

**Rules of Procedure for the Complaints Procedure according to the German Supply Chain Due Diligence Act (LkSG)**

**Date: 22.12.2023**

**1. Introduction**

Faber-Castell AG and its affiliated companies within the meaning of Sections 15 et seqq. AktG [*Aktiengesetz*, German Stock Corporation Act] (collectively and hereinafter referred to as "**Faber-Castell**") attach particular importance to respecting human rights and protecting the environment in their business activities. Faber-Castell has an established Compliance Management System (CMS) to ensure that all statutory regulations, legal standards and internal company guidelines are observed and complied with.

To strengthen the CMS and to ensure compliance with human rights and environmental due diligence obligations in accordance with the German Supply Chain Due Diligence Act (hereinafter referred to as "**LkSG**"), a complaints procedure has been introduced alongside the already implemented ombudsperson system, which is intended to give employees and external persons the opportunity to report information on human rights and environmental risks or violations at Faber-Castell or at suppliers.

Violations can have serious consequences for Faber-Castell, its employees, our business partners and other affected parties and must therefore be identified at an early stage in order to initiate appropriate countermeasures and avert potential damage.

**2. Scope of Application**

The complaints procedure is used to report human rights and environmental risks and breaches of duty that have arisen as a result of business activities in the company's own business area or those of a supplier.

Our complaints procedure is open to both directly and indirectly affected parties. This includes, for example:

- Employees of Faber-Castell
- Employees of (indirect) suppliers and business partners
- Customers and clients
- Trade unions, non-governmental organizations and other organizations that become aware of risks or damage and/or support those affected
- Other third parties, e.g. residents of local sites

**3. Complaint Reporting Channels**

All employees and external persons can submit a report in accordance with the LkSG using one of the following complaint channels:

- Complaints Procedure BDO Legal
- Ombudsperson
- Chief Compliance Officer
- Internal reporting channels (for employees)

## **Complaints Procedure BDO Legal**

The digital complaints procedure BDO Legal can be accessed via the Faber-Castell homepage under <https://www.faber-castell.com/legal/compliance/complaints-procedure>.

It is also possible to report anonymously.

The system is currently available in German and English. However, reports can be submitted in any language.

## **Ombudsperson**

The ombudsperson acts as an external and therefore neutral point of contact for reports (including anonymous reports) from Faber-Castell employees and external third parties. The ombudsperson ensures can be reached during normal business hours via a compliance hotline. The ombudsperson can also be contacted by mail and by post using the following contact details:

Jesko Trahms

BDO Legal Rechtsanwaltsgesellschaft mbH

Zielstattstraße 40

81379 München

Phone: +49 (0) 1733091491

Mail: [jesko.trahms@bdolegal.de](mailto:jesko.trahms@bdolegal.de)

## **Chief Compliance Officer**

The Chief Compliance Officer is part of the central Compliance Management System (CMS). He ensures compliance with laws, regulations, internal policies and ethical standards. He also reports to and advises the Executive Board on all compliance matters and manages and coordinates the Compliance Committee. He is responsible for the internal investigation of compliance-related reports.

The CCO can be reached using the following contact details: [compliance@faber-castell.com](mailto:compliance@faber-castell.com)

## **Internal Reporting Channels for Employees**

Faber-Castell employees can also submit reports to the following internal reporting channels (see Compliance Reporting Policy):

- Local Compliance Contact
- Compliance Committee (CC)
- Direct supervisor

## **4. Content of the Reports**

The complaints procedure for violations against the LkSG can be used in particular for reports on the following topics:

- Violations of human rights
  - the prohibition of child labour
  - the prohibition of forced labour, slavery, human trafficking
  - occupational health and safety
  - the prohibition of discrimination
  - the prohibition of withholding an adequate living wage
  - Eviction and forced removal
  - Abuse of power by security forces

- Violations of environmental protection
  - the prohibition of the manufacture of mercury-added products, the use of mercury and mercury compounds in manufacturing processes and the illegal treatment of mercury waste (Minamata Convention)
  - the prohibition of the production and use of chemicals ("persistent organic pollutants") in accordance with the Stockholm Convention (POP Convention)
  - the prohibition of handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the Stockholm Convention (POP Convention)

## **5. Protection of the Whistleblower**

Faber-Castell guarantees that no employee will suffer any disadvantages within the company simply by using the system. If whistleblowers have the impression that they are suffering intimidation or reprisals as a result of their report/complaint, they can contact the complaint reporting channels; such intimidation or reprisals will also be examined in accordance with the procedure described in section 6 and investigated further if necessary. Exceptions to this are cases in which the system is misused through denunciation.

