

# POLICY STATEMENT ON HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE OF THE EBM-PAPST GROUP

**ebmpapst**

engineering a better life



### **ASPIRATION AND COMMITMENT OF THE EBM-PAPST GROUP**

As the leading international company in the development and manufacturing of motors and fans, ebm-papst is aware of its responsibility within the global commodity flow. We know that our success as a company is a success of the people in our environment. We therefore treat our fellow human beings and the environment with respect and value them.

Our aspiration "engineering a better life" as well as our fundamental values, which we have lived by for almost 60 years and are described in our Code of Conduct, are an integral part of our corporate culture. We are aware that our long-term success depends on how well we achieve to align our value creation and business impacts with the protection of the environment and well-being of people. Furthermore, we are acutely aware of our responsibility to society as a whole.

We not only want to be compliant with the minimum legal requirements, but we also strive to achieve the highest possible ethical standards. We continuously develop highly optimized and modern products that reduce CO<sub>2</sub> emissions and operate at maximum efficiency and sustainability. We work on increasing transparency within our supply and value chains, to detect any potential human rights or environmental risk. We respect internationally recognised human rights, which consider to be universal, inalienable, and indivisible. We are committed to respect for the individual, within the scope of our own business activities and in our global supply and value chains worldwide. The ebm-papst Group therefore explicitly commits itself to the purpose of strengthening human rights and to the prevention of human rights violations.

### **THE BASIS FOR OUR ACTIONS: RBA CODE OF CONDUCT AND INTERNATIONAL STANDARDS**

The Code of Conduct of the Responsible Business Alliance (RBA), which is based on recognised standards such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Universal Declaration of Human Rights, guides all our corporate decisions and actions.

The Code of Conduct of the RBA has been an integral part of our business activities for many years, and we expect all business partners in the supply chain to commit to these values. Core values of the Code of Conduct include safe working conditions, respectful and dignified treatment of workers, and environmentally and ethically reasonable business processes.

Beyond the Code of Conduct we are following international guidance, standards and laws, such as:

- Universal Declaration of Human Rights of the United Nations (UDHR)
- Convention on the Rights of the Child
- Conventional on the Elimination of All Forms of Discrimination against Women
- United Nations Guiding Principles on Business and Human Rights (UNGP)

- International Labor Organization (ILO) Core Convention
- Principles of the United Nations Global Compact (UNGC)
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- Forced Labor Priority Principles of the Consumer Goods Forum (CGF)

The above listed guidelines and directives represent the status as of October 2022.

In all cases the following applies: where local law and international human rights are not harmonised, we act in accordance with the higher standard. We set group-wide minimum standards that may always be tightened, but never undermined, considering local laws and regulations.

#### **HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE AT EBM-PAPST**

At this stage, ebm-papst is screening its value and supply chain for all below listed risks, whereby ebm-papst pays particular attention to the human rights risks child and forced labor.

- Child labor
- Forced labor & modern slavery
- No occupational health & safety
- No freedom of association
- No adequate wages
- Discrimination
- Soil & water pollution impacts on livelihoods
- Eviction & deprivation of land
- Misuse of security forces
- Manufacture of products with mercury
- Production/use of hazardous chemicals & non-environmentally sound handling
- No adequate storage & disposal of waste entailing hazardous chemicals
- Export & import of hazardous waste

#### Risk Management

The primary objective of the risk management approach is to increase transparency in ebm-papst value and supply chain. Accordingly, ebm-papst's business and supply chains are screened for potential human rights and environmental risks and violations. If risks or violations are identified, then these are assessed and prioritised in order to derive adequate and effective measures to minimise the risk or stop the violation. Especially when selecting new suppliers or engaging with existing ones, we

implement appropriate due diligence checks. Respect for human rights and the environment is a vital criterion in the supplier selection process.

The regular annual supply chain risk analysis as part of the risk management is conducted in two major steps. In a first step, an abstract risk assessment of the direct suppliers (tier 1) is carried out. Suppliers are mapped according to country and industry risks. The potential risks of high-risk and risk suppliers will be further investigated. In a second step, concretely identified risks and/or violations are evaluated based on four appropriateness criteria (type and scope of business activity, degree of influence, severity & probability, contribution) and then prioritised according to the evaluation outcome.

