

**BALLUFF**

**B** *innovating automation*



Human Rights Advisory  
Committee, Balluff GmbH

# BALLUFF STATEMENT ON HUMAN RIGHTS



# ACTING ETHICALLY, THE BALLUFF WAY:

At Balluff Group, we believe that ethical conduct and compliance with the law are paramount for building trust and lasting relationships with our stakeholders. Upholding values such as integrity, righteousness, and respect for human dignity is crucial to the way we do business. These principles are not only the basis and benchmark for all our business conduct, but also serve to protect our stakeholders and enable our continued success.

By implementing compliance management processes and measures based on them, we assure compliance with all external and internal legal requirements. This ensures that Balluff Group and all individuals acting on behalf of the company operate within the law and maintain the highest standards of ethical conduct. We remain committed to upholding these values and principles to continue building trust and fostering strong relationships with our stakeholders.

# PREAMBLE

## Our Values:

Balluff is a leading global player that has been serving its customers for four generations. Our innovative and agile approach to sensor and automation technology has made us an important partner in the industry. We place a strong emphasis on upholding the highest ethical and legal standards in all our actions, which is reflected in our values.

At Balluff, we believe that responsible value creation starts by treating our employees, suppliers, and business partners with respect. This Statement on Human Rights as one of our declarations of principles is regularly reviewed to ensure that we stay true to our values.

We are proud to submit this Balluff Statement on Human Rights, in addition to the ZVEI-VDMA Code of Conduct and our internal Balluff Compliance Policy, on behalf of our affiliated companies worldwide. We will update this statement as necessary, to evolve with the times and maintain our unwavering commitment to ethical and responsible business practices is unwavering, and we look forward to continuing to serve our customers and innovate in the industry.

Neuhausen auf den Fildern,  
2024-01-01



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Katrin Stegmaier-Hermle  
Managing Director



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Florian Hermle  
Managing Director



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Frank Nonnenmann  
Managing Director

### **Commitment - Our Responsibility:**

At Balluff, we are proud to uphold a strong set of values that prioritizes respect for human rights and environmental standards. We understand that our responsibility extends beyond our immediate business operations, and we are dedicated to doing our part to make the world a better place for everyone. These values are paramount to our success and are reflected in our steadfast commitment to compliance with internationally recognized human rights standards:

- The ten principles of the UN Global Compact
- The Universal Declaration of Human Rights
- The four fundamental principles and rights at work of the International Labor Organization
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The United Nations Sustainable Development Goals

At our company, we believe in taking ownership of our actions and the impact they have on people and the environment. We adhere to all applicable legal standards in all regions where we operate. However, if we identify any serious discrepancies between internationally recognized standards and applicable national or local laws, we will do our best to adhere to the international standards while minimally complying with contradictory yet compulsory national or local requirements. We are committed to doing everything in our power to make a positive impact on society and the world we live in.

The contents and principles of the ZVEI-VDMA Code of Conduct and the Balluff Compliance Policy apply to all companies affiliated with the Balluff Group around the world, as is stated in this document. We expect our employees to align their actions and behavior with the principles outlined in these policies and guidelines, including this Statement on Human Rights.

Within Group companies, the respective management team responsible is tasked with the local implementation of and compliance with this Statement on Human Rights.

### **Governance - Our Designated Contacts:**

The overall responsibility for the implementation of the provisions of this declaration lies with the management of Balluff GmbH. In order to support and monitor these transformation processes in the specialist areas, we have decided to appoint a Human Rights Advisory Committee as a coordinating body. The main focus of its activities is the task of monitoring management processes relevant to human rights, observing public events and developments, pooling knowledge and experience gained within the Balluff Group, and initiating strategic projects with human rights relevance within the scope of our possibilities. The Human Rights Advisory Committee draws on the expertise of the specialist departments and the Compliance Advisory Committee, in which the Compliance Officers of all divisions meet regularly under the leadership of the Balluff Compliance Officer.

The effective management of human rights and ecological risks is of central importance to us, not only within our activities, but also in the procurement of resources, primary products and services. We ensure that the members of the Human Rights Advisory Committee, which is staffed by several specialist departments and integrated into the Balluff Group's compliance management system, have the necessary authority, information and resources at their disposal at all times to carry out their duties conscientiously.

Clear communication about human rights challenges is an important component of human rights due diligence. In the future, we will regularly report to internal and external audiences on material human rights risks, implemented measures and progress, and identify remaining challenges within the legal framework - this includes the submission of LkSG<sup>1</sup>-specific reports, but also participation in the future preparation of a Group-wide sustainability report.

1: With "LkSG", we refer to the German Supply Chain Due Diligence Law (Lieferkettensorgfaltspflichtengesetz), enacted on Jul. 16, 2021.