The theoretical possibility of the system being misused - for example to damage an employee's reputation - is being considered for every report. Furthermore, is a fundamental presumption of innocence until proven otherwise. If investigations reveal that reports have no basis whatsoever and have been made solely to wilfully and gratuitously harm and discredit a person, this may result in disciplinary action being taken against the whistleblower.

The system is based on a confidential treatment of all information and the identity of the whistleblower. However, it is also possible to make an anonymous report via the BDO Legal digital complaints procedure. Furthermore, all data protection regulations are complied with.

Legal obligations to provide information to authorities and legal exceptions to the confidentiality requirement are complied with.

## **6. Implementation of the Complaints Procedure BDO Legal**

### **6.1. Receipt of the report**

Once a report has been submitted, its receipt is documented in the BDO Legal complaints system. The whistleblower is informed immediately, at the latest within seven days of the receipt of their report. If necessary, the whistleblower will be asked to provide further information.

### **6.2. Review of the report**

Upon receipt of the complaint via the electronic complaints system, the report is reviewed by experienced lawyers (ombudspersons) of BDO Legal. The ombudspersons are not subject to any instructions from Faber-Castell. After an initial plausibility check of the report and any queries, the ombudsperson will inform the CCO of the content of the report for further investigation. The identity of the person submitting the report will only be disclosed with their prior consent. The ombudsperson will not conduct an investigation.

### **6.3. Investigation of the facts**

The CCO is responsible for the internal investigation procedure, which may be triggered by a report, an enquiry or the company's own findings. The CCO makes the decisions on further investigations, if necessary, in consultation with the Supervisory and Executive Board, and can delegate the investigation - in compliance with the principle of confidentiality and data protection - in particular to other members of the Compliance team or other specialist departments (e.g. VP Corporate Human Resources, Internal Audit).

In the event of particularly extensive or serious violations, or if special expertise appears necessary for clarification, the CCO or the person entrusted with investigating the facts may

request support, e.g. from the Compliance Committee or individual members thereof, from other internal departments or from external service providers.

However, care will be taken to ensure that the number of people involved is kept to a minimum in order to maintain confidentiality. If necessary, the facts of the case will be discussed with the person providing the information.

The facts of the case are clarified, but not conclusively, by:

- Interviewing the parties involved, including the person concerned and the reporting person
- Obtaining information and documents from internal departments and, if necessary, from business partners
- Inspection of the documents

BDO Legal will keep the whistleblower informed of the progress of the investigation.

#### **6.4. Evaluation of the facts**

As soon as all necessary information is available and if there are concrete actual indications of misconduct within the Faber-Castell Group or at suppliers, the facts of the case are assessed by the CCO. If necessary, other departments will be involved. This is done based on the relevant laws and legal provisions for the individual case and on the basis of Faber-Castell's internal guidelines.

It must be checked whether civil law claims can be asserted and whether any reporting obligations to authorities must be fulfilled.

If the CCO is convinced, after clarification of the facts, discussion and investigation, that there are no human rights and environmental risks or violations of human rights or environmental obligations in their own business area or at suppliers, the case will be closed.

#### **6.5. Decision**

If, in the opinion of the CCO, the investigation confirms human rights and environmental risks or breaches of human rights or environmental obligations in the company's own operations or those of its suppliers, the CCO and/or his team, if necessary, with the involvement of the in consultation with the Supervisory and Executive Board, the Compliance Committee or other departments, will draw up a proposal for measures to be taken. These may include internal and external communication, damage limitation measures and, if necessary, direct sanctioning of the person concerned (e.g. consequences under labor law, involvement of the investigating authorities in the case of matters relevant under criminal law, etc.). If necessary, the whistleblower will be involved.

If requested by the party concerned, we will endeavor to reach an amicable settlement of the dispute.

#### **6.6. Conclusion of the procedure**

Once the procedure has been completed, the person(s) responsible for the investigation shall draw up a summary final report.

This report shall contain, the content of the initial report, a summary of the facts established and the measures taken.

The final report shall be signed by the CCO. A summary of the final report will be presented at the next meeting of the Compliance Committee.

The whistleblower will be informed of the conclusion of the complaint procedure.

The processing time depends very much on the individual case and can therefore vary from a few days to several months. However, Faber-Castell endeavors to complete the investigation as soon as possible.