

Compliance@Würth

**Handling compliance violations within the Würth
Group ("Case Management")**

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List of abbreviations

BKMS	Business Keeper Monitoring System
CCO	Chief Compliance Officer
CoCO	Company Compliance Officer
BUCO	Business Unit Compliance Officer
GCO	Group Compliance Officer
EVP	Executive Vice President
1GFL	Group Legal Department
1GFR	Group Auditing Department
1GKV	Group Insurance Department

General

Access to the BKMS is currently available:

CCO
GCO
All BUCOs

1. Introduction

If compliance violations occur within the Würth Group, this entails considerable risks for the Group and the employees concerned. The Würth Group not only faces high financial losses in the form of fines and claims for damages, but also a loss of reputation. For Würth employees, this may result not only in financial losses but also in sanctions under labor and criminal law. In addition, members of the Central Managing Board as well as the management of the Würth companies are obliged under criminal and company law or other international regulations (e.g. Directive (EU) 2019/1937 on the protection of persons reporting infringements of Union law) to set up and maintain a system for investigating and sanctioning criminal misconduct.

The aim of the case management process is to ensure that known misconduct is not ignored and that significant risks for the Würth Group can be clarified internally at an early stage. In addition, this is intended to implement any obligation to set up reporting systems and the associated processing procedure that may exist under state law. If the respective state law requires regulations that deviate from the processing procedure described below, the companies concerned must implement these requirements on their own responsibility.

2. Terms and definitions

BKMS (= Business Keeper Monitoring System) is the Internet-based reporting system of the Würth Group. Internally, the system is known as Reporting Hotline SpeakUp. Suspicious activity reports are received here from employees, customers, suppliers and other business partners. The person reporting the suspicious activity report must assign it to a company. All companies in the Würth Group are assigned to a BUCO who, in addition to the CCO and GCO, then receives notification that a new report has been received in the BKMS.

Case management is the handling and processing of information that relate to potential compliance violations.

Compliance Board is the Würth Group's highest specialist body in compliance matters. The Compliance Board decides on measures to clarify serious compliance violations of Group-wide significance and on proposals for sanctions following clarification of the facts in the case of serious violations. In addition to the Chief Compliance Officer, the Board includes a member of the Central Managing Board, the Head of Auditing Department, the Head of Risk Management and the Group Compliance Officer of the Würth Group. The risk controller of the Würth Group has the right to attend the meetings of the Compliance Board as a guest.

Compliance investigation is the internal clarification of a possible central case under the responsibility of the BUCO and processing according to the workflow stored in the BKMS Case Management.

Compliance violation is conduct that violates applicable laws, internal policies or employment contract obligations.

Executive Vice President bears responsibility for implementing the compliance management system within his area of responsibility and thus at the level of the companies that belong to his area of responsibility.

Local case is a compliance violation that does not constitute a central case. Local compliance cases are not documented in BKMS Case Management and must be resolved at company level.

White-collar crime is defined as criminal offences that affect the financial interests of the Würth Group and/or its customers (e.g. fraud, embezzlement, insolvency offences, competition offences, corruption offences, money laundering, terrorism financing).

The central case is a serious compliance violation by Würth employees in the areas of white-collar crime, antitrust law or data protection law. When categorizing a compliance violation as serious or not serious, one of the factors taken into account is the materiality of any potential damage to the Würth Group's assets or reputation or the business unit concerned and the position of the employees involved. For example, compliance violations by senior management or a managing director against criminal law standards in the areas of white-collar crime, antitrust law or data protection law (with a damage potential of more than EUR 50,000 to the detriment of the Würth Group) are deemed to be serious and therefore of central importance. Compliance incidents of central importance must be entered in the BKMS Case Management.

3. Case Management

3.1 Receipt of notices

In addition to the general channels (e.g. telephone, e-mail, mail or in person), the Würth Group also provides the Internet-based BKMS system, which enables confidential and, if desired, anonymous submission of reports. The BKMS receives reports from employees, customers, suppliers and other business partners, whereby the reporter must assign the report to a company. The responsible BUCO, GCO and CCO then receive notification of the receipt of a new SAR. Only indications of compliance violations in the area of corruption, significant economic offences and competition and data protection law are to be entered into this portal. Serious violations of internal guidelines / PAP (Policy And

Procedure) can also be reported. Information on other compliance violations can be reported to the CoCOs or BUCOs via the general channels mentioned above.

If a suspicious case is reported to the CCO or GCO, the latter usually first forwards the case to the responsible BUCO for plausibility checks. The BUCO then processes the report together with the respective CoCO of the company. If the reporter wishes to submit the report in a personal meeting, the person handling the report must, subject to the reporter's consent, make and keep complete and accurate records of the meeting in a permanent and retrievable form. In particular, the applicable national data protection provisions must be observed.

