

A diverse group of young people, including men and women of various ethnicities, are smiling and posing for a photo in a city at night. The background is filled with blurred lights from buildings and streetlights, creating a bokeh effect. The group is dressed in winter clothing like jackets and scarves.

**BORSIG**

**Declaration of  
principles on human rights  
and environmental  
protection**

BORSIG Group

**Think.  
Create.  
Change.**

## Declaration of principles on human rights and environmental protection

(December, 2023)

---

The BORSIG Group (hereinafter: BORSIG) is a specialist in the development, manufacture, assembly, maintenance and sale of pressurized components, machines, apparatus, pipelines, steam generators, valves, fittings, diaphragms, diaphragm modules and plant technology as well as other industrial plants with similar specifications, including services. Our key product areas include apparatus and heat exchangers, compressors, membrane technology and power plant and industrial services. Since its foundation in 1837, BORSIG has stood for the highest quality, reliability, state-of-the-art production methods and innovative strength, and thus for cutting-edge technology "Made in Germany".

Our claim "Think. Create. Change." underlines the way we use all our expertise and engineering skills to implement the necessary changes with innovative products. For many years now, we have focused on making our customers' processes and products fit for the future.

As an internationally active group of companies with over 450 employees, the BORSIG Group is aware of its responsibility towards people and the environment. This declaration of principles formulates our aspiration and obligation to strengthen human rights and environmental protection along our value chain and to prevent their violation. It also describes the relevant procedures which BORSIG implements to fulfil its due diligence obligations in this regard.



## Our commitment to respect human rights and environmental responsibilities

Respecting human rights and the associated environmental obligations in accordance with the German Supply Chain Duties Act (LkSG) is part of our effort to achieve more sustainable corporate governance.

Our [Code of Conduct](#), corporate guidelines and this declaration of principles set out the way the BORSIG Group assumes responsibility, protects human rights and fulfils environmental obligations. The declaration of principles applies to employees at all levels and serves as a guide for suppliers and partners.

As part of our commitment to respect human rights, we base our business activities on the following internationally recognised standards:

- The International Bill of Human Rights (United Nations Universal Declaration of Human Rights, Civil Pact, Social Pact)
- The ILO Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The United Nations Sustainable Development Goals.

We strive to comply with our duty of care not only towards our employees in our own business area, but also towards employees in the supply chain and business partners in all areas of the company worldwide. We expect our employees to act in accordance with the human rights standards set out in the Code of Conduct. At the same time, we consider it at least as important that our partners and suppliers also adopt our obligation to respect human rights towards their employees and third parties. This commitment includes fair working conditions, including reasonable working hours and remuneration, occupational health and safety, respect for freedom of association and the right to a statutory or collectively agreed minimum wage, the right to non-discrimination, prohibition of harassment, prohibition of child and forced labour, respect for local communities and indigenous peoples, and compliance with environmental standards. To date, we have formally regulated some of these requirements as part of our supplier management and we currently communicate them via our [Supplementary Terms and Conditions to the General Terms and Conditions of Purchase \(GTCP - Supplement\)](#). We are now preparing a Supplier Code of Conduct to comprehensively set out and manage our expectations regarding due diligence obligations in the supply chain.

## Key human rights and environmental obligations

The BORSIG Group consistently monitors compliance with regulations for the protection of human rights and environmental obligations. Our corporate governance implements demanding social, ecological and economic standards that have an impact on our entire value chain, reduce negative effects and bring about positive developments.

### **Prohibition of child labour, forced labour and modern slavery**

We reject all forms of child and forced labour as well as modern slavery and human trafficking. This applies to cooperation within the BORSIG Group as well as to the conduct of and towards business partners.

### **Freedom of association**

We recognise the fundamental right of all employees to form employee representative bodies. We maintain a professional approach to employee representation that allows neither preferential treatment nor discrimination. We respect employee representatives as partners and work with them in a spirit of mutual respect and trust. Even when interests differ, we strive to find amicable, viable solutions for the benefit of employees and the company.

### **Equal opportunities and treatment**

No one may be discriminated against based on gender, age, possible disability, skin colour, ethnic origin, religion or belief, sexual orientation and other personal characteristics. BORSIG offers its employees a working environment that is free from sexual, psychological or physical harassment.

BORSIG also creates equal opportunities for all. The selection, recruitment and promotion of our employees is always based on their qualifications and skills.