An event-based risk analysis is conducted in two instances. For event-based risk analysis the scope goes beyond tier 1 and also includes suppliers further down in the supply chain (tier n, n>1). The first instance is the event of substantiated knowledge, e.g., via the ebm-papst complaint mechanism. The second instance covers substantial change of risk in the supply chain due to, e.g., the introduction of a new business area, a new product or similar.

For the own business area, the annual analysis on human rights and environmental risks is integrated into the regular central risk management system.

#### Measures Management

Based on the results of this risk analysis, adequate preventive measures are derived for risks and remedial measures are derived for violations to alleviate or stop as timely as possible any action that causes harm to people or the environment, as well as a proactive approach to ensure that such violations do not recur, is taken. This applies for our own business area as well as our supply chain. If relevant, the suppliers are involved in the process of deriving measures to achieve effective results. When deriving measures action plans are defined with a clear time frame and responsibilities. Especially if the violation of a human rights-related or environmental obligation at a direct supplier is of such a nature that the ebm-papst cannot end it in the foreseeable future, it must immediately be drawn up and implemented a concept for ending or minimizing it. The impact of conducted measures is being evaluated and cross-checked against the inherent risk so that based on the evaluation of residual risks lessons can be learnt for becoming risk free.

Furthermore, ebm-papst introduced several preventive measures, such as publishing the policy statement on human rights and environmental due diligence of the ebm-papst group, sending out the ebm-papst Supplier Code of Conduct (Code of Conduct of the RBA with the respective annex) to its supplier, adjusting the supplier selection and procurement process, adding to the supplier dialogue and development, and providing training for internal and external stakeholders. Furthermore, ebm-



papst established control mechanisms, such as the integration of LkSG relevant questions into the supplier audits.

The effectiveness of the preventive and remedial measures shall be reviewed once a year and on an ad hoc basis, if the company must expect a significantly changed or significantly expanded risk situation in its own business area or at its direct supplier, for example due to the introduction of new products, projects or a new business area. Findings from the complaint mechanism are taken into account. The measures are updated immediately if necessary.

ebm-papst believes that only when joining forces, ebm-papst can achieve together with its suppliers a human right risk-free as well as an environmental risk-free supply chain and asks therefore its suppliers to cooperate on this mission.

#### Priority Risks

In the Financial Year 2023/24 ebm-papst identified the following most salient human rights and environmental risks in its risk analysis, to which preventive measures were derived:

In our own business area, ebm-papst focused in particular on the comprehensive coverage of relevant content for the protection of human rights and the environment in company documents and their appropriateness (e.g. in codes of conduct). Additional documentation, especially on the topic of the acquisition of land or property, will be created, released and implemented.

As part of the concrete risk analysis, the following potential risks caused by our direct suppliers were identified most frequently:

- Soil, water and air pollution
- Occupational health and safety
- Discrimination
- Child labour, forced labour and slavery

Separate clarifying dialogues are held with the suppliers who are conspicuous in this regard. In these dialogues, suppliers are trained with regard to the LkSG and the processes and expectations of ebm-papst, and the results of our risk analysis processes are discussed together. Further measures (such as document reviews, audits, etc.) are defined and initiated. These will also be expanded in the future.

#### Complaint Management

ebm-papst encourages its employees, business partners and other third parties to report human rights, environmental or any other compliance suspected risks or violations that have arisen as a result out of the economic activities of our company in its own business or those of a direct supplier. These reports can be generated by anyone, if preferred anonymously and without the expectation of

disadvantageous consequences, via the Incident Reporting System: <https://www.bkms-system.com/ebmpapst>. As an alternative to our web-based complaint mechanisms, it is also possible to inform our local management or the responsible compliance officers. As far as this is possible by providing contact details, receipt of the report will immediately, but at least within seven days, be confirmed to the respective whistleblower and the facts of the case as well as the expectations will be discussed together. The communication with the whistleblower takes place via the Corporate Center Corporate Governance (CCCG).

In any case, all reports will be taken seriously and treated with confidentiality. More information on the complaint mechanism including the rules of procedure can be found at ebm-papst's homepage: <https://www.ebmpapst.com/de/en/company/compliance.html>.

ebm-papst suppliers are encouraged to communicate these complaint channels to their employees, and ideally to their suppliers.

#### Continuous Improvement

At ebm-papst we monitor and review our risk and complaint management for lessons learnt in order to create a value and supply chain without harm.

