

Human Resources Policy



Scope and Application:
Karl Schmidt Spedition GmbH & Co
KG with subsidiaries and re-lated
affiliates

Preamble

The human resource policy complements the overarching corporate principles statement. It specifically addresses issues related to the company's human resources sector. It encompasses personnel acquisition and retention, personnel development, career management, and the proactive shaping of working conditions at SCHMIDT. Its focus lies on the social aspect of sustainability. Since the most crucial component of any company is its motivated and qualified employees, their management and development constitute a significant aspect of the sustainable corporate strategy.

The human resource policy is made transparently available by the SCHMIDT Group for all interested parties.

Objective

The objective of this policy statement is to establish a sustainable and responsible values culture in the practiced operational activities of the company..

Scope and Application

This policy applies to all employees of the SCHMIDT Group, both domestically and internationally, and to all affiliated companies over which SCHMIDT holds decision-making authority. This standard applies even if it surpasses local legislations. All other enterprises and business contacts are encouraged to consider these or similar standards in their business activities and, in turn, share them with their own business partners. Translations of the guidelines are available in the respective SCHMIDT languages.

Review and Update

The policy is reviewed annually for its relevance and accuracy and is adjusted and revised as needed.

Heilbronn, the 15.03.2023

sgd.

Thomas Schmidt

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Management

(The document is also valid without the management's signature.)



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*To improve readability and to simplify language, the specific use of masculine and feminine language forms is avoided. All gender identities are explicitly included where the statements require this.

The SCHMIDT Human Resource Policy

Content and basic principles of the human resource policy

Human Resource Policy is an essential component of any company. It engages with a vital and simultaneously challenging corporate resource - the employees.

A sound Human Resource Policy is fair, transparent, and effectively aligns corporate interests with employee interests. It establishes the foundational conditions for a positive work environment while simultaneously safeguarding the company with qualified personnel. The SCHMIDT Human Resource Policy also aims to encourage employee involvement and active participation. The goal is to foster a long-term and collaborative working relationship.

Instruments of human resource policy include, for example, development and working time management, compensation policy, workplace design, and several others. The utilization of these instruments is not static but depends on the employees involved, the local situation, and the desired objectives.

The following document is intended to present the essential aspects of SCHMIDT's human resource policy and to transparently convey relevant content of personnel management.

Organization and structure of personnel management

The responsibility for human resource policy primarily lies with the centrally located human resource department at the main headquarters. The present human resource policy serves as an overarching guiding principle. Its implementation, where applicable regulations allow, is carried out by the leaders of each branch and/or company, or by the heads of business units directly on-site. Each branch has at least one person responsible for personnel matters.

The executives and branch managers bear the responsibility for adhering to the defined principles outlined in this document. Direct personnel matters are managed on-site to ensure proximity to the workforce..

"Remote management" is only intended and meaningful for general and overarching issues. However, this also means that not every measure can be implemented in the same way at each location or workplace.

However, overarching regulations and directives apply that are mandatory, and their compliance must always be ensured.

The paramount and non-negotiable condition is compliance with local laws, regulations, and provisions regarding labor law. For Germany, these include, for example, the Working Hours Act, which is particularly relevant for drivers, the Maternity Protection Act, the General Equal Treatment Act, or the Minimum Wage Act. The legislative requirements, in accordance with the company-wide compliance rules, apply to all locations, both domestically and internationally.

In addition to legislation, there are also fundamental principles of the SCHMIDT Group that apply at a higher level and will be introduced below.

Essential values and norms

Equality and inclusion

At SCHMIDT, employees of diverse age groups, ethnicities, and personalities collaborate seamlessly. Diversity is thus an integral part of the SCHMIDT work environment. Equality and inclusion, along with zero tolerance for discriminatory actions, are fundamental values at SCHMIDT. They are prerequisites for effective collaboration in a positive work atmosphere and are by no means taken for granted. It is an overarching commitment of SCHMIDT to promote these values and penalize violations against them.

An open corporate culture promotes inclusive interactions and avoids exclusions. Company events and communal gatherings contribute as measures to a pleasant work atmosphere and help alleviate any reservations.

Leaders are encouraged to exemplify values such as acceptance, tolerance, and respectful interaction through inclusive employee management. They are also responsible for addressing and penalizing violations, such as unacceptable discriminatory behavior. The principle of equal opportunities is fundamental when dealing with employees.

Ensuring gender equality is also paramount. Discrimination, such as wage disparities solely based on gender identity, is strongly rejected.

The workplace is intended to be a safe environment for every employee. This applies especially to mental health.

Employer-employee relationship

SCHMIDT employees are not subject to a collective bargaining agreement. Maintaining the relationship between employees and the employer is a managerial responsibility. For this purpose, communication and notification channels should be made available to SCHMIDT Group employees. Supporting and promoting transparent and open communication ("open-door policy") among all employees, regardless of hierarchy, is encouraged.

