

Sustainability strategy

Measures and means

Technical trade LUDWIG MEISTER



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1. Vision and Mission:

Our vision is to be a leading technical trading company that aims to put sustainable solutions at the heart of its business practices. Our mission is to reduce CO2 emissions, increase energy and resource efficiency, and promote social, economic and environmental responsibility throughout the company and among our business partners.

2. CO2 reduction:

Goal: Continuously reduce annual CO2 emissions

Measures and means:

- Use of renewable energies in our operations (photovoltaic system Dachau, switch to green electricity providers).
- Reducing emissions in the supply chain by collaborating with environmentally conscious, certified, empowered business partners upstream and downstream.
- Use of electric vehicles with hybrid, all-electric or comparable drives, e.g. hydrogen, propulsion: in the company's own fleet, as well as selection of transport service providers (parcel and forwarding shipments) and suppliers (manufacturers/sales agencies)

3. Energy and resource efficiency:

Goal: Continuously reduce energy consumption, reduce consumables and waste to what is absolutely necessary.

Measures and means:

- Use of efficient lighting systems, heating and cooling systems in our own buildings as well as the preferred choice of energy- and resource-saving energy sources in rented premises.
- Implementation of a comprehensive waste management and recycling program (part of the environmental management system in practice according to DIN ISO 14001).
- Optimization of stock levels to minimize waste (central warehouse function at the Dachau site)
- Reduction of paper consumption through digital processes and document management (e.g. web shop, EDI connection to customers and suppliers)
- Reduction of packaging material, with the installation of an automated packaging line, i.e. 75% handling via fully automated packaging and 25% via Mosca strapping. The result is an impressive saving of approx. 80% filling material. This volume reduction has a positive effect on transport volumes and is an important contribution in our efforts to increase sustainability aspects in our logistics.

4. Social Responsibility:

Goal: Promote employee well-being and diversity in the workplace

Measures and means:

- Creating safe, healthy and inclusive working conditions
- Promoting diversity and inclusion in the company.
- Supporting charitable projects and social engagement in local communities.
- Engaging our business partners with the Code of Conduct for Business Partners

Occupational health and safety management (supervised by the German Employers' Liability Insurance Association for Trade and Goods Logistics and Trade Inspectorate) as well as the current collective agreement of the State Association of Wholesale, Foreign Trade and Services (LGAD) set the minimum requirements that we follow.

5. Economic Responsibility:

Goal: To see sustainability efforts as a long-term investment in our competitiveness.

Measures and means:

- Communicate sustainability efforts to customers and other business partners to build trust and foster customer loyalty.

The means to do this: Sustainability ratings LUDWIG MEISTER has submitted to the ECOVADIS sustainability ratings. This will help us manage ESG risks and compliance, achieve sustainability goals and increase positive impact by improving the sustainability performance of our company and our value chain. Through communication, e.g. by sharing our sustainability performance on rating platforms ECOVADIS and INTEGRITY NEXT, we create transparency with existing and future business partners.

6. Environmental Responsibility:

Goal: Implement certifications and standards for environmentally friendly products and services.

Measures and means:

Tracking the entire life cycle of our products to minimize environmental impact.

With the measures taken in accordance with the Supply Chain Due Diligence Act (LKSG), we have carried out extensive analyses and evaluations:

- Where is LUDWIG MEISTER positioned in the supply chain?
- Which manufacturers/suppliers are relevant?
- In which country are the direct suppliers headquartered?
- What are the CSR risks in these countries?
- What are the countries of origin of the products we trade in?

7. Monitoring und Reporting:

Objective: Implement a comprehensive monitoring system to track progress towards sustainability goals and produce regular sustainability reports for stakeholders.

Measures and means:

- With the certification according to the quality management system DIN ISO 9001 and environmental management system DIN ISO 14001 (management review) as well as the
- With the annual reassessment of the ECOVADIS rating, progress towards achieving our sustainability goals is published transparently and in the form of sustainability reports to interested parties.

8. Training and Awareness:

Goal: To train employees in sustainability issues and promote active participation.

Measures and means:

Purchasing: Our strategic purchasing is based on the "Training Concept: Sustainable Purchasing" published by the Bavarian State Office for the Environment.

Sales, administration, logistics and IT: We have determined which measures and means we use today and in the future to protect the environment. In the form of process descriptions and graphics, we have created the basis for instruction and to raise awareness of environmentally relevant topics.

9. Continuous Improvement:

Goal: The sustainability strategy will be continuously developed and adapted to changing circumstances and findings.

