

## Human Rights Strategy of the Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V.

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# Declaration of principles

The Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V. (hereinafter referred to as the “Fraunhofer-Gesellschaft”) is the world’s leading applied research organization.

### Responsibility for respecting human rights and protecting the environment

We are conscious of our responsibilities regarding human rights and protecting the environment, and we continually work to fulfill these responsibilities to the best of our ability.

This declaration of principles describes the key steps and measures that we take throughout our business activities to determine potential risks to human rights and the environment and to avoid these. We hereby implement the requirements of the Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains (Lieferkettensorgfaltspflichtengesetz, hereinafter referred to as the “LkSG”).

We affirm our commitment to the international principles on the protection of human rights and the environment, which are reflected in section 2 (2) and (3) LkSG. This includes, in particular:

- compliance with the prohibition of slavery, child labor and forced labor;
- compliance with the regulations on occupational health and safety and working hours;
- recognition of the right of all employees to form unions or employee representative committees, to strike and to engage in collective bargaining;
- the equal treatment of all employees without discrimination of any form;
- provision of an appropriate wage, at least at the level of the applicable legal minimum wage;
- compliance with the prohibition of causing any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption;
- compliance with the prohibition of unlawful eviction or deprivation of land, forests and waters;
- compliance with the prohibition of using private or public security forces if this threatens a violation of human rights;
- compliance with the prohibition of infringing human rights in a particularly serious manner through other conduct;
- compliance with the prohibition of the manufacture of mercury-added products and the use of mercury, compounds of mercury in manufacturing processes as well as the improper handling of mercury waste;
- compliance with the prohibition of the production and use of banned chemicals;
- compliance with the prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound as well as the illegal export and import of hazardous waste.

We have implemented guidelines that integrate this commitment into our daily practices, such as our internal Code of Conduct, the Fraunhofer Principles of Cooperation and our Sustainability Standards for Suppliers to the Fraunhofer-Gesellschaft (NHS).

## Risk analysis

We carry out appropriate risk analyses regarding human rights and our environmental due diligence in our business area as well as our supply chain in order to identify, evaluate and prevent potential and actual negative effects in good time.

In our own business area, we evaluate risks with the support of the responsible specialist departments, which provide assessments of the risks in their respective area.

The risk analysis along our supply chain involves a multi-level analysis of our direct suppliers.

The risk analysis is based on an evaluation of the direct suppliers, especially regarding the country of origin and the commodity group of the products supplied. The results of this are checked for their plausibility. There are also random checks of the evaluation in individual cases. If the risk analysis indicates an increased human rights or environmental risk, the affected supplier undergoes a more thorough review and, if necessary, appropriate corrective and preventive measures are taken.

## Preventive and corrective measures

Upon discovering a human rights or environment-related violation, we immediately take appropriate corrective measures. These measures may include, depending on the severity of the violation, terminating the business relationship.

We acknowledge that comprehensive protection of human rights can only be ensured if every type of risk to human rights is not only monitored but, in fact, avoided before it occurs through preventive measures.

For this purpose, we carry out a careful audit of our direct suppliers before entering into new business relationships.

## Complaints procedure

Complaints mechanisms are particularly important for detecting and avoiding environmental and human rights risks and violations.

For this reason, we have expanded our electronic whistleblowing system to encompass the requirements of the LkSG. This whistleblowing system allows both our employees and third parties to anonymously report infringements in our own business area as well as in our direct and indirect suppliers.

We hold training sessions to inform our employees about this whistleblowing system.

Reports that we receive are passed on to the competent specialist department, which handles these systematically and thoroughly.

If there are further queries, the whistleblower may be anonymously involved in the processing of the issue, via the system. When the process is complete, the whistleblower is usually informed about the results in writing.

We follow up reports on infringements within our direct suppliers in cooperation with our business partners and take the necessary measures depending on the severity of the infringement.

## Responsibilities

We have set up the necessary processes within the Fraunhofer-Gesellschaft throughout the existing compliance management system. As part of this, we have designated areas of responsibility. Any preventive or corrective measures that may be required for the risk analysis are formulated and initiated by the persons assigned to the respective areas of responsibility.

The Strategic Supply Chain Management section has overall responsibility in accordance with section 3 (1) no. 2 LkSG. This responsibility includes, in particular, monitoring the risks within the meaning of section 4 (3) LkSG, including reporting and overall coordination.

## Documentation and reporting

All documentation and reporting activities must comply with the respective legal requirements.

## Expectations of our business partners

We expect our business partners to also acknowledge and commit to the same extent to the protection of human rights and the environment and to establish appropriate due diligence measures to identify and avoid risks to human rights and the environment.

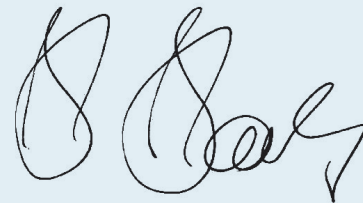
To ensure that our business partners comply with these obligations, we have introduced binding sustainability standards for suppliers to the Fraunhofer-Gesellschaft, which all suppliers must incorporate into their business operations.

## Conclusion

We are committed to the continuous development of our human rights and environmental due diligence processes. For this purpose, we regularly, and on an ad hoc basis, check and optimize the implementation of these principles in our business practices.

The Fraunhofer-Gesellschaft executive board explicitly takes responsibility for the implementation of these declaration of principles within the Fraunhofer-Gesellschaft and its institutes. This ensures that both the headquarters and the institutes are aware of their responsibilities regarding human rights and environmental protection.

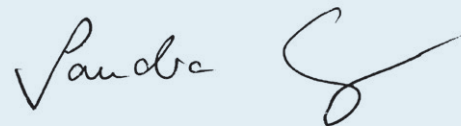
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