Employee ideas and improvement suggestions are welcomed and can be submitted through the established SCHMIDT suggestion system. In the spirit of fostering a dialogue on equal footing, received proposals are diligently examined, and employees receive feedback. An internal team comprising knowledgeable representatives from various departments assesses and evaluates the incoming suggestions, overseeing their potential integration into operational processes as needed.

SCHMIDT also recognizes the right to freedom of association as a fundamental right and respects it globally.

Workplace etiquette

The workplace should be a positive environment for employees. Crucial to this is the way individuals interact with each other. SCHMIDT employees are encouraged to treat each other with respect and honesty. Courtesy and politeness are also part of good conduct in the workplace. Differences of opinion are to be resolved objectively. If conflicts cannot be resolved independently, the supervisor should be involved as part of conflict management to initiate a careful and fair resolution of the issue.

Harassment and insults have no place at SCHMIDT and are consistently addressed. Employees who experience such misconduct have the option to report it at any time through the complaint management system or directly to their supervisor.

Work-life balance

As a family-owned company, achieving a balance between family and work is of great importance to SCHMIDT. The principles of this work-life balance include providing livelihood-sustaining wages, whenever possible, implementing flexible working hours, and facilitating the utilization of parental or caregiving leave, as well as solutions for remote work. Part-time models are also considered to reconcile family and work commitments. Supervisors are responsible for examining and creating suitable opportunities as needed.

Working conditions and principles

Workplace and occupational safety

SCHMIDT imposes specific requirements on the workplace. Whether in the office, workshop, or the driver's cab of a vehicle, a SCHMIDT workplace must always adhere to the current standards of occupational safety.

Ergonomic workplace designs and equipment support health-preserving work. Regular inspections of workspaces ensure a safe working environment.

The principles of occupational safety and health promotion are detailed in the "Occupational Safety and Health Policy" but are also an integral part of the personnel policy.

Furthermore, the workplace is to be equipped in a manner that allows employees to perform their work to the best of their abilities. Each employee has access to communication tools to ensure information exchange and provide contact opportunities. This also applies to drivers who can communicate on the go using tools like a driver tablet and mobile phone, facilitating communication with dispatchers and fleet managers, for example.

Working hours

Working hours must not conflict with legal regulations regarding working hours.

In principle, every SCHMIDT employee is entitled to vacation leave according to their employment contract, as well as compensation for overtime (e.g., compensatory time off). Atypical working hours, such as overtime or additional work, are appropriately remunerated. Likewise, periods of underutilization are offset through existing time accounts and compensated during phases of corresponding overtime. This system helps prevent workforce adjustments, including the avoidance of short-time work or company-related layoffs.

Compensation policy

In determining compensation, the principle of performance-based remuneration applies, irrespective of criteria such as gender, race, or similar factors.

Compensation takes into account not only the professional skills and activities but also the commitment and additional qualifications of the employee.

SCHMIDT follows the principle of providing a livelihood-sustaining income. Each employed worker should be able to sustain their livelihood with their compensation. The principle of a livelihood-sustaining wage is secured through compliance with legal minimum wages and orientation towards industry standards. SCHMIDT aligns with the definition of the Global Living Wage Coalition (GLWC), which describes a livelihood-sustaining wage as follows: "The remuneration of a worker in a specific location for a standard working week that is sufficient to afford the worker and his or her family a decent standard of living. Elements of a decent standard of living include nutrition, water, housing, education/schooling, healthcare, transportation, clothing, and other essential needs, including a reserve for unexpected events" (GLWC n.d.a).

Crucial is also the continuous adjustment of the compensation level and the readiness to align livelihood-sustaining wages with annual inflation increases. These annual salary adjustments are initiated by the company and implemented on an annual basis.

In principle, higher requirements, responsibilities, and performance necessitate higher compensation. Work should be rewarding, both professionally and financially.

The compensation must be competitive to survive in the job market. It is crucial for the compensation to be both financially sustainable in the long term and transparent, allowing employees to understand how their pay is structured.

Execution of essential human resource processes

Recruitment process and onboarding

Automated applicant management

The SCHMIDT application process is digitized through an in-house job portal. This portal facilitates the clear posting of vacant positions, linking companies with potential applicants.

The job posting should be detailed. Departments are encouraged to realistically and accurately describe their needs and associated tasks. Only a comprehensive and honest job description allows the applicant to form a good understanding of the position and make an informed decision about its suitability. A solid job description also helps SCHMIDT find suitable candidates for open positions, optimizing the match for both parties. This approach helps avoid false expectations and misunderstandings. A position-specific questionnaire also serves this purpose. Application attachments (resumes, certificates, attestations, etc.) can be easily added.

