

# DECLARATION OF PRINCIPLES

# Declaration of Principles Concerning Human Rights

Respect for human rights is a fundamental principle for RAFI as part of responsible corporate management. With this Declaration of Principles, the RAFI Group expresses its commitment to its social responsibility and pledges to protect human rights, safeguard the rights of employees and their representative bodies, and protect the environment.

This Declaration is based on the principles of the RAFI Code of Conduct and expands on these principles.

As an internationally operating company, RAFI is committed to preventing negative impacts on human rights in its own business activities and to eliminating or minimizing them as far as possible. In today's world of increasing risks for companies, society, and the environment, RAFI also requires its business partners, in particular its direct suppliers, to embrace this principle of protecting human rights.

Furthermore, RAFI demands that its indirect suppliers also implement these principles, and takes measures to ensure this. The following basic principles define these requirements in concrete terms.

The Board of Directors is responsible for and controls the implementation of this RAFI Declaration of Principles. This ensures that the employees in every division are clearly aware of their own responsibilities and their role in ensuring corporate accountability.

Berg, April 29, 2024



Dr. Lothar Seybold  
CEO



Lothar Arnold  
CEO

As the operational holding company of the RAFI Group, RAFI GmbH & Co. KG is a signatory to the UN Global Compact and therefore committed to observing its ten principles. Furthermore, the commitment of the RAFI Group to human rights is based on the international agreements and declarations listed below. This underscores our acceptance of the content and principles described in these regulations:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- ILO core labor standards
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- Ten principles of the UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises



## Responsibility

RAFI strives to uphold internationally recognized human rights along the value creation chain. This Declaration provides the binding basis for the social and industrial relationships within the RAFI Group. It serves as an important basis for managing relationships with suppliers and other business partners. The resulting requirements and expectations are outlined and defined in separate business processes according to the guidelines for implementing this Declaration. RAFI owes its sustained success and good reputation to a large extent to these principles and

the fact that everybody at RAFI, from the Board of Directors to all employees and business partners, always behaves with integrity, transparency, and honesty. Not least for this reason, RAFI expects a corresponding commitment to responsibility from all companies that supply RAFI with goods, materials, or services, as well as from other partners and their employees. This Declaration is also the basis for dialog with other internal and external stakeholders and communities affected by the company's activities.

## Scope

At all its operational locations, RAFI complies with the applicable local legislation. As the company is domiciled in Germany, this Declaration of Principles is based on German legislation. For certain regions, countries, or functions, stricter guidelines or more detailed instructions may ap-

ply, but these requirements must comply with this Declaration of Principles. Should any provision in this Declaration of Principles be in conflict with local legislation, the provisions of the local legislation shall take precedence.

## Risk analysis

We are aware that our business activities and global supply and value creation chains can potentially lead to violations of human rights. The first stage in our analysis process is an abstract risk assessment that categorizes supplier risks

by country and industry. Direct suppliers that exceed a predefined risk threshold are then subjected to a second risk assessment stage. This consists of a concrete risk analysis of the suppliers identified as critical.

## Human rights

We are committed to respecting all internationally recognized human rights. Our due diligence processes in this area focus in particular on the human rights listed below. In an industry and sector-related risk analysis, we have identified these aspects as critical for our company. This is

where we see the greatest risks to the human rights of people in direct or indirect connection with our business activities, both at our locations and in our global supply and value creation chains.

- Child labor, forced labor, and modern slavery
- Restriction of freedom of assembly and association (including the systematic prevention, repression, and sabotage of employee representation)
- Unequal treatment / discrimination in any form
- Endangerment / disregard of health and safety in the workplace
- Unsafe handling of hazardous substances, dangerous substances and/or substances harmful to health
- Precarious employment and working conditions (e.g. unregulated temporary employment or misuse of short-term contracts)
- Restriction of land rights and the rights of local communities and indigenous peoples, in particular in the context of the extraction of minerals
- Damage to health, shelter, or economic goods required for subsistence, e.g. through pollution of water, soil, or air, or deforestation, in particular due to the extraction of minerals
- Failure to observe consumer protection and product responsibility
- Corruption and bribery
- Restriction of access to education
- Endangerment / disregard of data privacy and personal privacy



## Environment

Innovation leadership and the highest standards of environmental consciousness go hand in hand. Therefore, RAFI systematically pursues its self-imposed environmental protection goals in compliance with its ISO 14001 certifications. Natural resources must be used sparingly and in an environmentally responsible way to prevent waste. Energy must be used in a sustainable and efficient way to minimize emissions and environmental impacts. Every business organization bears responsibility for the environmental compatibility and sustainability of the products and services it offers, as appropriate for its portfolio of products and services. This safeguards the ability of future generations to satisfy their own needs.

