

SUSTAINABILITY STANDARDS (NHS) FOR SUPPLIERS TO THE FRAUNHOFER-GESELLSCHAFT (FhG) MUNICH

1. General information

- 1.1 These NHS set out the requirements that Fraunhofer-Gesellschaft (FhG) suppliers (synonyms = providers, contractors, business partners, service providers, etc.) must observe in their business transactions with FhG (from the initial phase through to execution of an order) and in their business dealings with their own employees, suppliers and other interested parties.
- 1.2 The requirements set out in these NHS apply to enterprises, legal persons under public law and special-fund institutions under public law (section 310 (1) German Civil Code (Bürgerliches Gesetzbuch, BGB)), and to other business partners that are involved in providing goods and services for FhG.
- 1.3 The Supplier shall ensure that the human rights-related, environment-related and other (minimum) requirements and obligations stipulated in the NHS, including the provisions of section 5, are adequately addressed along their entire supply chain. As part of this, they must impose suitable contractual provisions so that their own providers are obligated to observe the NHS and pass the requirements on through the supply chain. The Supplier shall issue the provider with a copy of the NHS no later than on conclusion of the contract.

2. Adherence to laws and regulations

- 2.1 The Supplier, who is working with FhG in the context of the contractual relationship, must adhere to the national laws and regulations. Should the national laws and regulations of the relevant countries conflict with each other, primary legislation takes precedence over secondary legislation. In the event of conflicting legislation at the same level, adherence to one piece of legislation and the resulting infringement of another piece of legislation will not constitute breach of contract. By carefully selecting their direct and indirect providers and monitoring them within reason, the Supplier undertakes to work toward ensuring that these providers do not commit any legal violations in connection with the contractual relationship with FhG either.
- 2.2 In particular, the Supplier undertakes to adhere to the following laws and regulations:

- (1) The Supplier shall ensure that suitable corruption prevention measures are implemented along with measures to prevent facilitation payments abroad and inducements for interested parties.
- (2) The Supplier also undertakes to adhere to the minimum core labor standards of the ILO (www.ilo.org).
- (3) The Supplier undertakes to adhere to the German Minimum Wage Act (Mindestlohngesetz, MiLoG).

3. Human and labor rights

- 3.1 The Supplier undertakes to protect and uphold human rights as enshrined in the United Nations Global Compact, the International Charter of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work of June 18, 1998, the UN Guiding Principles on Business and Human Rights of June 16, 2011, and the German Supply Chain Act of January 1, 2023 (Lieferkettensorgfaltspflichtengesetz, LkSG), as well as the conventions referred to in the annex to the LkSG.

- 3.2 The Supplier undertakes to observe the human rights-related requirements referred to below and to actively minimize the risk of one of the following prohibitions being breached by ensuring actions are taken and refrained from all along their supply chain:

- (1) The prohibition of the employment of a child under the age at which compulsory schooling ends according to the law of the place of employment, provided that the age of employment is not less than 15 years
- (2) The prohibition of the worst forms of child labor for children under 18 years of age (e.g., all forms of slavery or practices similar to slavery, the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labor, procuring or offering a child for prostitution, work that is harmful to health)
- (3) The prohibition of the employment of persons in forced labor; this includes any work or service that is required of a person under threat of punishment and for which they have not made themselves available voluntarily, for example as a result of debt bondage or trafficking in human beings
- (4) The prohibition of all forms of slavery, practices similar to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation
- (5) The prohibition of disregarding the occupational safety and health obligations applicable under the law of the place of employment if this gives rise to the risk of accidents at work or work-related health hazards
- (6) The prohibition of disregarding the freedom of association (such as the formation, joining, membership of a trade union)
- (7) The prohibition of unequal treatment in employment, for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment. Unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value.
- (8) The prohibition of withholding an adequate living wage; the adequate living wage amounts to at least the minimum wage as laid down by the applicable law and, apart from that, is determined in accordance with the law in force at the place of employment.
- (9) The prohibition of causing any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption
- (10) The prohibition of unlawful eviction and the prohibition of unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person
- (11) The prohibition of the hiring or use of private or public security forces for the protection of the enterprise's project if, due to a lack of instruction or control on the part of the enterprise, the use of security forces results in damage to life or limb, for example.
- (12) The prohibition of an act or omission in breach of a duty to act that is directly capable of impairing a protected legal position in a particularly serious manner and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question

- 3.3 The Supplier undertakes to adequately address the human rights-related requirements along their supply chain as follows:

- (1) The Supplier shall establish effective processes and systematic and appropriate due diligence measures for actively protecting human rights with the aim of identifying,

preventing, minimizing and ending both potential and actual negative impacts on human rights within their supply chain.

