliers and Subcontractors (CoC) refers to the Declaration of principles on respecting human rights and compliance with it. The CoC is published on the INDUS website in German and

English and is also available in the languages of various identified high-risk countries. The CoC is applied as part of the onboarding process for new (significant) suppliers and during the specific risk analysis.

### **A3. EMBEDDING THE HUMAN RIGHTS STRATEGY WITHIN THE ORGANIZATION**

INDUS Holding AG's human rights strategy is based on the Declaration of principles on respecting human rights adopted by the Board of Management, which is binding on all employees of the INDUS Group as part of the Code of Conduct. The Board of Management bears ultimate responsibility for implementing the human rights strategy.

Due to the decentralized structure of the INDUS Group, operational implementation takes place across various levels and business areas. The managing directors of the portfolio companies are responsible for implementing the human rights strategy within their respective business areas. To this end, they involve—depending on the respective organizational structure—in particular the Purchasing and Procurement departments or Supplier Management. These departments are in regular direct contact with suppliers and play a central role in conducting risk analyses as well as in deriving, implementing, and tracking preventive and remedial measures. In collaboration with the Human Resources (HR) department, they also serve as advocates for raising awareness and training employees and ensure that feedback regarding concerns and needs is relayed to the Compliance Board.

The Compliance Board monitors the implementation and further development of the human rights strategy, serves as the central contact person for the relevant business areas, and, based on the monitoring conducted, develops recommendations for the further optimization of processes and measures. Substantiated complaints are added to appropriate preventive or remedial measures following review. To ensure the continuous development of these processes, expert committees comprising employees from relevant departments and affiliated companies of the INDUS Group may also be involved.

Monitoring compliance with the human rights strategy is also integrated into existing control and monitoring processes. In accordance with the tasks and objectives defined in its rules of procedure, the Internal Audit department conducts risk-based and objective audits of compliance with the corporate strategy, which includes the Declaration of principles on respecting human rights.

To systematically identify and assess human rights and environmental risks, INDUS Holding AG uses an automated risk analysis tool that applies to both the INDUS Group's own business area and its suppliers. The risk analysis is based on a variety of recognized indices and takes into account, to the greatest extent possible, the sources published by the BAFA for this purpose. The IT service provider was advised on the design of the system by a specialized law firm, which is also consulted by INDUS Holding AG on issues relevant to the LkSG.

The identified risks are prioritized on an ongoing basis. As part of the implementation of risk management processes and preventive measures, particularly training, the relevant decentralized departments were involved and familiarized with the requirements of the LkSG. In general, the involved departments are briefed

on how the automated risk analysis works, how to handle identified risks, the initiation of preventive and corrective measures, and the designated communication and reporting channels.

The tool is also used in the context of corporate acquisitions. The M&A department already relies on the supplier risk analysis during the due diligence review of potential acquisition targets. The insights gained in this process are incorporated into the further risk analysis and integration of the new company into the INDUS Group during the onboarding phase following an acquisition. In close coordination with the Legal department, identified risks are also taken into account when drafting the contractual framework.

In coordination with the Board of Management, the Operational Excellence division supports efficiency improvement projects at the various locations. These projects also take occupational safety aspects into account, particularly when implementing lean management measures. This function complements the existing regulatory occupational safety standards in the portfolio companies, compliance with which is regularly verified through external (regulatory) audits.

External communication of the human rights strategy is handled by the Communications Department (IR/PR), which conveys the relevant contents to investors, shareholders, the financial community, and the general public, thereby contributing to transparency toward potential stakeholders and affected groups.

The strategy, declaration of principles on respecting human rights, and Code of Conduct are publicly available and are communicated through established channels within the companies. Compliance with the requirements set forth therein is confirmed in writing by the managing directors of the portfolio companies to INDUS Holding AG as part of regular reporting. Training sessions are available to raise awareness company-wide. Training programs, guidelines, and other supporting materials are provided centrally via a knowledge database and are generally accessible to all employees.

The close integration of operational implementation, monitoring, reporting, and feedback ensures the continuous development and improvement of processes.

