



INtegrity Channel SCDDA Procedures

Compliance Investigation Procedures
Guidance with Consideration of the German
Supply Chain Due Diligence Act (SCDDA)
Requirements

INNOMOTICS

Content

Introduction	3
Incident or Complaint as Triggering Event	4
Evaluation of SCDDA Relevance and Classification	6
Case Registration and Plausibility Check	8
Clarification	9
Results and Reporter Feedback	10

The designation of persons or groups of persons in this document refers to persons of any gender for linguistic simplification and better readability. The term “employees” also includes managers at all levels and members of executive bodies.

Introduction

This guidance specifies the minimum requirements for the implementation of an Incident and Complaint Management Process in compliance with requirements, specifically by the German SCDDA.

It describes more in detail, what is expected from the relevant Responsible Units according to Compliance Circular as a general basis for our INNOMOTICS Integrity Channel Procedures in relation to specific requirements resulting from the German SCDDA.

INNOMOTICS has the INtegrity Channel Procedures publicly available at [Innomotics.com](https://innomotics.com) as requested by SCDDA.

The Incident and Complaint Management Process covers incidents and complaints about risks related to human rights and the environment, as well as violations of obligations in these areas that have occurred due to the economic activities of an enterprise within INNOMOTICS' own business operations or through a direct supplier or indirect supplier.

Complaints from employees and third parties will be handled through the same processes, to the extent possible and permitted by law.

Incident or Complaint as Triggering Event

Definitions

SCDDA Complaint:

- In the case of a complaint, a party (the complainant) raises a formal allegation with INNOMOTICS about a SCDDA incident.
- INNOMOTICS has official communication channels to file a complaint.
- Information provided by employees as part of their responsibilities are usually not a complaint (but the report of an incident).
- Additional rules how to handle SCDDA complaints apply.
- Additional rules do apply derived from the Investigation process: Reporter feedback and Clarification.

SCDDA Incident:

- An SCDDA incident is an alleged event or occurrence with negative effects on people or the environment as per SCDDA prohibitions.
- There are different sources to get knowledge of a SCDDA incident, e.g. via
 - Internal procedures and tools
 - People within own operations
 - Direct and indirect suppliers or other external third parties
 - Media/external resources
 - Complaints
- SCDDA incidents require appropriate clarification and remediation and if confirmed constitute an violations of SCDDA prohibitions.
- SCDDA needs to be addressed, but the whistleblower-specific parts and other complaint specific requirements do not apply

Reporting and Information Channels

INNOMOTICS provides a variety of reporting channels, particularly the secure channels “INtegrity Channel”, which are accessible internally via the INNOMOTICS Intranet and externally via the INNOMOTICS corporate website and available to employees and external third parties.

In addition, employees may report violations of law to their manager, any employee of the Legal and Compliance organization, managers, employee representatives, or responsible P&O personnel. All reports submitted via “INtegrity Channel” are automatically routed to Compliance and are treated as complaints if applicable.

Channels of information especially regarding potential incidents include, but are not limited to,

- any other employee of IN RE SEC, IN P, IN P&O, IN EHS or IN RE,
- audit,
- external stakeholders like suppliers,
- the SCDDA risk analysis,
- the media.

It is essential that the individuals involved in the incident- and complaint process receive appropriate training to effectively understand and evaluate the situation from the viewpoint of the reporting persons. They should also be allocated sufficient time and resources to thoroughly process the information within the ongoing procedure.

Forwarding of a report received

Once an incident or complaint is received via any of the above channels, it needs to be evaluated as to whether it is a compliance case or no.

Compliance Case

If it is a Compliance case, the case needs to be forwarded to IN LC CO for further handling. The detailed definition of a compliance case and the forwarding procedure can be found in mentioned in the INtegrity Channel Procedures.

Not a Compliance case

Incidents and complaints other than Compliance violations are not handled by the Compliance Organization, but by the relevant internal units mentioned in the INtegrity Channel Procedures. These allegations must be passed on to the respective responsible unit.

