

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:

- Convention No. 29 of the International Labour Organization concerning Forced or Compulsory Labour
- Convention No. 87 of the International Labour Organization concerning Freedom of Association and Protection of the Right to Organise
- Convention No. 98 of the International Labour Organization concerning the Application of the Principles of the Right to Organise and to Bargain Collectively
- Convention No. 100 of the International Labour Organization concerning Equal Remuneration for Men and Women Workers for Work of Equal Value
- Convention No. 105 of the International Labour Organization concerning the Abolition of Forced Labour
- Convention No. 111 of the International Labour Organization concerning Discrimination in Respect of Employment and Occupation
- Convention No. 138 on the minimum age for admission to employment
- Convention No. 182 of the International Labour Organization concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Minamata Convention on Mercury
- Stockholm Convention on Persistent Organic Pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- European Parliament resolution of 23 June 2022 on illegal logging in the EU
- 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)
- OECD Guidelines for Multinational Enterprises

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 TTS, the management and the Executive Board of the responsible holding company, TTS Tooltechnic Systems AG & Co. KG, are responsible for the implementation of this policy. Risk management is monitored in particular by the Human Rights Officer.

Risk management

TTS has integrated the necessary risk management into its relevant business processes. Risk management consists of all the measures described in this policy statement. We see the implementation of human rights and environmental due diligence obligations as an ongoing process that must be constantly reviewed, critically scrutinised and, if necessary, adapted as new circumstances arise.

Risk analysis

The risk analysis forms the basis for safeguarding human rights 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, TTS-specific purchasing risks, financial risks and social risks. Risk management and therefore also risk analysis are supported by a cloud-based tool. The groupings just presented can be found in this tool. In the background, there is a table that determines the weighting of the individual criteria of the various areas and ultimately also the composition of the overall risk score. Depending on the evaluation of the individual criteria, appropriate measures are derived from the result of the risk analysis. As soon as a value of a criterion changes into a critical range, the system immediately informs all responsible persons so that they can react immediately. If necessary, the list of measures is also supplemented with all relevant information about the event. The data basis for our risk analysis is formed by internal controls and audits as well as data from external publications. These are either alerts that are activated as soon as an incident/event occurs or probability values are available. We also differentiate between country-, location- and supplier-specific criteria in order to be able to carry out our risk analysis comprehensively.

Bei den Risiken, die die TTS identifiziert hat, stehen insbesondere die folgenden menschenrechtlichen und umweltbezogenen Risiken im Vordergrund:

- child labour
- Forced labour and all forms of modern slavery
- Endangering safety in the workplace/good working conditions
- No adequate remuneration
- Discrimination/ no equal opportunities
- Threats to diversity and protection of vulnerable groups
- Restriction of freedom of association and collective bargaining
- Use of security forces without compliance with human rights standards

- Emissions that are harmful waste and substances
- Environmental pollution
- Waste of natural resources

The results of our risk analyses are incorporated into our corporate decision-making processes and form the basis for our preventive and remedial measures. In this way, we aim to ensure that risks are minimised.

Preventive measures

In order to prevent human rights violations and environmental damage, we at Festool have established preventive measures in our business unit and in the supply chain to mitigate identified risks and prevent violations. 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. Preventive measures include internal and external checks and audits, as well as codes of conduct for our own employees and external suppliers. 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 procedure to give whistleblowers the opportunity to report violations of human rights and environmental obligations. Violations can be reported via the following e-mail address:

compliance@tts-company.com

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

Documentation and reporting

We document the implementation of all due diligence obligations on an ongoing basis in compliance with the statutory retention periods. From 1 January 2025, we will publish an annual report to the Federal Office of Economics and Export Control (BAFA) on the fulfilment

of our due diligence obligations on our website. This report shows whether and which human rights and environmental risks have arisen, what measures have been taken to fulfil our due diligence obligations, how we assess the effectiveness of the measures taken and what conclusions we draw from this for future measures.

Review of effectiveness

The entire due diligence process is reviewed annually and on an ad hoc basis in order to ensure the implementation of human rights and environmental due diligence obligations and the effectiveness of the process.

Our expectations of employees and suppliers

We expect both our employees and our suppliers to fully comply with the contents and principles of this policy statement. We would like to expressly refer once again to the TTS Code of Conduct for Employees and the TTS Code of Conduct for Business Partners.