## **B. RISK ANALYSIS AND PREVENTIVE MEASURES**

### **B1. IMPLEMENTATION, PROCEDURE, AND RESULTS OF THE RISK ANALYSIS**

The risk analysis process was initiated in 2023. Since then, risk analysis has been conducted on an ongoing basis. The data used for this purpose (press releases, indices, rankings, etc.) is continuously updated, ensuring a dynamic, ongoing abstract risk assessment of direct suppliers and the company's own business area.

Another element of the risk analysis concerns the insurance management system operated centrally within the Group by INDUS Holding AG; as part of this, the portfolio companies are typically visited annually by experts from the central insurance broker and the insurers to discuss or review specific risk positions. This primarily concerns the company's own business area and includes issues related to environmental protection and occupational safety. The process has been firmly established for years.

The tool used to conduct the risk analysis offers a comprehensive software solution for the automated implementation of the LkSG requirements, thereby enabling risk and supplier management aligned with the LkSG criteria. The software provides a detailed overview of the direct suppliers within the company's own business area. This also captures the supply structures within the business area and incorporates the relevant affiliated companies into the risk analysis.

The risk assessment is based on the evaluation of numerous indices, databases, rankings, and analyses and, with a few exceptions, also takes into account the sources published by the BAFA in December 2023 in the form of the risk database. Regular updates are made to the data sources that affect the dataset under consideration; for example, if the human rights situation in a particular region deteriorates, this negatively impacts the previous abstract risk score of the suppliers based there, and they move up in the prioritization list.

The initial criteria for the abstract risk analysis are the geographical location and the industry sector of the respective supplier. In this way, an abstract risk is determined for each direct supplier—including those within the company's own business area—and for each legal position protected by the LkSG, which is reflected in a risk score.

Depending on the abstract risk, the risks associated with individual suppliers are identified and prioritized in a second step. This prioritization is then carried out in descending order based on the determined risk score. In addition, the software continuously monitors news from various international sources regarding the legal positions of the registered suppliers that are protected under the LkSG. Here, too, the results are prioritized and, following determination by the Compliance Board, influence the risk classification. Due to the severity and irreversibility of the consequences in the event of a violation in these areas, in the reporting year, in addition to the high-priority risks of child labor, forced or compulsory labor and any form of slavery, the environmental protection concerns protected under the LkSG were also given higher priority, as these always affect a large number of people. The ability to influence the direct perpetrator of a potential violation is assessed in particular based on the supplier's sales volume in relation to its total revenue. It is important to note that the companies of the INDUS Group (all SMEs) typically operate only as part of the supply chain and in the market, meaning that their direct contribution to the cause is generally minimal.

In addition, an automated complaint system has been implemented through which reports of (suspected) violations can be submitted by telephone or via the Internet. Reports submitted via the complaint system are received by the Compliance department. Relevant reports can be recorded in the risk management tool and then affect the risk score of the supplier in question.

The calculation of the risk score for the specific risk is thus based on the abstract risk, taking into account additional information and/or preventive measures, e.g., through a self-assessment using coordinated, risk-based questionnaires, evidence of compliance with audit-based standards, insights from the history of the supplier relationship, and substantiated reports from the News Monitor or the complaint system. If necessary, further individual (remedial) measures can then be initiated and implemented based on the specific risk. The

coordination of adjustments to existing processes and the procedures required for this takes place in the Compliance Board.

During the reporting period, there were no findings from the processing of reports or complaints that led to a significantly altered and/or expanded risk exposure.

The circumstances that necessitate an ad hoc risk analysis are typically new acquisitions of companies that have been incorporated into the INDUS Group. The analysis of these did not lead to any findings regarding a significantly altered and/or expanded risk exposure.

In principle, based on the abstract risk analysis, it is conceivable that all risks could also occur within one's own business area, since the abstract risk analysis, at a high level of abstraction, initially focuses on the location (geographical location/country) and the associated risks—such as political risks—as well as the industry sector.

## **B2. PREVENTIVE MEASURES WITHIN OUR OWN BUSINESS AREA**

A training course is available to INDUS Group employees via a central e-learning platform to raise awareness of the objectives of the LkSG and the due diligence obligations for companies. In addition, informational materials for employees in relevant departments are generally available group-wide in the central knowledge database. Managing directors and commercial leaders are also instructed on the topic in in-person sessions (information and awareness-raising).