Measures and means:

Our management systems in accordance with DIN ISO 9001 and DIN ISO 14001, the sustainability rating by ECOVADIS, the certification "Specialist company according to WHG" as well as our participation in the dual system "Der Grüne Punkt" ensure objectively, verifiably and documented our activities for continuous improvements in our sustainability strategy.

The breadth and variety of services we actively operate and offer also shows the path we are on and the direction in which we are developing.

Examples of this are our 30 ServicePlus modules for the following areas:

- Procurement
- Logistics
- Personal
- Technology
- Environment

The benefits for customers are clear:

- File reduzieren
- Save time
- Avoid mistakes
- Reduce costs
- Promoting sustainability

All modules support us in realizing our efforts to improve upstream and downstream sustainability

Our 30 ServicePlus modules

- | | |
|--|---|
| 01 File Abbau | 15 Product changeover (MRO) |
| 02 Criticality assessment of customer demand and inventory | 16 training courses |
| 03 Inventory Valuation | 17 Standardization |
| 04 Logistics optimisation | 18 Technical consulting and design |
| 05 Article Master Data Management | 19 Taking over procurement and scheduling |
| 06 Consignment stock | 20 EDI-Anbindungen |
| 07 Store-in-Factory | 21 Electronic catalogues |
| 08 Goods issue with access protection | 22 Supplier reduction |
| 09 Batch management | 23 holes instead of drills |
| 10 Just-in-time | 24 volume contracts |
| 11 LMeKanban | 25 Customer-specific order documents |
| 12 Individual Kit Bundling | 26 Individual labelling |
| 13 Individual packaging | 27 Instruction and machine management |
| 14 Changes of brand | 28 Maintenance Calendar |
| 15 Product changeover (OEM) | 29 and Invoicing |
| | 30 Credit Memo Procedure |

10. Risk analysis of the Supply Chain Due Diligence Act (LKSG)

- Which suppliers are relevant?
- In which country are the direct suppliers headquartered?
- What are the CSR risks in these countries?

Foreword

The risk analysis for the LkSG is part of our risk management, which identifies (possible) negative effects of business activities on human rights. As a result, preventive measures can be taken, as well as the taking of remedial measures.

Which direct/direct (Tier 1) suppliers are relevant?

We have defined suppliers (manufacturers/sales representatives of manufacturers/distributors) that we have classified as relevant for LUDWIG MEISTER. Of these, 90% are headquartered in Germany, the rest in the EU or neutral in Switzerland.

As a basis, we have identified all our "immediate" suppliers, i.e. those from whom we have purchased directly.

From the "relevant" suppliers, we have filtered out those that have a:

- high relevance and
- less relevance

for our company.

We have formed criteria:

- Is the supplier a manufacturer, a commercial agent of a manufacturer or a distributor
- What number of purchase order items have been placed with suppliers?
- What was the purchase value of the products and services purchased from the suppliers?
- Are ratings available, or have sustainability ratings been published (e.g. ECOVADIS)?

We now know the suppliers with high and lower relevance.

We have determined data:

- EK Volumen je Lieferant
- Classification of suppliers, relevance high – relevance less high
- Commodity code/tariff classification with designation for each main group
- countries of origin of the individual articles per main group (if announced by the manufacturer, to be requested separately from the manufacturer if necessary!), so we could/can prepare risk analyses for the countries
- Suppliers per main group, so that we could/can approach suppliers in a targeted, concrete way
- Number of suppliers per main group
- Number of countries of origin per main group

CSR Risk Check

At CSR Germany, we have carried out CSR risk checks, with which we have been able to determine what risks exist in the countries of our direct suppliers and receive recommendations that we can pass on to our suppliers in order to inform about risks, promote awareness with the aim of avoiding or reducing them.

Country of Origin Evaluation

Further considerations were made to the countries of origin from which the products come that our suppliers supply to us and we deliver to our customers.

To do this, we used two recognized sources: **amfori**, **BSCI** and **WGI**.

Amfori BSCI, who is it?

The amfori Business Social Compliance Initiative (amfori BSCI), founded in 2003 as the Business Social Compliance Initiative (BSCI), is a program of the business-oriented association amfori to improve social standards in a global value chain. The Brussels-based organisation offers business enterprises the option of adopting or adhering to a code of conduct, as well as a systematic monitoring and qualification system. (Source: Wikipedia)

For the purposes of amfori BSCI, countries are divided into two different categories:

- **High-risk countries:** Countries with an average WGI score between 0-60 or three or more individual dimensions with a score below 60.
- **Low-risk countries:** Countries with an average WGI score above 60 and no more than two individual dimensions with a score below 60.
- An additional call applies to **countries with the highest risk:** countries with a WGI average score below 3 or at least two individual dimensions with a score below 1. This classification supports amfori BSCI participants in their human rights due diligence approach in determining their priorities in terms of monitoring, capacity building and stakeholder engagement. An additional tool, the Due Diligence Tool, is available to obtain more specific information on sustainability aspects that are not included in the classification below.