In many countries, state law now requires the state to set up reporting channels to state authorities. If such an external reporting channel exists, reference must also be made to this external reporting option in connection with the provision of the Group-wide reporting hotline "SpeakUp". Regardless of which reporting channel the reporter uses, it must be ensured that he or she does not have to fear any reprisals as a result of the report.

3.2 Plausibility check

After receiving a tip, the CoCO or BUCO checks its plausibility. In the frame of the plausibility check, the underlying facts are validated by means of queries, background research, etc. The CoCO or BUCO then checks the information for plausibility. The recording, plausibility check and further handling of a report are carried out within the framework of the legal provisions, in particular data protection law. Receipt of the report must be confirmed to the reporter without delay, but at the latest within seven days of receipt of the report. Upon completion, the reporter shall be informed of the completion of the investigation as well as the measures taken. In the case of longer processing times, the reporter must be informed of the current status no later than three months after receipt of the report. If a report proves to be irrelevant during the plausibility check, the CoCO or the BUCO closes the case and documents this.

The following applies to reports received via the BKMS system: Upon receipt of the incoming report, the BUCO shall process the report in the BKMS system. If the reporter has set up a post box, an acknowledgement of receipt must be sent to the reporter without delay, but within 7 days at the latest. The responsible BUCO must then check the plausibility of the report. The plausibility check should be carried out within two weeks. Subsequently, plausible SARs must be categorised (see 3.3). Non-plausible reports must be closed in BKMS Case Management and case closure must be requested. Reports in BKMS Case Management can only be closed under the dual control principle with the approval of the GCO or CCO.

3.3 Categorizations of a report

If, after the plausibility check, there are sufficient indications for the existence of a compliance violation, the BUCO / CoCO categorizes it as a local case or a central case.

If it is a suspected case that is subsequently classified as central, the BUCO must create a case in the BKMS Case Management. A central case is subject to a compliance investigation by the BUCO and is processed according to the workflow stored in the BKMS Case Management.

If it is a suspected case that the BUCO assumes to be a Local Case, it is not created in the BKMS and is therefore not the subject of a compliance investigation in the sense described above. The BUCO transfers a Local Case to the CoCO or the management / a department (e.g. HR department) of the company concerned for processing. The responsible EVP must be informed in each case and, depending on the importance of the case, the procedure must be coordinated with him.

If any damage incurred or threatened could be covered by insurance, the 1GKV department must be informed.

3.4 Processing of a local case

If a local case is transferred to the management / a department of the company concerned, the BUCO and the respective CoCO inform each other about it.

The management / department responsible after submission handles the local case on its own responsibility in compliance with the relevant legal provisions, if necessary in coordination with the BUCO and / or CoCO. It clarifies the facts and, if necessary, ensures that the employees concerned are sanctioned appropriately.

After the closure of the Local Case, the responsible department informs the respective CoCO and BUCO in writing about the outcome of the Local Case. If, during the processing of the Local Case, there are indications of the existence of a Central Case, the responsible management / department shall inform the BUCO without delay. The responsible EVP is to be informed in each case and the procedure, depending on the importance of the case, is to be coordinated with him.

3.5 Processing of a central case (compliance investigation)

If the plausibility check of a tip has revealed concrete indications of the existence of a central case, an internal investigation is the responsibility of the BUCO and is processed by him in accordance with the workflow stored in the BKMS Case Management. The processing must always be carried out in coordination with the CCO or GCO and the responsible EVP. In the event of a conflict of interest, the CCO or GCO will handle the case himself.

The investigation may be supported or carried out by Internal Audit for necessary internal audit procedures.

After the facts to be investigated have been clarified, the BUCO prepares a final report in accordance with the workflow stored in the BKMS Case Management. The final report contains the ascertained facts, the resulting assessment and the resulting recommendations for action. Based on the final report, the CCO or the GCO decides on the closure of the case and records this in the BKMS Case Management.

The CCO or GCO reports on the central cases at the meetings of the Compliance Board. In case of urgency, the Compliance Board is informed on an ad hoc basis and decides on any further measures that may be required.

The Compliance Board reports on the central cases to the Central Managing Board and the Advisory Board of the Würth Group at least once a year. In the event of urgency, information is provided on an ad hoc basis. The Compliance Board decides on the need to disclose the facts to the public prosecutor's office and other authorities. If there may be a tax risk for the Würth Group, the CCO passes on the facts relevant under tax law to the tax department for examination.

Graphic: Case Management Process