The designated key contact in the Responsible Unit shall be responsible for following the appropriate process. Independence as required by SCDDA has to be ensured.

Feedback to Reporter

Specifically in case of complaints, the receiving Responsible Unit shall follow the minimum standards, which have been defined for providing feedback to Reporters (whistleblowers):

- Issuing an acknowledgement of receipt to Reporter within seven days.
- Attempting to contact the Reporter if additional information is needed to confirm plausibility.
- SCDDA requires continuous contact with the reporting person. The reporter should be informed of the next steps, procedure schedule, and their rights to protection against any disadvantage or punishment. This ensures transparency, clarity, and safeguards the reporting person's well-being throughout the process.
- As required by SCDDA, the whistleblower will be informed of planned and already taken measures by the responsible subject matter department. Providing an update to the Reporter regarding planned and already taken measures within three months, as far as possible and as required by law and provided the investigation or personal rights are not negatively affected by such feedback to the Reporter. This shall happen regardless of whether the clarification has been completed yet, but only as far as possible and required by law and no investigation or personal rights are affected.

PART 3

Evaluation of SCDDA Relevance and Classification

Once it's clear which internal unit is responsible for handling the incident or complaint, an assessment of the content and classification of the case needs to be conducted.

It is therefore examined whether possible violations of human rights or environmental prohibitions of the SCDDA committed by employees, the employer (INNOMOTICS) or in connection with the business of INNOMOTICS or direct or indirect INNOMOTICS suppliers have occurred.

Case is SCDDA relevant

If the case is SCDDA-relevant, the SCDDA process applies. Subsequently, registration for reporting purposes as a SCDDA-relevant incident/complaint needs to occur. This step could be covered with a flag or tag set within the case handling tool used.

The following is a general overview describing the main attributes and prerequisites of a SCDDA incident/complaint, solely meant for guidance purposes.

It does not constitute a legally exhaustive description of an SCDDA case. Further details can be found in the SCDDA law itself.

Definition of an SCDDA Case:

- (1) INNOMOTICS having knowledge or actual indications (e.g. from own observations, from media, or from a compliant)
- (2) of an occurred or imminent event
- (3) within INNOMOTICS own business area or at a direct supplier of INNOMOTICS or at an indirect supplier of INNOMOTICS
- (4) (apparently or at least possibly) relating to the violation of at least one of the following human rights or environment related prohibitions:
 - a. child labor (general rule: employees below minimum age of 18 years)
 - b. forced labor (employment of a person against his/her free will, including human trafficking) indications e.g.: withholding of IDs, denial of written employment contract, remuneration not paid at least monthly, questionable payroll deductions for recruiting fees and expenses)
 - c. increased risk of occupational health and safety incidents due to disregard of applicable regulations by the employer (INNOMOTICS), e.g., insufficient safety standards, absence of protective measures against occupational exposure to hazards, inadequate employee training and instruction
 - d. disregarding employees' rights in any form regarding trade unions including the right to strike and to collective bargaining
 - e. discrimination (also in remuneration), for example on the grounds of national, ethnic, or social origin, health status or disabilities, sexual orientation, age, gender, political opinion, religion unless justified by employment requirements; sexual and other harassment included as well
 - f. withholding an adequate living wage, which is at least the amount of the national minimum wage, but can also be higher in case the minimum is insufficient for reasonable living standards in the relevant social and economic environment
 - g. causation of harmful change of soil, pollution of water or air, or noise emission, or excessive water
 - h. consumption that have a significant adverse impact on food production and access to drinking water or sanitation or on the health of persons
 - i. illegal eviction and illegal taking of land, forests and water securing the livelihoods of persons
 - j. use of private or public security forces committing torture and other cruel, inhumane or degrading
 - k. treatment, or damaging life or limb, or impairing the right to organize and the freedom of association
 - l. any other obviously illegal behavior directly capable of seriously impairing human rights
 - m. use of mercury in products, manufacturing processes or inappropriate treatment of mercury waste
 - n. (Minamata Convention)
 - o. production and use of persistent organic pollutants (POPs) including handling, collection, storage and
 - p. disposal of waste against Stockholm Convention
 - q. violation of applicable regulations/international convention regarding the export or import of
 - r. hazardous wastes (Basel Convention)

Case is not SCDDA relevant

If the case is not SCDDA relevant, case handling according to regular processes in place applies.

