

BDO declaration of principles
on respect for human rights
in the supply chain



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For better readability, the generic masculine is used.
The personal designations used in this publication refer to all genders.





It is not human rights that are being violated, but people.

Walter Ludin



1. Introduction

BDO AG Wirtschaftsprüfungsgesellschaft („BDO“) can look back on over 100 years of eventful company history. Since its foundation, social responsibility, ethics and morals in various forms have always played a prominent role for BDO. One expression of this is the very specific code of conduct that BDO has adopted and published both internally and externally. This code of conduct addresses issues such as compliance with human rights, applicable law including very specific professional law, environmental protection, sustainability, equal rights and corporate diversity. In this way, BDO also explicitly emphasises that these issues are of particular concern to us.

One consequence of this self-image is that BDO has been selecting its own suppliers very carefully for a long time, also including issues of respect for human rights and environmental protection in the supply chain, in a structured manner, as part of the selection process. BDO expects high standards from its own suppliers in terms of legal compliance and safety as well as in terms of quality and the ethical and moral principles that characterise the suppliers in question.

This policy statement on respect for human rights documents precisely highlights this aspect of our corporate policy. It shows what BDO stands for in relation to human rights in the supply chain. At the same time, it makes our current risk structure transparent and shows what opportunities exist for stakeholder (?) to draw our attention to potential for improvement. At the same time, it was created to implement the legal requirement in accordance with § 6 (2) of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - „LkSG“).

If you have any questions about this policy statement, please contact our Human Rights Officer at Menschenrechtsbeauftragter@bdo.de.

This declaration of principles was adopted by the BDO Executive Board and represents a binding basis for BDO's due diligence obligations in dealing with human rights and environmental protection in accordance with the German Supply Chain Due Diligence Act (LkSG).

2. Human rights

BDO focuses on the following groups of people as potentially affected:

- ▶ Full-time or part-time employees - including all interns, student trainees and apprentices - both from BDO and from suppliers in the BDO supply chain; and
- ▶ Residents with a direct connection to BDO offices and to facilities of suppliers in the BDO supply chain.

Within the above-mentioned groups of people, we believe that the following subgroups are particularly at risk:

- ▶ People in unregulated or under-regulated regions, including those where there is no freedom of association or civil liberties are not respected;
- ▶ People with disabilities;
- ▶ Sick people and people with physical or mental disabilities;
- ▶ Ethnic or religious minorities;
- ▶ Elderly people, women, children; and
- ▶ People with limited access to education.

We are committed to respecting the following international standards for the protection of the aforementioned groups of people and simply on the basis of our values.

- ▶ The Universal Declaration of Human Rights;
- ▶ The human rights covenants of the United Nations;
- ▶ The core labour standards of the International Labour Organization (ILO); and
- ▶ The United Nations Guiding Principles on Business and Human Rights.

BDO is also committed to protecting the following human rights in particular within the scope of its own business activities and also has this expectation of its direct suppliers:

Ban on child labour

BDO distances itself from any form of child labour. We respect the right to education and take into account the minimum age for employment in accordance with national legislation and internationally recognised standards.

Ban on forced and compulsory labour

BDO rejects all forms of forced and compulsory labour.

Right to health and safety at work

Our employees are the foundation of our success. Occupational health and safety is therefore an essential prerequisite for our daily work. Employees are required to comply with the regulations communicated to them.

Freedom of association, the right to collective bargaining and the right to strike

BDO recognises the right to freedom of association and the right to join trade unions.

Equal opportunities and protection against discrimination

A culture of equal opportunities, mutual trust and mutual respect is essential for us at BDO. We treat all employees, partners and customers equally, regardless of gender, age, skin, colour, culture, ethnic origin, sexual identity, disability, religious affiliation or ideology.

Remuneration and benefits

Remuneration and other benefits at BDO are at least in line with the legal requirements of the country in which we operate and are paid regularly. The remuneration paid should make it possible to finance a living standard for all employees.

Human rights and the environment

Environmental and climate protection are important corporate goals for us at BDO. We take responsibility for our environment: in all our business activities, we place a particular focus on environmental friendliness, careful use of resources and limiting energy consumption. BDO does not use substances classified as hazardous under the LkSG, such as mercury and persistent organic substances.

Protection of local communities and indigenous peoples

At BDO, we consider the local impact of our business activities and respect the rights of local communities and indigenous peoples.

Human rights protection in the deployment of security services

If we at BDO use private or public security services to protect our business, internationally recognised human rights must be respected. We at BDO reject the use of private or public security forces for torture, inhumane treatment or harm to life and limb.





3. Implementation of due diligence

3.1. Own business (division) and direct suppliers

3.1.1. Risk management and responsibility

We have established a risk management system to ensure compliance with legal obligations and our Code of Conduct. Overall responsibility for the risk management system and its continuous development lies with the Risk & Compliance department. The processes and measures that have been developed and established to comply with the specific requirements of the German Supply Chain Duty of Care Act ("LkSG") are part of the risk management system.

Every manager at BDO works towards the fulfilment of human rights due diligence obligations in their respective areas of responsibility. We design training courses to sensitise employees in the relevant business units.

