

VON ARDENNE 

**DECLARATION OF PRINCIPLES
ON RESPECTING AND PROTECTING
HUMAN RIGHTS AT VON ARDENNE**

DATE DECEMBER 2023

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At VON ARDENNE we have a sense of responsibility for our business activities and for respecting and protecting human rights in conjunction with those activities. We are committed to protecting these rights and helping ensure they are upheld by taking both preventive and remedial action should our activities cause or contribute to risks to people or the environment.

This aspiration applies to all business activities undertaken by our national and international corporate affiliates in their relevant locations and application areas, where we exert a decisive influence. We also call on our direct suppliers to ensure that human and environmental rights are protected and respected in their own commercial operations and in the wider supply chain and to establish appropriate due diligence processes.

Our conduct in this area is aligned with internationally recognized guiding principles for business and human rights. As guidance, we refer to the key principles and requirements set out in the following standards:

- o United Nations Universal Declaration of Human Rights ([link](#))
- o Core Labor Standards issued by the International Labor Organization (ILO) with its 5 basic principles ([link](#))
 - o Freedom of association and the right to collective bargaining
 - o Elimination of forced labor
 - o Abolition of child labor
 - o Prohibition of discrimination in employment and occupation
 - o Occupational health and safety
- o OECD Guidelines for Multinational Enterprises ([link](#))

We also support the United Nations Sustainable Development Goals with our initiatives. In particular, we aim to contribute to the following goals:

- o Goal 7 – Affordable & clean energy
- o Goal 8 – Decent work & economic growth
- o Goal 9 – Industry, innovation & infrastructure
- o Goal 10 – Reduced inequalities
- o Goal 12 – Responsible consumption and production patterns
- o Goal 13 – Climate protection measures

Our expectations for social and ethical conduct in our dealings with employees and business partners are set out in the [VON ARDENNE Code of Conduct](#). The declaration of principles on respecting and protecting human rights is binding for all employees and management executives at the VON ARDENNE Group as well as in all the companies it controls.



Pia Von Ardenne
Managing Director of the VON ARDENNE Group

RISK ANALYSIS, PREVENTIVE & REMEDIAL MEASURES

In order to meet our due diligence obligations, at VON ARDENNE we regularly analyze potential risk factors with regard to the violation of human and environmental rights. This involves instigation of an analysis and evaluation of annual procurement activities and the supplier base for each of our locations at the start of every financial year. In addition to this internal risk assessment, which focuses on volume and country risks as well as risks from conflict minerals, we use metrics from internationally recognized institutions to evaluate corruption and legal risks. This is done based on the following indices:

- o Transparency International — Corruption Perceptions Index ([link](#))
- o ITUC — Global Rights Index ([link](#))

To improve our annual risk evaluation process for direct suppliers, we are planning to introduce a systematic analytical solution from an external provider. Our aim here is to further enhance transparency and risk assessment for our supply chains.

To analyze and assess the legal risks in our own business area, the executive management team has set up a company-wide Compliance Board with representatives from all the relevant corporate areas. The Compliance Board evaluates new compliance-related challenges, assesses the need for adjustments, derives risk management measures and promotes their implementation within the company. The Compliance Board is tasked with preparing an annual compliance report outlining the risk analyses, the measures taken and any incidents that have occurred, which can indicate additional risks relating to the violation of human and environmental rights.

In order to take prompt action against potential violations of human or environmental rights, we also have a whistleblower and complaints system ([link](#)) for internal and external stakeholders. This system serves to prevent and detect legal infringements and is designed to help strengthen the compliance culture and uphold human and environmental rights throughout the supply chain. We actively communicate this reporting option to encourage anyone affected to support us in identifying and eliminating potential risks. The confidential and anonymous whistleblower / complaints office is part of our compliance management system and associated processes. As part of this complaint procedure, any cases reported are also subjected to a risk assessment in the internal area and for direct suppliers.

The combined assessment of all evaluated risks forms the basis for identifying appropriate measures to be taken in the internal business area as well as by our direct suppliers. In addition, we use the results as the basis for creating and (where necessary) adapting internal regulations, processes and training to meet the changing requirements of our due diligence processes.

In this context, we have identified the following key topics for the VON ARDENNE Group, where potential risks of violations of human and environmental rights could arise:

Supplies & preliminary products

Our business activities are at the end of multi-stage supply chains. In our manufacturing processes, we use raw materials, semi-finished and finished products, e.g. made of steel, stainless steel and other metals. Most of our procurement expenditure is attributable to semi-finished products and supplier components to be integrated in our own products. A high proportion of supplies are procured from national suppliers at our respective locations. However, international procurement of goods also plays an important role in our project implementation.

