



Transparency and accountability

ACO Ahlmann SE & Co. KG

ACO's Policy Statement in the Context of
the Supply Chain Due Diligence Act

Status: 12/2024

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Headquarters of the ACO Group in Rendsburg/Büdelndorf

Foreword

ACO is a globally leading WaterTech company, particularly in rainwater and wastewater management.

In addition to its headquarters in Rendsburg/Büdelndorf (Schleswig-Holstein/Germany), ACO has 50 other locations on every continent and a team of around 5,400 employees. The goal: to harmonise the natural water cycle with increasing urbanization. This is embodied in the mission: ACO. we care for water.

Founded by Josef-Severin Ahlmann (*1924 †2006) in 1946, the company originally grew out of a business division of the Carlshütte iron foundry (1827 to 1997). Carlshütte was one of the first industrial enterprises in the country and a leading company in social entrepreneurship for its time. It was led by one of Germany's most significant businesswomen of any era: Käte Ahlmann, the mother of Josef-Severin Ahlmann and the grandmother and great-grandmother of today's managing partners of ACO, Hans-Julius Ahlmann and Iver Ahlmann. From this long entrepreneurial history, always characterized by sustainable economic practices for the future, arises the great responsibility that the Ahlmann family and thus the entire ACO family feel towards their employees, customers, business

partners, and of course, our environment. This responsibility has always been a part of every business decision.

The following policy statement aims to provide a transparent insight into the processes by which we fulfill our due diligence obligations regarding human rights and environmental protection, analyze risks, and achieve continuous improvement with our employees, partners, and suppliers. It defines the binding approach to handling supply-chain-related risks, and complements our existing policies and regulations. Additionally, it forms the basis for the actions of the ACO Group, and is to be observed as a guideline by all employees of the ACO Group as well as all suppliers.

Working on improvement measures is a continuous process that we face anew every day. Therefore, this policy statement is regular and event-driven reviewed and, if necessary, adjusted and updated.

ACO Ahlmann SE & Co. KG

The Management

Human rights strategy

ACO respects human rights and supports a livable, sustainable environment for all.

Human rights are the fundamental values of our society. At ACO, they take precedence over all activities. Employees at ACO treat all individuals with courtesy, fairness, and respect. Discrimination against employees based on improper criteria that are not related to the requirements of the job itself is also prohibited in our business relationships. The same applies to selection criteria that are legally inadmissible under the applicable legal system of the place of employment. Our national Code of Conduct (CoC), the Supplier Code of Conduct (SCoC), and nationally applicable conduct guidelines provide the framework on which we base our respect for people and the environment as the highest goods.

We also place great importance on transparency in our collaboration with suppliers and business partners. This is to the mutual benefit of both parties, as strong supply and business relationships positively influence the ecological and social aspects of any business activity. Our goal is to source all production and operating materials, as well as services, ethically and responsibly. Therefore, we expect our suppliers and business partners to adhere to the standards of our ACO Supplier Code of Conduct (SCoC), which can be accessed in detail [here](#), and is eventually to be signed by all suppliers. It outlines our responsible actions based on the human rights and environmental standards established by the Supply Chain Due Diligence Act (LkSG), as well as the Money Laundering Act, the Act Against Unfair Competition (UWG), and of course, German and international labor law and international human rights standards, the OECD Guidelines, and the UN Guiding Principles on Business and Human Rights, as well as the internationally recognized standards of the eight core labor conventions of the International Labour Organization (ILO).

As a company that has deeply embedded environmental protection in its value DNA and daily business endeavors, we proactively commit to continuous innovations that serve environmental protection and urban living in harmony with nature. For this reason, we are significantly committed to achieving the 17 United Nations Sustainable Development Goals, as outlined in the UNs 'Agenda 2030' (UN Sustainability Goals). ACO contributes particularly to Goals 6 (Clean Water and Sanitation), 9 (Industry, Innovation, and Infrastructure), and 11 (Sustainable Cities and Communities).