Preventive training measures have been developed and reviewed by their providers in cooperation with a specialized law firm to ensure compliance and legal certainty regarding their adequacy under the LkSG.

Based on the analysis of the risk situation in our own business area described above, the training measures implemented are held to be appropriate for raising employee awareness of the issue. The (increasing) uptake of the training offered to date confirms the effectiveness of this measure. The question of effectiveness would arise again in the event of a breach of due diligence obligations as part of an ex post review (monitoring). There was no indication of this in 2025.

An established complaint system has been in place since 2021, which is available to all employees of the INDUS Group and is also publicly accessible to external stakeholders. It received a technical upgrade in 2025, further improving its accessibility. The receipt of reports from various countries and from various stakeholders demonstrates that the system is effective. This makes it possible to address grievances before legal violations occur.

The managing directors of the companies within the INDUS Group regularly confirm in writing their compliance with the INDUS Code of Conduct and the declaration of principles on respecting human rights. This confirmation serves to heighten awareness at the relevant level of their responsibilities, particularly in this area.

Through this measure, the managing directors of the INDUS Group personally confirm with their signatures that the requirements set forth by the Board of Management of INDUS Holding AG, in particular compliance with the declaration of principles on respecting human rights, are being observed within their respective business areas. Given that labor law measures may also be considered in the event of breaches of due diligence obligations, this measure appears appropriate to raise awareness of the issue among managing directors operating independently. This form of reporting has proven effective in the past, as managing directors have reported corresponding deviations from the rules.

In addition, through investment controlling based on regular reporting, indications of potential risks can be identified and incorporated into further assessment.

The use of a news monitoring system within the risk analysis tool enables a comprehensive screening of prioritized risks. The news monitor is deemed appropriate due to the system integration and the nature of the incoming reports from various international news sources, whose scope—particularly in geographical terms—far exceeds what could be individually viewed and identified through “standard news sources” in Germany. Regular reports confirm the system’s effectiveness (function). During the reporting year, no reports were received that went beyond verifying the status of an inquiry with a supplier or a company within the INDUS Group. In this respect, no assessment can yet be made regarding the system’s preventive effect.

The Board of Management of INDUS Holding AG is committed to the issue of sustainability, with a significant focus on protecting our environment and the careful use of natural resources. Other departments at INDUS Holding AG, in particular the Sustainability and Insurance departments, provide support in this regard; within the scope of their respective responsibilities, they contribute to risk transparency and address relevant findings through established reporting channels.

Internal and external audits, as well as regular on-site visits to subsidiaries, also serve a preventive purpose by helping to identify potential risks within our own business area at an early stage. As part of specific audit areas, the Internal Audit department also reviews aspects of occupational safety and the implementation of guidelines, e.g., regarding the complaint system and the proper use of the risk analysis tool in accordance with the LkSG. As part of its audit plan, the Internal Audit department conducts on-site audits at the individual portfolio companies, thereby gaining independent insight into the specific on-site situation.

Regular audits by external bodies, such as social security agencies, licensing and supervisory authorities, and professional associations, also contribute to the preventive monitoring of compliance with legal and regulatory requirements within our own business area.

### **B3. PREVENTIVE MEASURES AT DIRECT SUPPLIERS**

Due to the INDUS Group’s diverse fields of activity and international presence, all risk categories may in principle be affected. To ensure a practical and manageable approach, risk-based prioritization is therefore applied. The overall risk score is decisive here, with abstract risks related to child labor, forced labor, and slavery being given special weight. If such an abstract risk exists, the respective supplier is classified as high priority

regardless of the calculated result of the risk score, in order to avoid an objectively unjustified downplaying of these risks. On this basis, regional and sectoral clusters of abstract risk potential emerge, particularly in certain countries where a large proportion of the high-priority direct suppliers are located.

A concrete risk exists when there is corresponding evidence – such as through reports from the complaint system or media screenings – or when an assessment of the industry sector and/or the country in which a direct supplier operates results in an elevated risk assessment, and this cannot be refuted by an in-depth risk analysis or preventive measures already taken.