- (2) The Supplier shall train their employees to understand that the observance of human rights is compulsory. Moreover, the Supplier shall create clear regulations and parameters to systematically ensure the assumption of social responsibility and the protection of human rights.
- (3) Should an increased risk be identified in relation to the Supplier, the Supplier undertakes to take part in the prevention program stipulated by FhG to minimize or prevent these risks.
- (4) Should the Supplier be found guilty of a breach, the Supplier undertakes to take part in the program of corrective measures devised jointly by FhG and the Supplier to get the latter to set its own affairs in order (see Section 6).

4. Environmental and climate protection

- 4.1 The Supplier undertakes to protect and uphold fundamental environmental standards and to minimize any environment-related risk — as defined in the LkSG of January 1, 2023 — posed by the Supplier themselves or by their supply chain.

- 4.2 The Supplier undertakes to observe the prohibitions and mandatory steps referred to below and to actively minimize the risk of one of the following prohibitions and mandatory steps being breached by ensuring actions are taken and refrained from all along their supply chain:

- (1) The prohibition of the manufacture of mercury-added products
- (2) The prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes
- (3) The prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention
- (4) The prohibition of the production and use of chemicals pursuant to Article 3(1) (a) and Annex A of the Stockholm Convention on Persistent Organic Pollutants of May 23, 2001
- (5) The prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound.
- (6) The prohibition of exports of hazardous waste within the meaning of Article 1(1) and other wastes within the meaning of Article 1(2) of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.
- (7) The prohibition of the export of hazardous waste from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII
- (8) The prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention)

- 4.3 The Supplier undertakes to adequately address the environment-related requirements along their supply chain as follows:

- (1) The Supplier shall establish effective processes and systematic and appropriate due diligence measures for actively protecting the environment with the aim of identifying, preventing, minimizing and ending both potential and actual negative impacts on the environment within their supply chain.
- (2) The Supplier shall train their employees to understand that the observance of environmental standards is compulsory. Moreover, the Supplier shall create clear regulations and parameters to systematically ensure the protection of the environment.
- (3) Should an increased risk be identified in relation to the Supplier, the Supplier undertakes to take part in the prevention program stipulated by FhG to minimize or prevent these risks.
- (4) Should the Supplier be found guilty of a breach, the Supplier undertakes to take part in the program of corrective measures devised jointly by FhG and the Supplier to get the latter to set its own affairs in order (see Section 6).

5. Transparency and checks

- 5.1 The Supplier must be able to provide information about the processes, systems, regulations and measures that have been established within their enterprise in relation to human rights due diligence and ecological due diligence and must provide this information at the request of FhG.

- 5.2 FhG is entitled to carry out inspections and checks on the processes the Supplier has established in relation to human rights due diligence and ecological due diligence, including the due diligence measures taken by the Supplier in connection with human rights and environmental standards, and to carry out inspections and checks to determine whether a prevention program or a corrective measures plan has been implemented on time, or to have the aforementioned inspections and checks carried out by a third party commissioned by FhG.

- 5.3 The Supplier undertakes to report any failure to comply with these NHS to FhG using the [FhG whistleblowing system](#).
- 5.4 The Supplier shall ensure that their employees have unfettered access to the FhG whistleblowing system. In particular, the Supplier shall refrain from any actions that block or hinder access to the [FhG whistleblowing system](#).

- 5.5 The Supplier undertakes to inform their own business partners, providers and other parties with an interest in FhG about the possibility of reporting suspected breaches (anonymously and confidentially) via the FhG whistleblowing system.

6. Corrective measures by the responsible party

- 6.1 Should the Supplier be found guilty of a breach, the Supplier undertakes to take part in the program of corrective measures devised jointly by FhG and the Supplier to get the latter to set its own affairs in order.

- (1) The Supplier undertakes to jointly draw up and implement a plan for rectifying the deficiency.
- (2) The Supplier accepts a temporary suspension of the business relationship while efforts are made to minimize the risk.

- 6.2 The Supplier accepts that a business relationship will be terminated if

- (1) the violation of a protected legal position or an environment-related obligation is assessed as very serious,
- (2) the implementation of the measures developed in the concept does not remedy the situation after the time specified in the concept has elapsed,
- (3) FhG has no other less severe means at its disposal and there seems to be little prospect of FhG increasing its ability to exert influence.