The guidelines for our business conduct and our social and ecological actions, as set out in the ACO Code of Conduct (CoC) and the ACO Supplier Code of Conduct (SCoC), as well as the locally established guidelines in the individual companies, are reviewed as part of regular, appropriate risk analyses. In this way, we aim to achieve continuous quality assurance along the supply chain according to the human rights and four environmental standards of the LkSG, and to initiate suitable measures at all times to address any identified weaknesses, and implement compliant processes.

Procedure description

ACO considers it a self-imposed obligation to utilize procedures to ensure business due diligence, regularly update them, and implement new systems in the event of changes. In doing so, we simultaneously comply with the Supply Chain Due Diligence Act (LkSG) in § 4 paragraph 1, § 5 paragraph 1, § 6 paragraphs 3-5, and §§ 7-10 LkSG.

2.1 Responsibility

The implementation, management, guidance, and monitoring of our due diligence processes within our own business operations or through other business partners are carried out by a closely-knit implementation and advisory network within the ACO Group. This network consists of the ACO Groups Human Rights Officer, CFO Jens-Uwe Paasch (appointed in accordance with § 4 paragraph 3 LkSG), a dedicated ACO Sustainability Department, the ACO Legal Department, the ACO Quality and Standards Management, the ACO Chief Information Security Officer (CISO), and the local procurement organizations. These departments regularly and when necessary advise the management and managing partners on key developments and necessary decisions or adjustments, as well as the required implementation of new systems or resources.

The responsibility for effective implementation lies decentralized with the respective local operational units and companies of the group, as well as the business partners, who are responsible for fulfilling the relevant due diligence obligations.

2.2 Risk management

ACO has established a risk management system concerning human rights. The risk management is divided into the sub-processes of risk analysis, preventive measures, remedial measures, complaint procedures, documentation and reporting, as well as regular review.

2.3 Risk analysis

ACO understands due diligence in the area of human rights as a continuous process with constantly changing conditions. We conduct annual and event-driven analyses to identify potential and actual negative impacts on human rights and the environment in our own business operations

and with our direct suppliers. We collaborate with an external service provider whose platform enables an assessment of our own business operations and our direct suppliers regarding ESG topics based on country and industry risks, critical news monitoring, and an evaluation of sustainability performance through questionnaires. The use of the platform helps ACO identify, assess, and prioritize human rights and environmental risks in the supply chain. We respond to risks in our own business operations with priority to address the higher contribution to causation. The goal is to evaluate all direct suppliers through the platform.

Based on the results of the initial analysis, and considering increased abstract country risks, as well as existing preventive measures and assessment results, we consider the topics of health and safety at the workplace, and ensuring good working conditions in relation to human rights to be particularly significant in our own business operations, without neglecting other areas. Regarding our direct suppliers, based on our initial risk analysis and considering increased abstract country risks and existing preventive measures, we consider the following areas to be particularly significant: health and safety at the workplace, and ensuring good working conditions in relation to human rights, including the prohibitions on forced labor and child labor. However, other areas are not neglected. On an event-driven basis and with substantiated knowledge, our indirect suppliers are also included in the risk analysis. Identified risks are subjected to an appropriateness review within our risk management framework, and our investigative efforts are increased as needed.

2.4 Preventive measures

We fulfill our due diligence obligations regarding human rights and environmental protection by analyzing risks and potential negative impacts, and initiating effective, and appropriate preventive and remedial measures. Concerning health and safety at the workplace, we implement a variety of individual measures within our own business operations under decentralized responsibility. Additionally, there are centrally valid guidelines for specific topics, such as our guideline („ACO Law“) for health and safety in our global polymer concrete manufacturing facilities. These guidelines are mandatory and include detailed occupational safety and risk management provisions, as well as procedures for regular review and auditing.

To ensure good working conditions in relation to human rights, ACO encourages its employees and all stakeholders to take responsibility for ensuring that no business process deviates from international human rights standards, national laws, our guidelines, or ethically acceptable behavior. If it is determined that there are processes that need improvement, all employees are informed through the intranet, the employee app we.aco, and other internal communication channels about the appropriate contact point to develop and actively implement future improvements. Our expertise from daily business activities, and insights from industry dialogues on human rights, also flow into the measures process.