### **Fair working conditions**

We are also committed to offering our employees fair working conditions. We organise working hours in accordance with the applicable national law. This also applies to overtime, breaks and paid holidays. We also ensure appropriate, regular and punctual remuneration in accordance with local industry and labour market standards and observe the respective local minimum wage legislation.

### **Safe working environment**

BORSIG is committed to creating and maintaining a safe and healthy working environment for its employees. Safety and health protection are prioritised over economic concerns. All

employees are encouraged and expected to take responsibility for occupational safety, health and environmental protection.

We ensure appropriate occupational safety according to applicable national regulations, provide suitable technical and personal protective equipment and implement preventive and health-promoting measures. We minimise the risk of injury and work-related illnesses through clear work procedures. We apply ISO certification standards such as ISO 45001 to improve occupational safety and regularly train our employees in all matters relevant to occupational safety.

### **Use of security staff**

Although BORSIG Group has not yet commissioned any security service providers itself, we consider it our duty to sensitise suppliers to the duty of care required in this context. Violations against the human rights of employees or third parties and violations of the associated environmental rights by security staff shall not be tolerated.

### **Rights of local communities and indigenous peoples**

We respect the livelihoods and rights of local communities and indigenous peoples in our business activities. We take a stand against the unlawful use of land, forests and water.

The local population should be affected as little as possible by construction work at our sites or the day-to-day operation of our plants. This is why we favour the use of environmentally friendly and resource-efficient processes and procedures.

### **Environmental obligations**

We are committed to complying with the environmental obligations arising from the international conventions on mercury (Minamata Convention), persistent organic substances (Stockholm Convention) and hazardous waste (Basel Convention).

The BORSIG Group favours environmentally friendly, advanced and efficient technologies and implements these throughout the entire life cycle of its products. We ensure the careful use of natural resources in the development and production of our products and endeavour to reduce the environmental impact associated with our business activities. These include air, water and soil pollution, deforestation, incorrect handling of waste or excessive consumption of water and harmful noise emissions. We have also taken precautions to ensure compliance with environmental protection laws.



## Implementation of human rights and environmental due diligence obligations

### a. Risk management

The responsibilities for the effective implementation of due diligence obligations are clearly regulated throughout the company and are assigned to the respective responsible operational units of the BORSIG companies and business partners. Overall responsibility lies with the Corporate Compliance department. It is responsible for the conceptualisation and further development of our approach to compliance with human rights and the associated environmental rights. Its task is also to guide the due diligence processes in our own organisation and with our business partners. The decentralised procurement department of each company is independently responsible for the specified due diligence processes in its supplier network, e.g. with the help of supplier questionnaires. Other specialist areas such as occupational safety, environmental protection and HR report to the relevant departments.

### b. Risk analysis and evaluation

BORSIG carries out a risk analysis on an annual and ad hoc basis to identify and assess human rights and environmental risks in its own business area and along the supply chain.

The risk analysis is a two-stage process in which the abstract risk relating to human rights and environmental issues defined by the LkSG is first identified. We analyse our own business model and our direct suppliers at country level. The countries analysed are selected using a risk-based approach. The abstract risk is determined with the help of various publicly available quantitative indices, supplemented by comprehensive qualitative indicators. Secondly, the specific risk is determined in terms of the severity and probability of risk occurrence at BORSIG's direct suppliers and in its own business activities. The level of risk depends on the degree of human rights violation, the number of people affected and the irreversibility of the impact. The probability of a possible breach occurring is determined taking into account the preventive measures already implemented and the complaints received or incidents that have become known.

Following the risk analysis carried out in 2023, we prioritised the risks internally in order to make appropriate decisions. This evaluation was carried out both for our own business division and for our direct suppliers:

Our own sites are located exclusively in Germany and most of our suppliers' production facilities are located within the EU. Most of our reference countries have a low to medium risk profile. Nevertheless, we have prioritised the identified risks and identified various hot spots. The topic of discrimination has recently been in the spotlight in our own companies. Non-

observance of occupational health and safety also remains a risk relevant to our business activities, for example, when working on machinery. However, the risk has been categorised as low for our operations due to national laws and various internal guidelines and audits. We have identified priority risks for our direct suppliers in the areas of discrimination, occupational health and safety and environmental pollution to the detriment of third parties (e.g. water contamination).

#### c. Preventive actions

A wide range of measures are required for our own business activities and our direct suppliers (Tier 1 suppliers) in order to adequately address the risks identified in the risk analysis.