Production of the goods we purchase requires upstream procurement and processing of raw materials. This involves our suppliers also availing themselves of procurement options on international markets. The procurement of raw materials and the production of these goods at earlier stages in the international area could result in risks relating to human and environmental rights. To secure our commitment to human rights and environmental issues, our Code of Conduct also applies to our direct suppliers, and we require their active agreement to comply with this code. Furthermore, compliance with our requirements is reflected in our general supply conditions.

The risk analysis via our business partners forms the basis for identifying appropriate measures. On-site audits have been an integral part of the quality assessment and inspection of our existing supplier base for many years. To consolidate our requirements for the protection of employees and the environment in the supply chain, our audit questionnaire has been supplemented with important topics relating to compliance with legal provisions and due diligence obligations. We will be adding more detail and expanding the auditing process in this area in the coming years.

Environmental considerations

Activity at our sites for producing coating systems leads to the use of resources such as land, water, energy and hazardous substances and thus also generates waste and emissions. We have recognized the need to reduce the impact of our business activities on the environment. The foundation for improving our corporate processes involves the introduction and continuous improvement of management systems in the areas of environment and energy. In addition, we strive to continuously reduce basic energy requirements at our locations through energy-related measures and by switching to renewable energies.

To reduce emissions, we carry out analyses to determine appropriate measures and to optimize the overall carbon footprint for our corporate group. Particularly important contributions can be made here by using recycled raw materials, by improving energy requirements for production processes, and by considering transportation options for our international delivery routes.

Occupational health & safety

As a manufacturing company that carries out the installation and commissioning of coating systems and services internationally, accidents represent a risk that we endeavor to avoid. In compliance with all local legal requirements relating to occupational health and safety, we ensure that all our employees and subcontractors are appropriately qualified and have successfully completed the necessary specialist training to carry out their tasks. Regular risk assessments are conducted to identify necessary measures in order to improve our occupational health and safety activities.

Equality

Within our international corporate structure, we employ people from many different countries. With numerous activities in different countries and regions, there is a potential risk of cultural misunderstandings and discrimination. It is part of our fundamental understanding that we absolutely reject any kind of unequal treatment or unfair practices. To develop an understanding of the cultural characteristics of particular regions, we conduct regular cultural training for the relevant areas. To promote positive ethical and social behavior, we have defined basic rules as part of our Code of Conduct and in the “VA Together” guidelines, which we incorporate in regular internal training.

As an employer with an international customer structure, we actively promote the recruitment of international applicants. We also aim to increase the recruitment of women, particularly in technical fields. We actively consider the compatibility of work and family in our corporate processes and company agreements in order to ensure maximum flexibility for our employees.

CONTINUITY IN REVIEW & REPORTING

Identifying risks and tracking the effectiveness of measures is a regular process in VON ARDENNE’s internal business units. A meeting is held every two months under the remit of the Compliance Board. A consolidated report on the identified risks as well as on the issues dealt with during the reporting period is to be made available to the executive management on an annual basis.

One aspect of monitoring our direct supply chains involves carrying out audits at the production facilities of selected suppliers. In addition to a focus on auditing quality management, technological and economic performance, audits also consider occupational health and safety and environmental issues. For suppliers in high-risk regions, we aim to pay greater consideration to criteria relating to human rights in future audits. As part of our supplier audits, the results are logged and measures to be taken are documented. Depending on the agreement with the supplier, we may assist them in implementing the agreed improvements. In every case, we follow up in subsequent review audits to ensure the identified risk has been eliminated.

In addition to our regular risk assessment, we engage in non-routine assessments where required to evaluate potential risks relating to the violation of human and/or environmental rights. This occurs if there are changes to our business activities, e.g. entry into a new business area or region, the launch of new products or working with new business partners.

Responsibility & monitoring

Responsibility for meeting our human rights due diligence obligations lies with the Management Board at VON ARDENNE SE & CO KGaA, the directors responsible for managing the entities within the corporate group, and the managers of our business units. Implementation of these obligations is part of the group-wide sustainability program, via its steering and implementation officers from the Sustainability Working Group. This consists of the individuals responsible for the various key topics and is managed by the Sustainability unit. An individual has been appointed with responsibility for coordinating human rights issues centrally, with considerable support from the Purchasing, Legal, HR and Quality departments.

This Declaration of Principles on Human Rights was issued by the Management Board of VON ARDENNE SE & Co KGaA on December 21 2023, and applies to employees of the VON ARDENNE Group worldwide.

