

Statement on human rights violations related to the global trade of Conflict Minerals

How the KION Group is fighting against human rights violations related to the global trade of Conflict Minerals

What are “conflict minerals” and what is the challenge?

According to the definition in US law (Dodd-Frank-Act), conflict minerals currently include tantalum, tin, tungsten and gold (3TG) - wherever extracted. They are called “conflict minerals”, because often, the extraction goes hand in hand with human rights violation and the profit made from trade with this minerals is used to finance, intensify and perpetuate armed conflicts through purchase of weapons and recruitment of fighters. This is especially the case for the Democratic Republic of Congo and neighboring countries, where the miners are exploited, suffer from dangerous working conditions, forced labor and violence. Furthermore, the minors, including children, work in hazardous environments without proper safety measures. They face risks of injury, illness and even death.

In which products are “conflict minerals” contained?

Conflict minerals are often incorporated in many consumer products, such as electronics (e.g., smartphones, Laptops, Computer), but also in KION trucks, e.g.,

- printed circuit boards,
- capacitors,
- controllers,
- connectors.

How is KION tackling these challenges towards responsible sourcing?

For KION it is very important to reduce the risk of indirectly supporting armed activities and human rights abuses by sourcing responsibly. This is an ongoing and challenging endeavour due to the complexity of our global supply chain. To achieve the target, KION Group initiated many measures out of the KEPCOO project (lead: Quality) to address these challenges in a collaborative and cross-departmental approach:

1. Establishing a Conflict Minerals Standard

KION established a Conflict Minerals Standard (K-PRC-STA-01), which was developed in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, the European Union Conflict Minerals Regulation (EU) 2017/821, as well as the US Dodd-Frank-Act (Sec. 1502).

The KION Group has clearly formulated its own commitment with this standard. The KION Group’s expectations of its global suppliers with regards to Conflict Minerals is formulated as well in the KION Principles of Supplier Conduct. This standard applies to all entities of the KION Group worldwide and all its employees, particularly for those who are involved in the development and purchasing of goods and services for and on behalf of the KION Group or any of its entities. In this standard the conflict minerals and Cobalt are clearly defined and in scope.

2. Integrating Conflict Minerals requirements into the General Terms and Conditions of Purchase (GTC)

Over and beyond according to the General Terms and Conditions of purchase/section 13, if the supplier cannot exclude the presence of such minerals in delivery items, the supplier is responsible to notify us immediately and indicating our article number and providing information by using the current version of the CMRT Conflict Minerals Reporting Template. (Source: [General-Terms-Conditions-of-Purchase](#))

However, if no 3TG's are present in the supplier's product or can be confidently ruled out, KION needs a statement in a documented-based environment with clear reference to the 3TG's.

3. Require suppliers to agree with the KION Principles of Supplier Conduct

KION's suppliers are obliged to comply with the KION Principles of Supplier Conduct, which includes the obligation of supplier to comply and adhere with the Regulations along their own supply chain, i.e. not consuming and/ or supporting the sourcing of Conflict Minerals, either directly or indirectly, and to support the KION Group in their efforts to create the utmost data transparency and fulfil their obligations under the Regulations.

KION Procurement conducts Due Diligence on the supply chain to identify possible content of Conflict Minerals within the goods they purchase from its suppliers, and which are finally used in KION's end products. KION Procurement uses recognized industry standards as mentioned above to guide the due diligence process and may use third-party provider SaaS (ASSENT) - solutions to execute the required survey and assessment.

(Source: [Conflict-Minerals-Standard](#))

4. Establishing a standardized supply chain Conflict Minerals Compliance Program including robust business processes

Since 2023, KION and its brands are reaching out to series supplier requesting standardized Conflict Minerals Information via the Conflict Minerals Reporting Template. The so-called Conflict Minerals campaign starts in November every year. To improve the compliance program, KION will create a currently formalized the supplier reach-out process, incl. data assessment and corrective actions. This process shall allow to track minerals through the supply chain and will identify assess risk from minerals from conflict-affected and high-risk areas. For analysis and supplier campaigning, Assent is used. With the future Risk assessment, KION can act in concerns of strategic decisions within its supply chain.

5. Participation of KION in a cross-industry approach to address Smelter or Refiner (SOR) using Assent

Since 2022, KION and its brands participate in Assents driven CSR (Corporate Social responsibility) initiative – the so called “Conflict Minerals Smelter Outreach Campaign”. This annual outreach coordinated by Assent, invites currently operational smelters and refineries (SOR) to be assessed by industry-recognized auditing programs. Over 200 companies participate by signing a joint letter - with a link to the auditing institutes - which highlights the importance of auditing to companies that have not yet been assessed. Although the outreach is a collaborative effort of multiple companies that carries a strong influence, it is by no means the only initiative in the industry; many companies perform similar activities on an individual level. So, any positive changes of smelters joining/participating in an industry recognized audit/assessment program cannot be attributed to Assent's outreach alone. (Source: Assent Smelter Outreach Initiative - FAQ 2022).

In addition, KION performs a Smelter Due Diligence Campaign within the Supply Chain for those Suppliers which include at least one smelter of interest to their CMRT. The suppliers are requested to provide a statement about corrective action.

With this KION can show transparency in regards of mitigation of risk and assumes our responsibility in concerns of due diligence.