We have derived measures from the results of the risk analysis within the organisation. This includes sensitising our employees to the impact of our business activities on human rights and providing training. In addition to familiarising them with the BORSIG Code of Conduct, we want to teach them how to apply these standards to their daily work and how to identify and address potential human rights risks and environmental risks or conflicts of interest. We plan to integrate this declaration of principles into our existing training courses on the Code of Conduct.

Our employees also undergo a wide range of training courses in occupational health and safety to help them effectively prevent hazards.

We have formulated additional conditions to the General Terms and Conditions of Purchase (GTCP addendum) for prevention measures at our suppliers. We also question our suppliers on a selection of human rights and environmental issues as part of the supplier selection and supplier management process.

The additional conditions require our suppliers to comply with the applicable legal system, in particular human rights and environmental protection regulations. We also work to ensure that they oblige their suppliers in the deeper supply chain (BORSIG Group Tier 2 suppliers) to comply with the requirements of the Supply Chain Sustainability Act by means of special contractual clauses.

If the BORSIG Group identifies specific risks at suppliers, it takes further steps to clarify and end the grievance.

#### d. Remedial actions

In the event of actual or potentially identified violations of human rights or environmental obligations, BORSIG takes remedial action to prevent or end the violation or to minimise the damage.



In the event of proven violations within our own organisations, we immediately initiate appropriate measures to rectify them.

We expect our suppliers to take immediate remedial action in the event of a breach of a human rights or environmental obligation in the supply chain. Depending on the severity of the offence, the responsible internal working groups and/or the management will be informed. The working groups carry out more detailed investigations, evaluate the results and define follow-up measures, such as increased due diligence or reviewing the supplier relationship. Depending on the severity of the breach, the response may range from a request to remedy the breach immediately to legal action and even the termination of the business relationship.

#### e. [Complaints mechanism](#)

In order to be able to fulfil our claim to legally and ethically irreproachable business conduct, it is fundamentally necessary to learn of potential misconduct. This helps us to take appropriate measures to prevent and avoid violations and take remedial action. Complaints procedures initiated by affected persons are of great importance to the BORSIG Group. They enable individuals or groups or their representatives who are affected by negative impacts on human rights or who fear such impacts to raise their concerns. We have implemented a whistleblower system that offers BORSIG Group employees, customer employees and business partners, other workers along the supply chain and third parties the opportunity to report potential breaches of rules confidentially and anonymously. The [whistleblower system](#) is currently available in German and English but can be made available in other languages if required. The publicly accessible rules of procedure in this declaration describe the reporting process:

All reported information and substantiated suspicions of possible violations of human rights or environmental obligations are examined for plausibility, substantive merit and legal relevance by the independent law firm Bette Westenberger Brink as part of a transparent process. The confidentiality and anonymity of whistleblowers is always respected. BORSIG also ensures that whistleblowers who have personally identified themselves are protected from discrimination and punishment. Following the audit, relevant contact persons within the company are identified and informed. Their task is to investigate the complaint further, for example, through discussions with affected parties, suppliers, industry initiatives or NGOs and on-site visits. Measures are then identified, implemented and monitored. This should lead to continuous improvement in the process described above for exercising due diligence. The BORSIG Group plans to orient its existing whistleblower system more strongly towards the topic of human rights due diligence in future.



#### f. Documentation and reporting

The implementation of human rights due diligence is an ongoing process, which is why BORSIG regularly reviews the relevant strategic approaches and measures. The results, findings and implications for business activities are documented internally and adapted on an ongoing basis.

As the Supply Chain Due Diligence Act does not yet apply directly to BORSIG, there will be no separate report for the Federal Office of Economics and Export Control as the national supervisory authority. However, the BORSIG Group intends to report on sustainability-related information, including due diligence topics, from 2025 as part of the upcoming disclosure requirements under the European Corporate Sustainability Reporting Directive (CSRD).

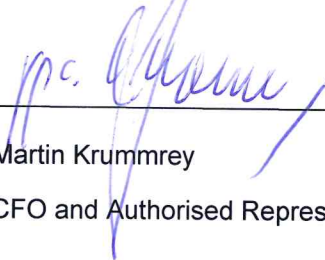
This declaration of principles was adopted by the management of Borsig GmbH on 13 December 2023.

Berlin, December 2023



---

Jürgen Stegger  
Managing Director



---

Martin Krummrey  
CFO and Authorised Representative