

Declaration of Principles for Sustainable Corporate Governance Pursuant to Section 6(2) of the Supply Chain Due Diligence Act (LkSG)

December 2024

Dedalus Finance GmbH, along with its affiliated companies as defined under Section 15 of the German Stock Corporation Act (AktG) (hereinafter referred to as "**Dedalus**"), takes responsibility within its capabilities for adhering to social, environmental, and ethical principles and is committed to responsible and sustainable corporate governance. This includes compliance with legal frameworks as well as the respect for human rights and the protection of the environment.

As a foundation for embedding this responsibility to respect human rights and protect the environment as natural resources, Dedalus has established a sustainability strategy outlined in this declaration.

I. Risk Analysis

To ensure adequate respect for human rights and environmental protection in own business operations and supply chain, Dedalus has analyzed potential risks based on the nature, scope, and origin of the goods and services it procures, including its direct suppliers.

1. Abstract risk assessment

In an initial step, Dedalus analyzed the abstract risks (based on industry and country evaluation) associated with Dedalus' operations and those of its direct relevant suppliers (basing on the purchasing volume threshold and those delivered products/services carry the greatest weight in its value chain), distinguishing between human rights and environmental aspects.

The following abstract human rights and environmental risks are relevant for Dedalus:

- Occupational health and safety
- Working conditions (contracts and working hours)
- Discrimination
- Water consumption and water availability
- Energy consumption / climate
- Air pollution
- Environment & waste
- Soil and (ground) water contamination

For direct relevant suppliers, Dedalus identified the following abstract human rights and environmental risks:

- Occupational health and safety
- Working conditions (contracts and working hours)
- Wages and remuneration
- Discrimination
- Forced labor and human trafficking
- Water consumption and water availability
- Energy consumption / climate
- Air pollution
- Environment & waste
- Soil and (ground) water contamination

The interpretation of terms related to human rights and environmental topics, as well as the assessment of abstract risks, is based on frameworks such as the *Universal Declaration of Human Rights* by the United Nations, the principles of the *UN Global Compact*, the core labor standards of the International Labor Organization (ILO), the OECD Guidelines, and the requirements of the German Supply Chain Due Diligence Act (LkSG). Based on these, the potential risks were assessed in terms of industry and country risks.

2. Concrete Risk Assessment

In a second step, Dedalus prioritized the relevant abstract risks identified for Dedalus and its direct suppliers, by assessing their severity (extent, scope and irreversibility) and the likelihood. The following risks were prioritized for Dedalus' own operations:

- Occupational health and safety
- Working conditions (contracts and working hours)
- Discrimination
- Environment & waste
- Soil and (ground) water contamination

These risks have been the focus of this analysis and have been appropriately addressed through preventive measures.

For relevant suppliers, three areas carry the greatest weight in Dedalus' value chain:

- IT Software
- IT Hardware
- IT Services

The following risk areas were prioritized within these categories for direct relevant suppliers:

IT Software:

- Occupational health and safety
- Working conditions (contracts and working hours)
- Discrimination
- Energy consumption / climate

IT Hardware:

- Discrimination
- Water consumption and water availability
- Energy consumption / climate
- Environment & waste
- Soil and (ground) water contamination

IT Services:

- Occupational health and safety
- Working conditions (contracts and working hours)
- Discrimination

These risks have been the focus of this analysis and have been appropriately weighted and prioritized.

II. Expectations for Dedalus' Suppliers

For Dedalus, compliance with laws and adherence to ethical standards is an essential prerequisite for selecting, evaluating, and collaborating with suppliers. Suppliers must also ensure this approach is reflected in their own supply chains to support the implementation of these fundamental principles.

Dedalus expects its direct and indirect suppliers to acknowledge the *Universal Declaration of Human Rights* by the United Nations, the principles of the *UN Global Compact*, and the core labor standards of the International Labor Organization (ILO). Based on this acknowledgment, the following principles are fundamental to building a trust-based business relationship:

1. Health and Safety

Dedalus expect its suppliers to comply with applicable health and safety legislation. Suppliers are required to support the safety and well-being of their employees through

appropriate measures, such as preventive and consistent occupational safety practices, employee training, and maintaining a safe and healthy working environment.

2. Working Conditions (Contracts and Working Hours)

Dedalus expect its suppliers to establish good and fair working conditions for their employees and comply with applicable laws regarding working hours. Employees must be provided remuneration in accordance with national laws.

3. Wages and Remuneration

Suppliers must ensure their employees receive fair remuneration that complies with national legislation.

4. Non-Discrimination

Suppliers are expected to treat employees fairly and to prevent discrimination in hiring, promotion, remuneration for equal work, or access to training opportunities. Dedalus expects suppliers to ensure no individual is discriminated against based on gender, skin color, national or ethnic origin, age, nationality, political opinion, worldview, religion, social background, health status, disability, or sexual orientation.

5. Forced Labor and Human Trafficking

Dedalus rejects all forms of human trafficking, slavery, forced labor, or similar practices and expect the same from all suppliers.

6. Water Consumption and Availability

Suppliers must use water responsibly, minimize consumption, and take measures to conserve water resources. Water withdrawals should be sustainable and not affect local availability. Additionally, suppliers must monitor their water usage and implement measures to reduce it.