3.1.2. Risk analysis

In order to identify the human rights and environmental risks at BDO and at BDO's direct suppliers, we carry out a risk analysis both annually and on an ad hoc basis. In the first step of the risk analysis, the abstract risks are presented using country indices and a business model risk categorisation. The criteria of scale (severity), scope (scope) and remediability (reversibility) are used in the concrete assessment of the identified human rights and environmental risks. Measures that have already been implemented are then reviewed and the probability of occurrence of the residual risk is assessed.

Overall, as a result of the risk analysis, we have not identified any suppliers that are in the "very high" or "high" risk range. We have identified the following topics in the medium to low-risk area, which are prioritised for the direct suppliers: freedom of association and equal treatment in the workplace.

We have identified the following topics associated with a higher risk after weighting the risk in accordance with the risk analysis within our own business divisions: working hours and equal treatment in the workplace. These results will be incorporated into the development of preventive measures.

The results of the risk analysis are regularly communicated to the Management Board of BDO.

3.1.3. Preventive measures

BDO implements various preventive measures to counter potential violations of human rights. Based on risks identified - working hours, equal treatment in the workplace and freedom of association for direct suppliers - specific measures are implemented at BDO.

For our own business area, this includes measures such as human rights due diligence training in the relevant business areas.

At the heart of the preventive measures is the structured supplier check process as part of the procurement strategy. As part of this process we analyse the supplier's risk structure and supply chain - also based on specific questionnaires and (depending on the risk classification) by means of further research. Suppliers sign the BDO Code of Conduct for Suppliers before the start of the collaboration, unless the supplier's own Code of Conduct exists and is at least equivalent. There is also a dedicated purchasing guideline.

In addition, we carefully negotiate contracts with suppliers and endeavour to obtain sufficient contractual assurances to ensure that human rights are respected along the supply chain. The preventive measures are evaluated annually and checked for their effectiveness.

3.1.4. Remedial measures

If it is determined that a violation of due diligence obligations or a violation of human rights is imminent or has already occurred at BDO or at one of our direct suppliers, the relevant processes will be clarified. If such violations are actually imminent or have already occurred, BDO immediately examines suitable remedial measures in order to minimise the resulting environmental and human rights-related risks as far as possible. Clear responsibilities have been defined to implement this process. If violations occur in a supplier's area of responsibility, we have clear expectations of our suppliers. These are: consistent and swift clarification, strong cooperation with BDO and consistent commitment to overcoming the respective grievances.

If clarification and remedial action in the supplier's area of responsibility are not carried out with the necessary consistency and the violations are of a corresponding degree of severity, we will immediately examine and initiate a possible change of supplier, taking into account the framework conditions set by § 7 (3) No. 1 - 3 LkSG.

To date, there have been no specific incidents that would have given rise to corresponding investigations. Our remedial measures are subject to an annual, risk-oriented review regarding their effectiveness. In this context, BDO pays attention to any changes in risk that have occurred in its own business operations or at suppliers.

The remedial measures introduced are evaluated annually and checked for their effectiveness.

3.1.5. Complaints procedure

Information on human rights and environmental risks or violations within BDO's own business activities, as well as the business activities of our suppliers, can be reported to us in various ways. It is possible to contact our Head of Risk & Compliance and Human Rights Officer at Menschenrechtsbeauftragter@bdo.de

Furthermore, an electronic whistleblower system is available on our website www.bdo.de (footer), which can be used to submit open or anonymous reports. You will also find rules of procedure there. The reported cases are dealt with neutrally and impartially by the Head of Risk & Compliance.

As part of a structured process, the responsible specialist department makes an annual evaluation in a risk-appropriate manner as to whether the complaints procedure is effective, particularly if there are relevant changes in BDO's business area or in the business division.

3.2. Indirect business partners/suppliers

The complaints procedure (see section 3.1.5) also allows for information to be provided about indirect suppliers. Indications of breaches of human rights and environmental obligations by indirect suppliers are addressed, analysed and reduced as far as possible by defining and implementing suitable measures in accordance with § 9 (3) No. 1-4 LkSG. Measures are defined as a result of a corresponding risk analysis and conceptualisation. The responsibilities for the implementation of this process are clearly defined.

4. Reporting

The obligations under § 3 LkSG are continuously documented in a digital application provided for this purpose. The corresponding responsibilities are clearly assigned and digitally tracked.

We publish our report on the fulfilment of human rights due diligence obligations in accordance with § 10 (2) LkSG annually on the website www.bdo.de. This report is also submitted to BAFA for review in due time. Publication takes place no later than four months after the end of the BDO financial year (end of October).

5. Communication

This policy statement will be made available to all our employees and their representatives in an appropriate form and published.

This policy statement is regularly updated both on an ad hoc and regular basis.



6. Contact us

Human Rights Officer

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Menschenrechtsbeauftragter@bdo.de

Whistleblower system: www.bdo.de

BDO AG Wirtschaftsprüfungsgesellschaft

All the information on the BDO network can be found at
www.bdo.de

We have compiled the information in this publication with due care. However, they are of a general nature and can naturally lose their currentness over time. Accordingly, the information contained in our publications does not replace individual professional advice, taking into account the specific circumstances of the individual case. Accordingly, BDO assumes no responsibility for decisions taken on the basis of the information contained in our publications, for the currentness of the information at the time it is made available, or for errors and/or omissions.

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The BDO logo is located in the bottom right corner of the page. It consists of the letters 'BDO' in a bold, white, sans-serif font, set against a red background. The letters are slightly shadowed, giving them a three-dimensional appearance as if they are floating above the surface.