The system structure and the provided contact options ensure an accessible application process that takes into account and eliminates potential language barriers.

Received applications are systematically tracked within the system and made available to decision-makers. The applicant is kept informed of the application status through the system (rejection, waiting, on hold, clarification requests, invitation to an interview). This ensures that, in line with SCHMIDT's transparency requirements, applicants are always aware of the current status of their application.

Job interview and pre-selection

If a suitable application is received through the presented system, the next step is the further consideration of the applicant. The interview process can take place either locally on-site or digitally. It is important to adhere to the principle of a face-to-face meeting. It is advisable to conduct the interview with a representative from the HR department and at least one representative from the relevant department.

Careful preparation for the interview by the participating SCHMIDT employees is expected. The conversation should be conducted in a factual and friendly manner. The goal is to foster an open exchange between the applicant and SCHMIDT,

benefiting both parties. Discriminatory or aggressive questioning is to be avoided.

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The principles of non-discriminatory applicant selection described below are always to be taken into account.

Non-discriminatory applicant selection

At SCHMIDT, we are committed to a non-discriminatory applicant selection. This means excluding any disadvantage or preference based on race or ethnic origin, gender, religion or belief, disability, age, or sexual identity. The main criteria for hiring are the professional and personal suitability for the advertised position. The four-eye principle and the digital recording of all received documents support SCHMIDT's efforts to avoid discrimination.

Furthermore, no applicant is required to provide critical personal data or submit a photo.

Recruiting and onboarding

Once the applicant selection is complete and the terms are mutually discussed and accepted, the hiring process takes place. Any potential recruitment fees are covered by SCHMIDT.

The subsequent onboarding process is crucial for a successful start in the new role. During this phase, the new employee becomes familiar with their workspace, colleagues, and the company. Each new employee receives an individual onboarding plan. Furthermore, training sessions, including those facilitated through the digital training tool Charamel, support the integration into the new work environment and the understanding of internal processes.

Every new employee has at least one designated contact person (mentor) available for any questions or difficulties they may encounter.

Personal development and career management

Employee discussions and feedback culture

For SCHMIDT, open and transparent communication is essential. This includes employees having the right to constructive feedback and informational discussions with their supervisors. Constructive criticism provides room for improvement, and praise, in turn, boosts motivation. Additionally, employees can express their perceptions, creating an honest dialogue that fosters a positive atmosphere and provides an opportunity to enhance the working relationship and, consequently, work performance.

Every SCHMIDT employee is entitled to receive at least one performance review per year, providing a fair and objective assessment of their performance. This evaluation considers both qualitative and quantitative criteria, with a commitment to avoiding discrimination or stigmatization. The performance review lays the foundation for each employee's individual career and development planning.

Similarly, employees should be given the opportunity to provide constructive feedback. This can occur directly and situationally or through participation in regular employee surveys conducted by SCHMIDT. The open response to the survey helps SCHMIDT assess the current work environment and potential areas for improvement. Any form of reprisal related to participation or non-participation in the anonymous survey is strictly prohibited.

Internal competence development

Utilizing know-how and knowledge developed and built through years of activity within a company, both in theory and practice, and demonstrating development perspectives and opportunities for young talents within the company can only be achieved when a company succeeds in developing

and retaining its people. This includes the recruitment of apprentices and former interns and working students, as well as internally filling vacant specialist and leadership positions. The stated goal is to invest in employees and their development, build and maintain internal competence, and support individual career paths.

As part of regular development discussions with the management, prospective and current leaders undergo a leadership development program to prepare them for future and current challenges. This includes training in leadership, communication, teamwork, and agile work. Those in charge are encouraged to identify and support suitable employees for such development programs. It should be noted that the opportunity to participate in development programs must be independent of relevant characteristics and criteria of the General Equal Treatment Act (AGG). Discrimination against certain groups of people at this stage is unacceptable.

Workshops and training

A training needs analysis is to be conducted at least annually. As part of the annual training needs reporting, necessary training and development measures are identified and documented. The management, possibly after consultation with those responsible and affected, decides on the approval of the measure or any changes in implementation. Measures can also be rejected, and such rejection must be justified in a factual manner.

The signed and thus approved training needs reports, in copy, are forwarded to the responsible applicants. The requested measures are thereby released and can be planned, registered, and implemented by the departments and branches.

In-house measures are typically coordinated with the Human Resources department and are planned, coordinated, and implemented with their support. Upon receipt of the invoice, the Accounting department queries the HR department about

whether the measure or invoice can be approved. Once the corresponding training needs report is available, and the measure is recorded, the payment is approved by the HR department.

The documentation of completed measures is comprehensively recorded in the Human Resources department.

Contact

If you have any questions or suggestions regarding this policy and the internal processes, please do not hesitate to contact us:

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