7. Energy Consumption and Climate

Suppliers are expected to optimize energy efficiency and use renewable energy where possible. They should work towards reducing emissions contributing to climate change and actively minimize their carbon footprint by setting and achieving reduction targets and tracking emissions throughout their value chain.

8. Air Pollution

Suppliers must minimize air emissions, such as particulate matter, nitrogen oxides (NO_x), and volatile organic compounds (VOCs). Compliance with applicable legal requirements is mandatory, and further efforts to reduce emissions are encouraged. Regular monitoring and reporting on emissions are expected.

9. Environment and Waste

Suppliers are required to implement sustainable waste management practices, focusing on waste prevention, recycling, and proper disposal. They should reduce waste and establish processes to minimize production-related waste. Hazardous waste must be disposed of safely in compliance with legal requirements to avoid environmental harm.

10. Soil and (Ground) Water Contamination

Suppliers must protect soil and groundwater from contamination and mitigate risks associated with their production and disposal activities. They are expected to take precautions to maintain environmental integrity and implement suitable measures to prevent soil and groundwater pollution.

III. Expectations for Employees

At Dedalus, adherence to legal requirements and ethical standards is an essential and integral part of Dedalus' corporate value system and a prerequisite for its success.

Dedalus business activities are always aimed at improving people's quality of life. Dedalus demonstrates this through a consistently high level of integrity and sustainability in its actions.

To ensure compliance with legal requirements and ethical principles at Dedalus, Dedalus has integrated these into the *Code of Ethics*. The *Code of Ethics* serves as a guide for all employees, supporting them in their daily work. Supplementary guidelines and training programs aim to raise awareness of specific topics and facilitate proper handling.

The management declares its full commitment to respecting fundamental human rights in accordance with applicable laws and refrains from conducting business that violates the compliance principles established in the *Code of Ethics*.

Similarly, all managers and employees are expected to conduct themselves in a legally and ethically sound manner in their daily business operations. All employees are expected to recognize and embrace their personal responsibility.

IV. Procedural Description

1. Risk Management

Dedalus Risk management is designed according to the requirements of the LkSG and its ERM Group Policy. To address sustainability risks in Dedalus's supply chain as part of our procurement processes, Dedalus hold its suppliers accountable.

The above-mentioned expectations for all suppliers are outlined in a *Code of Ethics for Business Partners*, which relevant suppliers must acknowledge to establish a business relationship with us.

If a company is chosen as a potential supplier, it must complete a supplier questionnaire (Self-Assessment Questionnaire – SAQ) and provide supporting documentation before entering into a supply relationship, depending on the level of risk.

Dedalus requires suppliers to incorporate prioritized sustainability aspects into a company-wide code of conduct and to conduct an analysis of risks affecting their business operations and supply chains, proportional to their size and risk potential. Suppliers are expected to ensure a comparable standard throughout their downstream supply chain.

Based on background research, Dedalus will evaluate heightened risk-based requirements on individual suppliers. These suppliers will be required to demonstrate specific risk management measures, which Dedalus evaluates for adequacy. The underlying review of suppliers is updated annually.

Existing suppliers are also subject to regular reviews.

2. Remedial Measures

In the event of substantiated indications of human rights or environmental violations within the supply chain by a direct supplier, Dedalus demands immediate clarification and require the supplier to promptly eliminate the violation or, if this is not possible, to mitigate its impacts.

Dedalus works with the supplier to analyze the causes of the violation and agree on forward-looking preventive measures, which are subsequently monitored. If a supplier fails to cooperate sufficiently, Dedalus reserves the right to suspend the business relationship or, as a last resort, terminate it.

If violations occur within the operations of indirect suppliers, Dedalus emphasizes the expectations expressed in its *Code of Ethics for Business Partners* across the entire supply chain. Dedalus strives to support indirect suppliers in eliminating or mitigating human rights and environmental violations. If an indirect supplier demonstrates unwillingness to improve, Dedalus will work with the direct suppliers to ensure their exclusion from the supply chain.

3. Complaint Mechanism and Internal Responsibility

Despite all due diligence, Dedalus is aware that violations may occur. Therefore, has established a complaint mechanism to help identify risks, uncover violations, and initiate corrective actions.

Dedalus' [whistleblowing system](#) is available to all individuals associated with Dedalus—employees, business partners, suppliers, customers—to report violations or risks. Reports can be submitted at any time via the digital whistleblowing system. Whistleblowers receive confirmation of their submission, and reports can be made anonymously and are treated confidentially. Dedalus ensures that whistleblowers do not face any disadvantages as a result of their report.

Additionally, Dedalus has designated internal personnel responsible for addressing human rights-related issues at Dedalus. They can be reached at: humanrights.de@dedalus.com.

The designated personnel provide regular updates, at least annually, to the management on the status of risk management.

4. Documentation and Reporting

The implementation of procedural steps for achieving Dedalus sustainability strategy is ensured through internal documentation and reporting. Based on these sources, Dedalus publishes an annual report on the website, which outlines the procedural steps, their impacts and effectiveness, current findings from the risk analysis, and derived measures for future improvements.

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