## **Fundamental Principles of Human Rights - Our Aspiration:**

This statement is based on an in-depth analysis of potential human rights risks that may accompany our daily activities. For the purposes of this policy statement, we therefore focus on the following human rights principles:

### **Prohibition of Child Labor:**

As the Balluff Group, we are aware of our responsibility towards the next generation - we therefore do not tolerate child labor in our own business activities or within our supply chain. As part of every recruitment process, we request official proof of age to ensure that the minimum age required for the position is reached by the applicant - employees under the age of 15 are not employed within the Balluff Group in countries outside the scope of the developing country definition of ILO Convention 138. In accordance with ILO Convention 182, the Balluff Group does not employ minors for jobs with a higher risk potential.

### **Prohibition of Forced or Unfree Labor:**

Being Balluff, we stand by our commitment to never tolerate forced labor, modern slavery, or comparable employment relationships that significantly restrict the professional freedom of our employees under any circumstances. No employment within the Balluff Group may come about through the use of coercion and may be terminated at any time by either party in accordance with contractual or legal provisions.

### **Freedom of Association, Collective Bargaining and the Right to Industrial Action:**

The corporate culture of the Balluff Group is based on the objectives of openness and equality - our management and all executives are committed to this every day. We therefore respect the right of our employees to form or join coalitions and associations, to hold meetings and to engage in collective bargaining and collective bargaining agreements, taking into account local legislation. If we are unable to safeguard the rights of our employees due to legal restrictions, we look for practicable ways to enable our employees' participation rights on the basis of our core values and within the scope of our possibilities.

### **Promoting Diversity and Equal Opportunities:**

The diversity and variety of our employees is a strength of the Balluff Group and an expression of our commitment to promoting equal opportunities and effectively preventing discrimination of any kind - unequal treatment based on personal characteristics such as gender, age, ethnic or social origin, disability, skin color or religious affiliation is not tolerated at any time.

### **Safeguarding the Health and Safety of our Employees:**

As a responsible employer, we are committed to our goal of providing a healthy and safe workplace regardless of our own activities. As the Balluff Group, we therefore take appropriate occupational health and safety measures to meet contractual, social and legal requirements at all times. This can include the appropriate design of workplaces, the creation of safety regulations and manuals, the instruction of employees, and the regular monitoring of compliance with safety regulations by managers. By creating central contact persons in the area of Occupational Health and Safety, all employees have access to competent contact persons at all times.

### **Compensation and Working Hours:**

We take our duty of care as an employer seriously. We comply with legal regulations, contractual agreements, and internationally recognized standards regarding the remuneration and working hours of our employees at all times. Our employees are informed clearly, in detail and regularly, about the type and amount of their remuneration in accordance with the framework conditions applicable to them. We comply with the applicable laws and recognized labor standards with regard to our employees' working hours at all times. Our employees are made aware of compliance with national statutory and collectively/contractually agreed maximum working hours - By using working time recording systems, we are able to ensure compliance with maximum working hours for the protection of our employees.

We also support our affiliated companies in structuring legally compliant working conditions.

### **Deployment of Security Forces, Protection of Whistleblowers:**

Under no circumstances will we tolerate any treatment of our employees that involves physical or psychological violence or that significantly exceeds the scope of acceptable behavior. This also includes the behavior of the security personnel we commission - by carefully selecting the companies involved, contractually obliging them to adhere to our compliance requirements and monitoring their activities, we ensure that third parties commis-

sioned by us also protect the rights of our employees. At no time will we use them to threaten, intimidate or defame those who work within and outside the Balluff Group. Whistleblowers have secure and anonymous communication and reporting channels at their disposal through which we can enter into a constructive dialog in order to jointly seek ways to consistently pursue violations of our values.

**Environment, energy consumption and climate protection - Other areas of our commitment:**

As a medium-sized company with global aspirations, sustainable action is of central importance to us. Compliance with applicable laws and the implementation of internationally recognized standards to limit the negative impact of our business activities on the environment are a matter of course for us.

Our employees are regularly sensitized to the careful use of the resources available to us, made aware of applicable agreements and laws and motivated by suitable instruments to reduce their own operational emissions. In the areas of development and production, we take effective measures to reduce the emissions generated over the life cycle of our products as far as possible.

In addition, we are committed to defining and implementing measures and targets for our entire business activities in order to make our business activities sustainable and future-proof in various areas relating to the environment, our energy consumption and climate protection.

**Risk Management - Our implementation of human rights due diligence duties:**

We do not see the identification and elimination of human rights risks as a one-off activity, but as part of our continuous efforts to make the Balluff Group's understanding of values the benchmark for our actions in the context of our business relationships. Through the cross-divisional composition of the Human Rights Advisory Committee, the close integration of human rights due diligence obligations into the compliance management system of the Balluff Group, and the implementation of reporting processes and channels, we ensure that the in-depth examination of human

rights risks in our own business area, but also in our supply chains, receives the necessary attention to counter these in the best possible way.