WGI Risk Country Classification

The Worldwide Governance Indicators (WGI) project reports on aggregated and individual governance indicators for more than 200 jurisdictions in the period 1996-2021 for six dimensions of governance:

- Voice and accountability
- Political stability and absence of violence/terrorism
- Government Effectiveness
- Quality of regulation
- Rule
- Control corruption

These aggregated indicators bring together the views of a large number of companies, citizens and experts surveyed in developed and developing countries. They are based on more than 30 individual data sources produced by a wide range of survey institutes, think tanks, non-governmental organisations, international organisations and private sector companies.

The role of LUDWIG MEISTER in the supply chain

to avoid or reduce the risks with negative effects

We can make a decisive positive difference to the sustainability behaviour of our business partners by raising awareness and raising awareness.

As a trading company, we have been awarded the BRONZE medal by ECOVADIS for our achievements in the ECOVADIS rating¹. We see this great success right from the start as a reward for our activities so far. Based on this, we have set ourselves the goal of using our position in the supply chain² to avoid and reduce sustainability risks.

How do we help to avoid or reduce risks with negative impacts in the future?

We have realized that our position in the supply chain offers us a very good opportunity to improve CSR³ requirements.

We know the customer's requirements and the role that LUDWIG MEISTER⁴ can play in preventing or reducing the risks with negative impacts.

When selecting/making decisions about products and manufacturers, their sustainability ratings can be taken into account. To this end, we make recommendations to our business partners and thus make a significant contribution to eliminating or reducing risks. CSR risk checks on industries and countries of origin provide support in decision-making.

Our priority is to raise awareness among our immediate/direct business partners.

Here we specifically address our customers, suppliers (manufacturers, manufacturer-sales representatives, wholesalers) and transporters.

In the past, price, delivery time, service and availability were the top priorities when awarding contracts, but the topic of sustainability (CSR) is becoming increasingly important. This is due to the changing purchasing behavior of end consumers, in which sustainability is increasingly contributing to purchasing decisions.

LUDWIG MEISTER is ready...

Awarded the ECOVADIS BRONZE medal ourselves, we have not only achieved the highest quality and service standards in our product range for decades with market-leading brand manufacturers, but also the best ECOVADIS ratings awards confirm their achievements in terms of social, ecological and economic aspects (CSR requirements).

¹ See page 8 of 10

² See page 9 of 10

³ See page 8 of 10

⁴ See page 10 of 10

CSR Corporate Social Responsibility at LUDWIG MEISTER

"Corporate Social Responsibility", or CSR for short, refers to the social responsibility of companies in terms of sustainable management.

CSR is the responsibility of companies for their impact on society.

This includes social, environmental and economic aspects, such as those set out in internationally recognised reference documents on corporate responsibility, in particular the ILO(1) Declaration of Principles on Business and Social Policy, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UN Global Compact and ISO 26000.

Specifically, it is about fair business practices, employee-oriented personnel policy, the economical use of natural resources, the protection of the climate and the environment, as well as serious commitment on site and responsibility in the supply chain.

Since the beginning of the year, Ludwig Meister has been looking for recognized sustainability platforms and has chosen ECOVADIS, a rating platform that is used by many/most companies and corporations from the automotive industry and their suppliers.

Who is ECOVADIS?

EcoVadis provides companies with holistic corporate social responsibility (CSR) ratings through a global cloud-based SaaS platform.

The EcoVadis rating covers a wide range of non-financial management systems, including environmental, labor and human rights impacts, ethics, and sustainable procurement. Each company is evaluated on the topics that are relevant to its size, location, and industry.

These evidence-based assessments are translated into easy-to-read scorecards with scores ranging from zero to one hundred (0-100) and medals (bronze, silver, and gold). In addition, the scorecards highlight the strengths and areas for improvement that the evaluated companies can use to better target their sustainability efforts and create corrective action plans to improve their CSR performance.

Large multinational companies are partnering with EcoVadis to improve the sustainability of their global supply chain. In doing so, they use the influence of spending as a "positive force" to help their business partners achieve results that go beyond compliance. The evaluated company can see how their company compares to the industry. Connecting the scorecard results to the areas of improvement leads to a "race for the top spots" in which entire industries compete against each other to achieve global best practices.