The ACO Sustainability Department continuously raises awareness of the ACO value base, compliance with human rights, and environmental protection through internal and external communication.

We address actual human rights or environmental risks that we consider particularly significant with our direct suppliers within our risk management framework with appropriate preventive measures, which we exemplify. We expect direct suppliers to contractually assure that they comply with the human rights and environmental expectations outlined in our Supplier Code of Conduct and address them appropriately along the supply chain. We establish a uniform process that, after an initial national rollout, extends to our own business operations abroad.

The regulations in our Supplier Code of Conduct also include appropriate contractual control mechanisms and their risk-based implementation to verify compliance with the human rights strategy among direct suppliers. Additionally, we have initiated a procedure to evaluate direct suppliers on human rights and environmental topics through assessments.

If we have actual indications that violations are possible with an indirect supplier, we immediately integrate the responsible party into our risk management and risk analysis and develop corresponding preventive and remedial measures.

These measures are subject to a continuous process of adjustment and further development.

2.5 Remedial measures

In the event that we, as a company, directly cause a human rights violation within our domestic business operations, we strive to modify our activities or processes to rectify the violation. In our foreign business operations and in the business operations of affiliated companies over which we exert significant influence, a remedial measure must generally lead to the cessation of the violation.

If the violation occurs with one of our direct suppliers or an actor in the supply chain, we endeavor to ensure appropriate rectification and remediation of the issue by the responsible parties. In connection with our business partners, we reserve the right to take appropriate actions, ranging from demanding the immediate cessation of the violation, to further steps, including the termination of the business relationship. If the violation of an obligation by a direct supplier is such that the company cannot end it within a foreseeable period, it must immediately develop and implement a plan to end or minimize the violation. The plan must include a concrete timeline. Termination of a business relationship is only warranted under certain conditions.

2.6 Complaint procedure

ACO is aware that despite adhering to due diligence in the area of human rights, violations can still occur. We provide affected individuals within our own business operations, our suppliers, and along our entire supply chain, as well as affected third parties, with confidential access to an appropriate complaint procedure to report violations. We communicate our complaint procedure internally and publicly on our website, and handle all reported concerns confidentially. This includes offering an ombudsperson who can be contacted anonymously. All information about this complaint office can be found in the footer section of the ACO main website www.aco.com. In accordance with the requirements of § 8 paragraph 2 LkSG, ACO has also published a procedural regulation on the company website, making information on the implementation of the complaint procedure publicly accessible. You can find this procedural regulation [here](#).

2.7 Documentation and reporting

ACO will continuously report on the fulfillment of our due diligence obligations to the Federal Office for Economic Affairs and Export Control (BAFA) starting from the fiscal year 2024. This report will be freely accessible on the ACO Group website www.aco.com within the legally or officially stipulated, deadlines and is based on ongoing internal documentation of our due diligence obligations. The management has appointed CFO Jens-Uwe Paasch as the Human Rights Officer in accordance with § 4 paragraph 3 LkSG. In this role, he regularly, and when necessary reports to the company management on compliance with human rights, environmental, and other obligations under the LkSG.

2.8 Regular review

The aforementioned procedures for implementing human rights and environmental due diligence in accordance with the LkSG and this policy statement are reviewed regularly - at least once a year - and as required, and updated if necessary. Findings from the processing of information from the complaints procedure are taken into account when reviewing the procedures.

Closing remarks

This policy statement comes into effect on December 1, 2024, and does not have retroactive effect. No individual or third-party rights can be derived from this policy statement. This policy statement applies to ACO Ahlmann SE & Co. KG and the affiliated companies of the ACO Group over which we exert significant influence.

We have developed this policy statement in dialogue with the relevant departments of ACO. The approval of this policy statement is granted by the Managing Directors of ACO Ahlmann SE & Co. KG.

Version description

Version 1:
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ACO. we care for water

Intelligent drainage systems from ACO increasingly use smart technology to ensure that rainwater and wastewater are drained, or temporarily stored. With innovative separation and filter technology, we prevent water contamination. We accept the challenge of reusing water, and thus establishing a resource-saving cycle.

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