PART 4

Case Registration and Plausibility Check

If the case is considered SCDDA relevant, the case is registered / flagged as such in a tool-based solution which will need to be assessed for each Responsible Unit individually.

After registration, a plausibility check is conducted to determine if there is a sufficient basis to initiate a clarification. The plausibility is confirmed in case there are clear indications that a violation of human rights related, or environment related duties as defined by SCDDA has occurred. In case of uncertainty, IN LC CO can be consulted.

According to SCDDA, in case of a complaint, an attempt will be made to contact the reporter if additional information is needed to confirm plausibility.

Also, the case needs to be flagged as “Complaint” in the tool-based solution to enable reporting of complaints as required by SCDDA.

In case of an incident, the available information for the incident is assessed in order to confirm plausibility.

In order to uphold impartiality in the complaint procedure, it is crucial that the individuals involved are able to act independently, without being bound by instructions, and maintain strict confidentiality.

INNOMOTICS must establish the necessary structural conditions to foster an environment of impartiality.

To this end, it is essential that these individuals receive appropriate training to effectively understand and evaluate the situation from the viewpoint of the reporting persons. They should also be allocated sufficient time and resources to thoroughly process the information within the ongoing procedure.

SCDDA reporting

For SCDDA reporting purposes (reporting is due once a year), two distinct flags/fields have been implemented in the INtegrity Channel case management tool:

1. Case is SCDDA relevant (Yes/No)
2. Nature of the case in terms of risks (e.g.: Environmental, Health and Safety, Human Rights, Imminent Threat to a Person, Animals or Property)

It is recommended to do the flagging and categorization at the earliest point possible in the workflow.

If a case that was at first deemed SCDDA relevant turns out not to be SCDDA relevant at any later stage of the clarification process, the “SCDDA relevant”-flag can be removed.

Case is plausible

If plausibility is confirmed, then the clarification process will be started.

Case is not plausible

If the case is not considered plausible, the reasons are documented accordingly in writing, and the case is closed. The Reporter needs to be provided a final or a forwarding notification at case closure.

As required by SCDDA, the whistleblower will be informed of planned and already taken measures by the responsible subject matter department.

Should new information later become available that substantiates the plausibility of the case, the case can be reopened.

PART 5

Clarification

The relevant Responsible Unit performs or initiates the clarification and reviews the facts of the clarification to determine if misconduct occurred.

It is required by SCDDA to try to engage in a discussion with the reporting person to gain a clear understanding of the facts. This conversation should also address the expectations of the reporting person regarding potential preventive or remedial actions.

The clarification may further include document reviews, interviews, audit, and other measures deemed necessary.

At this point, the Responsible Unit may also decide to bring in additional internal or external experts to support the clarification process.

All employees are expected to fully cooperate with clarifications as defined in the Compliance Circular.

Confidentiality and Anonymity

All employees and third parties may submit allegations of violations or suspected violations of law anonymously. The content of allegations and the identity of reporters and persons mentioned in allegations must be kept confidential by the unit in charge of the clarification process and all further employees involved (Need-to-know Principle). The Reporter is being protected, and the incident/complaint management process including SCDDA specific requirements are adhered to.

Code of Conduct for Fact-Finding

The Code of Conduct for Fact-Finding as defined in the INNOMOTICS INtegrity Channel Procedures must be respected throughout the entire process.