Since there was no substantiated evidence regarding the risks prioritized in the previous year, no changes were made to the prioritization of the risks themselves.

To prevent and minimize priority risks among direct suppliers, INDUS relies in particular on contractual assurances regarding compliance with human rights and environmental expectations throughout the supply chain, as well as on risk-based control measures. The central instrument here is the CoC, which specifies the requirements in detail and, through countersigning, reinforces the suppliers' sense of responsibility. The CoC also provides the option to implement control measures in cases of suspicion or to terminate contractual relationships in the event of serious violations as defined by the LkSG.

If the supplier does not provide confirmation, they remain classified as high priority until other measures have a risk-mitigating effect. Due to the associated awareness-raising, the integration of the complaint system, and the contractually provided control and audit options, the CoC – especially when provided in the respective local language – is regarded as an effective preventive tool.

In addition, direct suppliers can be offered online training via the e-learning platform to provide preventive information about the requirements and objectives of the LkSG.

Furthermore, auditing selected suppliers represents another key preventive measure. On-site visits as part of supplier onboarding or as risk-based regular monitoring should be established, particularly in high-risk industries and geographic clusters. To this end, a guideline and questionnaire were initially developed as tools for supplier evaluation. Even though on-site audits cannot be implemented across the board due to the associated time and cost, INDUS considers them the most effective approach to risk prevention.

Additionally, sending structured questionnaires to direct suppliers – particularly to obtain supporting documentation – has proven to be an effective preventive measure.

## **C. IDENTIFICATION OF VIOLATIONS AND REMEDIAL MEASURES**

During the reporting year, several reports were received from within the company's own business area via various complaint channels. The respective investigations revealed that there were no violations of the legal rights protected by the LkSG.

No reports from direct or indirect suppliers were recorded during the reporting period.

Against this backdrop, the situation appears to have improved compared to previous years, which suggests that the preventive measures implemented have been effective.

Responsibility for initiating and implementing any corrective measures to ensure compliance with regulations generally lies with the respective managing directors of the portfolio companies. Depending on the nature and severity of a detected violation, the Board of Management of INDUS Holding AG is involved on a case-by-case basis. Qualified external experts may generally be consulted to ensure proper investigation and resolution.

## **D. COMPLAINT PROCEDURE**

### **D1. ESTABLISHMENT OF OR PARTICIPATION IN A COMPLAINT PROCEDURE**

In 2020, in addition to the already established email reporting address, a reporting portal (SpeakUp) was introduced, which enables the free reporting of rule violations – including anonymously – by phone or via the internet. The policy for handling reports was deliberately formulated more broadly than would be required by the Hinweisgeberschutzgesetz. The system’s already high level of accessibility (no questionnaires; translation into all local languages) was further enhanced in the reporting year by adding languages spoken by key foreign employee groups and by expanding access via mobile devices. The goal is to prevent potential reports of actual (or even perceived) misconduct from going unreported due to formal barriers.

The system has been rolled out across the group and communicated to employees. It is publicly accessible on the websites of the companies as well as INDUS Holding AG for other (external) stakeholders (e.g., local residents, employees of suppliers, NGOs, trade unions). All necessary information regarding accessibility, responsibilities, and the process is also available there in the relevant languages.

The system is designed to be both centralized and decentralized, allowing separate access via the respective “landing pages” of the various portfolio companies and/or INDUS Holding AG. As part of the implementation of the LkSG requirements, the Board of Management decided to use SpeakUp as a complaints system as well, since it meets the necessary technical and organizational requirements.

Reports are independently reviewed by the Compliance Department of INDUS Holding AG to determine, for example, whether there is a suspicion of violations regarding the legal positions protected by the LkSG and, if so, how serious the violation would be classified.

Another option for reporting is through the reporting channels already established within the portfolio companies; for example, trusted representatives can be contacted to engage in dialogue with their managing directors. If necessary, the managing directors report the matter to INDUS Holding AG.

The guidelines / rules of procedure are available at: [www.indus.eu/speakup-system/](http://www.indus.eu/speakup-system/)

Tabs: “Rules of Procedure” and “FAQ”

as well as on the websites of the portfolio companies.