#### Documentation, Communication & Reporting

ebm-papst continuously documents the progress and outcomes of the work on its due diligences and stores this documentation in accordance with the legal deadlines. ebm-papst established a process to communicate salient risks, relating measures and their effectiveness, the yearly updated policy statement as well as the effectiveness assessment on risk management and on the complaint management to the Executive Management Board.

Additionally, ebm-papst works continuously on the reports required by the German Supply Chain Due Diligence Act. Furthermore, ebm-papst is working on publishing its Sustainability Report.

### **PROCUREMENT OF RAW MATERIALS AND PRODUCTS**

We source raw materials and products exclusively from suppliers who have been informed about our standards. Accordingly, we contractually oblige our suppliers to comply with the Code of Conduct of the RBA and pass it on in their supply chain. We also take steps to ensure that the sourcing of raw materials and products at risk is consistent with our values. We continuously review our monitoring processes. For example, our employees are in close contact with our suppliers, pointing out their compliance with our high ethical, social and environmental standards. In addition, regular audits of our direct suppliers are carried out by our own employees and/or qualified third parties.

**RESPONSIBILITIES FOR HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE WITHIN THE EBM-PAPST GROUP**

The responsibility for implementing the standards contained within this policy statement is determined by the Executive Management Board. They collectively ensure that each business unit is aware of its tasks, duties and responsibilities in terms of respecting and protecting human rights.

The management and supervision of our human rights policy is in the responsibility of the Human Rights Officer and the CCCG. With the involvement of all relevant corporate divisions and operational units, they are required to coordinate the activities, to set priorities and to lead the companywide efforts of the ebm-papst Group. The Human Rights Officer regularly reports the current situation as explained to the Executive Management Board.

In the ebm-papst Group, the Executive Management Board monitors the operational implementation of the declared corporate principles.

Special importance in the implementation of human rights and environmental due diligence obligations in the supply and value chains is attached to the purchasing organisation in the procurement area.

**OUR EXPECTATIONS AND PERSPECTIVE**

We actively encourage our business partners, employees and other third parties who are associated with us and our business activities to embrace the importance of human rights and environmental due diligence and to do what they can do within their sphere of influence to create fair working conditions and comply with applicable laws and human rights conventions. All ebm-papst business partners are especially obliged to comply with minimum requirements such as internationally and nationally applicable laws and the core labour standards of the International Labour Organisation (ILO).

ebm-papst has a zero-tolerance approach to any violations. In striving to prevent and end risks and violations, ebm-papst works constructively together with its suppliers, e.g., by providing support to our direct suppliers and offering specific training. If there still is no change even after pursuing this co-operative approach, this could lead to legal consequences up to and including as a last resort the termination of the business relationship. Our expectations towards our own workforce as well as towards our business partners are also set out in our company's own Code of Conduct as well as in our Supplier Code of Conduct.

For our employees, we have declared these values in writing, including the concrete actions and behaviours in our ebm-papst Code of Conduct, frequently updated by regular Executive Management review, the observance of which is a fundamental part of our daily work. It is important to us that our employees have guidance regarding daily business processes so that risky situations of possible human rights or environmental violations can be identified quickly. Failure to comply with these principles of the Code of Conduct constitutes a breach of duty that may result in consequences under labour law, up to and including the termination of employment.

Likewise, we expect our business partners to instruct their employees, suppliers and third parties cooperating within their business activities and to fulfil their contractual commitments, to successfully execute the values in their own business processes by top-down implementation that is initiated by their own senior management.

We are aware that the implementation of human rights and environmental due diligence obligations both in our own business activities and in all supply and value chains is not a one-off project, but a continuous process.

We accept this challenge and review the effectiveness of our strategic approaches and measures on a regular and case-related basis with the aim of continuous improvement. In addition, we constantly review whether our guidelines are being adhered throughout the company. Therefore, we conduct risk-based audits and, wherever possible, involve potential stakeholders or their representatives.

Let us create a future worth living together.

### **The Executive Management Board of the ebm-papst Group**

*Dr. Klaus Geißdörfer Raymond Engelbrecht Dr. Sonja Fleischer Hans Peter Fuchs Frank Mayer Thomas Nürnberger*

*Prof. Dr.-Ing. Tomas Smetana Dr. Hannes Säubert Mark Shiring Jochen Frieß Dr. Daniel Boese*