All employees involved in fact-finding related to alleged, potential, or actual violations of law are bound by a duty of confidentiality, must possess necessary expertise and qualifications.

PART 6

Results and Reporter Feedback

Case Completion

Absent special circumstances, the responsible unit issues a final report that summarizes the facts, provides a legal analysis (if needed, in alignment with and with support from Legal and Compliance), and, when applicable, includes recommendations.

Clarification final reports can be in any written format that document the factual findings, conclusions, and recommendations. The final report will be made accessible to other relevant stakeholders as deemed necessary.

If the allegations are found to be substantiated as a result of the clarification, and when applicable, the final reports can recommend disciplinary and/or other remedial measures, such as procedural, legal, risk-management, and financial actions.

The final report should designate the function or personnel within a Company Unit responsible for implementing the remedial measures and the implementation must be monitored and confirmed appropriately. The implementation of disciplinary recommendations must be aligned with P&O.

A data deletion and retention concept has to be implemented, i.e. on tool-level and aligned with Cybersecurity.

Remedial Action

In case an alleged violation, either within its own business area or at a direct supplier, is substantiated, INNOMOTICS must take appropriate remedial action, without undue delay, to bring the violation to an end. The term “without undue delay” defines a timespan of maximum two weeks.

If the violation occurs at a direct supplier, it might be impossible to end it accordingly. In such a case, the responsible investigating unit must come up with a concept for ending or minimizing the violation without undue delay. This concept should not only include a concrete timetable but should also stipulate a cooperative approach with the respective supplier or other industry stakeholders – companies should work together to find a shared solution, which may include a corrective action plan.

The termination of business relationships should only be considered if there is a very serious violation of a protected legal position or environmental obligation, if the measures developed in collaboration with the supplier do not resolve the issue within the specified timeframe, if there are no other less severe alternatives available, or if attempts to increase the company's influence are unlikely to succeed. In case of doubt, Compliance should be contacted in order to advise whether such a termination is necessary.

While concrete remedial measures in relation to direct suppliers might range from exercising influence on suppliers to temporary suspension of business relationships, remedial actions within Innomotics own business area include, but are not limited to, disciplinary, procedural, legal, risk-management, and financial actions.

In such instances, the investigating subject matter department shall designate the function or personnel within a Company Unit that is responsible for implementing the remedial measures. Disciplinary remedial measures must always be aligned with IN P&O.

Lessons Learned

Generally, the above-mentioned rules of procedure for managing incidents and complaints lay down the process and internal structures for processing and dealing with incidents and complaints. This includes that specific findings from the incident and complaint management process must be used to improve or adapt not only the existing preventive and remedial measures, but also the incident and complaint management process as such. Therefore, an alignment with Compliance being responsible for the review shall be done.

According to SCDDA, the lessons learned analysis of the effectiveness of the rules of procedure for complaints must be reviewed at least annually. When assessing the effectiveness of existing procedures, it is important to consider the extent to which they enable and encourage relevant target groups to provide information prior to any violations of obligations, as well as their ability to prevent harm to individuals reporting violations and take appropriate remedial measures when violations have occurred. Such a review might also be necessary on an ad-hoc basis in case of new products, new projects or new business areas within Innomotics or its direct suppliers.

Feedback to Reporter

The Reporter needs to be provided a final or a forwarding notification at case closure.

As required by SCDDA, the whistleblower will be informed of planned and already taken measures by the responsible subject matter department.

Retaliation

According to the Compliance Circular any form of retaliation against persons who have reported violations or suspected violations of law in good faith is strictly prohibited and will be treated as a Compliance case. This prohibition extends to any action that may harm the employment relationship, including, but not limited to, earning potential, bonuses, career development, or other professional interests of the whistleblower.

If an individual suspects any form of retaliation, they should immediately notify Compliance, either directly or through a member of the Compliance Organization. Compliance will take all necessary steps to safeguard the interests of the affected individuals.