## D2. REQUIREMENTS FOR THE COMPLAINT PROCEDURE

The Compliance Department is responsible for the complaint procedure. Monitoring is carried out by the Compliance Board. Participants in the Compliance Board meetings during the reporting period were:

- Rudolf Weichert (Deputy Chair of the Board of Management, CFO) as a permanent member
- Niklas Bielefeld (General Counsel/Legal) as a permanent member
- Stephanie Thiele (Sustainability) as a permanent member
- Ulrich Apel (Compliance Officer) as a permanent member
- Janina Eigen (Compliance Department) as a regular participant

The criteria for responsible persons set forth in § 8(3) LkSG are met, meaning that they guarantee impartial conduct, are independent and not bound by instructions, and are bound by confidentiality. For the reporting period, measures were taken to protect potentially involved parties from disadvantage or punishment as a result of a complaint.

The staff of the Compliance Department, who are bound by confidentiality, are responsible for the complaint procedure. They have received specialized training and always act with discretion and confidentiality to protect the identity of the whistleblower. No other function or individual has access to the SpeakUp system, thereby ensuring the whistleblower's anonymity.

People Intouch (PIT), the independent service provider operating the system, does not disclose voice messages, IP addresses, and/or phone numbers; such disclosure would only be required in justified exceptional cases (e.g., a substantiated request from law enforcement authorities). Neither INDUS Holding AG nor the affected company has access to connection data.

Voice messages are transcribed in writing by PIT and (if necessary) translated. Only this transcript (and, if applicable, its translation) is forwarded to the reporting office. It is also possible to submit an anonymous complaint. The guidelines and FAQs inform the whistleblower that they are not required to provide any information that would allow for their identification. The whistleblower is assigned a case number, which they can use to access the anonymous communication at any time.

When a report is being processed, the whistleblower is only asked for their identity if this is necessary and unavoidable for the investigation of the facts. The disclosure of identity is at all times solely at the discretion of the whistleblower.

In addition to technical security measures, access to the system is strictly regulated according to the "need-to-know principle." If, in addition to the Compliance Department, other individuals must be consulted to process a case, this is done exclusively on a case-by-case basis. Personal data or data that could be used to identify an individual is anonymized and under no circumstances disclosed to third parties.

The Board of Management of INDUS Holding AG has established guidelines for the SpeakUp system to protect whistleblowers from retaliation.

### **D3. IMPLEMENTATION OF THE COMPLAINT PROCEDURE**

During the reporting period, reports were received from both Germany and abroad; with regard to legal interests protected under the LkSG, one case involved non-compliance with occupational safety regulations. The case was investigated with the assistance of an external attorney. The allegations were found to be unfounded within a few weeks.

No reports were received from direct or indirect suppliers during the reporting year.

### **E. REVIEW OF RISK MANAGEMENT**

Risk management in accordance with the LkSG became established during routine operations in the reporting period; an independent, cross-functional review is conducted on a risk-based and ad hoc basis if processes during routine operations prove to be in need of improvement. A process-independent review is also conducted by Internal Audit.

Based on past experience, the accessibility of the complaint procedure was further improved during the reporting year in terms of access options and the languages provided.

The complaint procedure is publicly available, barrier-free, and free of charge for reports—including anonymous ones—from both within and outside the country. Reports can be submitted in writing via the Internet (URL or QR code) and verbally (by telephone); access is available in the local language of the respective INDUS company—currently approximately 20 languages—as well as in the native languages of significant foreign employee groups and in English. Confidentiality and protection of reporters from retaliation are guaranteed.

With regard to resources and expertise, external consultants have been and continue to be involved; they possess a high level of (abstract) knowledge regarding potential risks, which has also been incorporated into the software tool used. In addition, the specialist departments involved in the process (from which an expert panel is also recruited as needed) maintain the closest, direct contact with immediate suppliers and thus with potentially affected parties, including through on-site visits and audits where appropriate. Expert knowledge was further expanded during the reporting year through the expansion of the central compliance function at INDUS Holding AG as well as through training initiatives.

Training sessions focused on the subject matter and awareness-raising efforts for decision-makers and functional managers enable them to adopt the shift in perspective required by the LkSG.