Procurement companies can easily integrate EcoVadis scorecards into their day-to-day business practices (such as supplier registration, compliance, procurement, supplier performance, and relationship management) and make more sustainable sourcing decisions within their organizations. At the same time, positive incentives are created for business partners to align themselves with the sustainability practices of procurement companies.

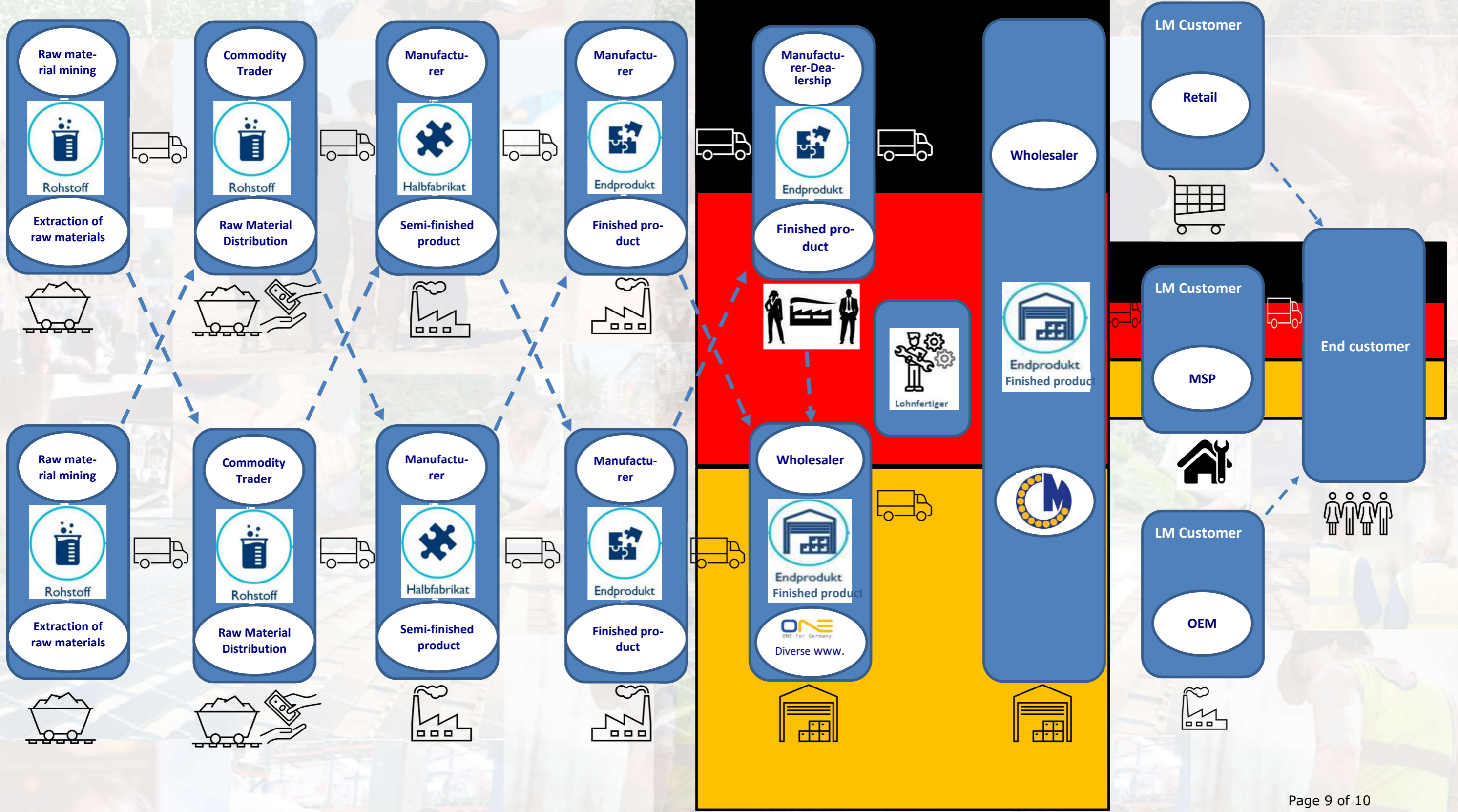
EcoVadis has already evaluated over 75,000 business partners around the world. This has mitigated the risks of some of the world's largest companies, while making a positive contribution to the environment, promoting transparency and driving innovation.

The Sweethearts

See position Ludwig Meister



Possible business relationships



What role does LUDWIG MEISTER play in the supply chain?

- to avoid
- or reduction

of the risks with negative impacts?

Schematic representation of how a company should deal with CSR risks, based on its position in the supply chain. See also page 9 of 10.