In order to fulfill our duty of care, we examine the impact of our business activities on people and the environment. As part of the Balluff Group's compliance management system, we have implemented management processes to identify and prioritize relevant risks and those potentially affected by our business activities. Our management process takes into account both internal and external voices, so that social criticism and reportable incidents can flow into the holistic view of the risk landscape - we ensure this not only by providing anonymous and publicly accessible reporting channels, but also by continuously monitoring the civil society environment of our production and sales locations in Germany and abroad. If national laws stand in the way of our efforts to fully enforce our values at individual locations, we facilitate sensible compromises in close dialog with our employees on site and local stakeholders.

**Risk Analyses:**

Our operational risk management is based on a holistic analysis of the risks associated with our business activities. We examine identifiable risks annually and on an ad hoc basis. Triggers for an event-driven risk analysis can be changes in business activities, the opening of new locations or the discovery of previously unknown risks through information and complaints.

As a globally-active company, we consistently rely on digital applications and processes to record and analyze the risks associated with our business activities, which facilitate risk management in collaboration with employees and stakeholders. One example of this is the Balluff Integrity Line, a secure and anonymous reporting channel for information on violations of any kind within and outside the Balluff Group.

Based on the data obtained through the in-depth analysis of the risk landscape, the Human Rights Advisory Committee conducts the analysis process described below at regular intervals in order to work together with relevant stakeholders on remedial and preventive measures:

### 1. Risk identification:

Our approach is based on the methodical collection and analysis of all materials available to us to determine human rights and environmental risks. This is done, on the one hand, on the basis of external data sources to determine country and product group risks (supply chain) and business-specific risks (own business division), and on the other hand, on the basis of information from internal reporting channels. Experience gained from the implementation of remedial and preventive measures is gradually incorporated into risk identification in the interests of continuous process improvement.

### 2. Risk assessment:

Based on the findings, the Human Rights Advisory Committee carries out an in-depth assessment of the identified risks. The "severity" and "probability of occurrence" criteria, among others, are decisive for determining the relevant risk of an identified issue. This assessment yields key results on the abstract risk exposure of the Balluff Group, which are then subjected to a more detailed analysis in the next step. If specific risks are identified as part of the abstract assessment, these risks are analyzed in detail. Through control measures, such as questionnaires and requirements as part of a supplier onboarding process, we attempt to concretize the abstract information obtained on the risk exposure of the Balluff Group.

### 3. Risk prioritization:

The identified risks are then prioritized according to risk severity and degree of responsibility, which the members of the Human Rights Advisory Committee determine primarily on the basis of the criteria "capacity to influence" and "contribution to causation". We use the knowledge gained from this process about human rights and environmental risks and the impact of our business activities for corporate decision-making processes within the Balluff Group: This applies in particular to the selection and evaluation of suppliers and partners as well as for corporate transactions. In addition, the results of the Balluff Group's compliance management system serve as fertile ground for us to subject internal regulations, processes and training to closer scrutiny if necessary and to consider changed requirements for our processes to ensure due diligence as part of annual adjustment procedures.

### Remedial action and prevention - Measures to ensure our commitment:

To fulfill our responsibility for human rights and environmental protection, we pursue a risk-based approach. We derive our measures from risk analyses and prioritize them accordingly. Our aim is to protect those potentially affected and to reduce negative impacts on human rights and the environment, or to avoid them altogether as far as possible.

We have implemented standardized processes and regular measures, and we continuously review their effectiveness and maintain dialogue with civil society organizations. In cooperation with suppliers and partners within our extended supply chain, we insist on compliance with the basic values of our (or comparable) Code of Conduct, non-compliance with which can, in the worst case, lead to the immediate termination of the business relationship.

Furthermore, with the [Balluff Integrity Line](#), we have deployed a confidential online reporting system for reporting compliance violations and/or human rights violations in over 10 languages. We ensure that complaints are handled securely and confidentially and that the process is fair. We are also involved in multi-stakeholder formats to further improve the efficiency of reporting systems across all sectors.

In addition, we use important findings from complaints to further develop our mechanisms and identify risks. Where we actually identify negative effects, we work to remedy them and use our influence to ensure appropriate redress for those affected, within the scope of our possibilities.

**Contact, questions, and information -**

**We're here for you:**

This Balluff Statement on Human Rights becomes effective upon signature. No rights for individuals or third parties can be derived from this declaration of principles. It has no retroactive effect. The detailed content and orientation of the existing management systems is described in separate guidelines for the implementation of this declaration and other declarations.

Questions and comments about this policy statement or other human rights-related topics can be directed to the Human Rights Advisory Committee by e-mail to [humanrights@balluff.de](mailto:humanrights@balluff.de).

Complaints or information about violations of the [ZVEI-VDMA Code of Conduct](#), the Balluff Compliance Policy or this policy statement can be submitted anonymously and securely to our Balluff Compliance Team via the [Balluff Integrity Line](#). This is available to you via e-mail at [compliance@balluff.de](mailto:compliance@balluff.de).



Balluff Human Rights Advisory Committee  
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Balluff Integrity Line:  
<https://app.whistle-report.com/report/f0db98a0-2884-4d07-a41f-b4703be77372>

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