

## Declaration of principles of TTS

### Foreword by the Executive Board

Dear colleagues,

at Festool, we aim to build the best tools for our customers. People take centre stage for us right from the manufacturing process. It is our responsibility to ensure that human rights are respected in connection with our business activities - in our own business units as well as with the suppliers in our global supply chain.

For us, sustainability is an elementary component of responsible corporate management. It is not without reason that this aspect is one of our three core corporate values. Accordingly, we make it our duty to take responsibility for people and the future. With this declaration of principles, we as the Executive Board want to make an explicit commitment to respecting human rights and complying with environmental standards by creating transparency throughout our entire supply chain. The declaration of principles complements our global compliance structure and our Code of Conduct.

To ensure that our declaration of principles is always up to date, we will regularly review all of its content and continuously develop it further. For us, compliance with the requirements forms the framework for our actions, which we go above and beyond in order to ensure a sustainable supply chain.

In order to realise this plan and establish sustainability with all its facets in our company, we need the cooperation of all of you.

Thank you for your support!



Birgit Braches

CFO TTS Tooltechnic Systems AG & Co. KG

## **Commitment of TTS to respect human rights and environmental obligations**

As an internationally operating family business, we at Festool are aware of our social responsibility with regard to respecting human and environmental rights. Not least because we are firmly convinced that our business success can only be ensured in the long term if our economic activities are in harmony with people and the environment. We therefore make it our duty to prevent and avoid any violations of this kind in our own business area and throughout our entire supply chain and to take remedial action in the event of violations.

### **Specifically, our business activities are based on the following international standards:**

- Universal Declaration of Human Rights of the United Nations (UN)
- UN Guiding Principles on Business and Human Rights
- Ten principles of the UN Global Compact (UNGC)
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- ILO Declaration of Principles concerning Multinational Enterprises and Social Policy
- OECD Guidelines for Multinational Enterprises
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights

In addition to these internationally recognised standards, we have also defined our own guidelines for our employees and business partners in order to fulfil our responsibility to ensure human and environmental rights:

- Code of Conduct for Business Partners
- General Purchasing Conditions
- FSC certification

## **Implementation/process for ensuring corporate due diligence obligations**

### **Responsibilities**

At Festool GmbH, the management and the Management Board of the responsible holding company, TTS Tooltechnic Systems AG & Co. KG, are responsible for implementation.

### **Risk analysis**

The risk analysis forms the basis for safeguarding human and environmental rights in our business activities and the business activities of our suppliers. A risk analysis is carried out annually and on an ad hoc basis in our own business area and at our suppliers in order to identify and categorise potential risks. Specifically, these risks can be grouped into default risks, Festool-specific purchasing risks and financial risks. The individual criteria are weighted in order to obtain a meaningful, comprehensible overall value from the risk analysis. Finally, appropriate measures can be derived from the results of the risk analysis if necessary. The data basis is formed by internal controls and audits as well as data from external publications.

### **Preventive measures**

In order to prevent human rights violations and environmental damage, we at Festool have anchored preventive measures in our business unit and in the supply chain. The basis for this is primarily the risk analysis described above, which identifies risks where there is a need for action in the form of preventive measures in order to prevent possible violations. The preventive measures also include internal and external checks and audits. A high level of transparency in the supply chain also helps us to recognise and avert risks as they arise. Finally, the preventive measures are supplemented by training courses that serve to create a sound awareness of human and environmental rights among our employees and in the supply chain.

### **Remedial measures**

If violations of human rights or environmental obligations occur in our own business area, we will intervene immediately. If, on the other hand, the violation occurs in our supply chain at our suppliers and cannot be remedied immediately, we will work with the supplier to develop a concept that puts an end to the violation. In the event of such violations, we demand transparency and a willingness to co-operate from our suppliers in order to be able to clarify the case. If no improvement can be achieved, legal action will also be taken. If necessary, this may ultimately result in the cancellation of the business relationship.

### **Complaints mechanism**

We have established a complaints mechanism to give whistleblowers the opportunity to report violations of human rights and environmental obligations. Violations can be reported anonymously via the following e-mail address:

[compliance@tts-company.com](mailto:compliance@tts-company.com)

We have published a procedure for this complaints mechanism on our official website (<https://www.festool.com/suppliers>), which describes the associated process in detail. We guarantee that we will investigate every complaint diligently and take appropriate preventive and/or remedial action.

### **Reporting**

On our website, we publish an annual report to the Federal Office of Economics and Export Control (BAFA) on the fulfilment of our due diligence obligations. This report shows whether and which human rights and environmental risks have arisen and what measures have been taken to remedy them.

### **Review of effectiveness**

The entire due diligence process is reviewed annually and in each individual case in order to ensure the implementation of human rights and environmental due diligence obligations and the effectiveness of the process.