That is why we and our contracting parties are committed to compliance with all applicable environmental legal obligations as well as official regulations and also to continuous improvement of environmental protection within an economically responsible scope.

Furthermore, business partners with production plants also apply effective environment protection and energy management systems. We continuously check conformity with REACH and RoHS requirements and regularly update our CMRT. We also observe the terms specified in the LkSG (Supply Chain Due Diligence Act) and observe the prohibitions contained in § 2 LkSG.

## Priority risks

On the basis of our risk analysis and according to our business activities, we have defined general country-specific and product-related risks as our priority human-rights risks. On the same basis, we have defined the specific observance of our banned substances lists as our priority

environment-related risks. According to our risk matrix, we have identified a number of suppliers who are domiciled in higher-risk countries and have exceeded a specific environment protection threshold in the past. According to our defined supplier review processes, we have reviewed these suppliers and, if necessary, newly rated them.

## Implementation of the human rights strategy

### **Use of management systems**

Part of our due diligence processes is awareness of the risks and impacts of our business activities on people along the entire value creation chain. In particular, our existing, risk-oriented management systems ensure the principles and goals defined in this Declaration are observed.

Our management systems comply with the recognized standards. The executive managers at each location are responsible for their local implementation.

### **1. Implementation of a risk management system**

A functioning risk management system is necessary to ensure compliance with the human rights due diligence requirements. RAFI is committed to implementing such a system in order to meet these due diligence obligations as thoroughly as possible.

identification, risk analysis, risk evaluation, and risk treatment.

On this basis, we define and undertake preventive measures, uncover breaches, implement counter-measures, and at the same time identify potential improvements. RAFI makes every effort to identify human-rights risks in its own sphere of business and at its direct suppliers. In the case of breaches, RAFI takes defined counter-measures. It is important that we continually monitor compliance with this Declaration and evaluate its application annually or as events require.

### **2. Regular risk analyses according to the PDCA cycle**

Risk analysis is carried out within the above-mentioned risk management system. It includes risk



## Prevention

To prevent human-rights and environmental risks, we demand from all employees of the RAFI Group that they agree to our Code of Conduct as well as this Declaration of Principles. Furthermore, we provide regular training and instruction sessions on issues of compliance, work safety, and environmental protection. In the future, we will expand these courses to include human-rights risks. We require our suppliers to agree to our RAFI Code of Conduct; alternatively they can submit their own, equiv-

alent Code of Conduct to us. The results of our analysis of human-rights risks and impacts are channeled into our corporate decision-making processes and influence our selection of suppliers, business partner management, product responsibility and development, as well as decisions on mergers and takeovers. The risk analysis forms the basis for the identification of appropriate measures. Corresponding individual measures can be applied as needed.

## Corrective measures

If we discover that a breach of a human-rights or environmental obligation has already taken place or is imminent in our company or a supplier's company, we immediately take appropriate preventive measures to prevent, end, or minimize the extent of the breach. If the behavior of RAFI Group employees leads to breaches of human rights or associated environmental rights, we take appropriate action and impose appropriate penalties.

We expect our suppliers to fully cooperate in identifying and addressing possible human-rights and environmental risks and breaches. In the case of major breaches, or if suitable remedial action is not taken within an agreed period, or if no other, milder measures have the required effect, we reserve the right to take legal steps, temporarily suspend the business relationship, or terminate it as a last resort.



## Whistleblowing

The anonymous whistleblowing system is a publicly accessible reporting channel that allows individuals to report breaches of RAFI's ethos and values. Whistleblowers can submit anonymous reports to these addresses:

**internal:** [compliance@rafi-group.com](mailto:compliance@rafi-group.com)

**external:** [compliance@schanz-russel.de](mailto:compliance@schanz-russel.de)

The whistleblowing procedure can be used by employees, suppliers, customers, and all potential stakeholders to report breaches of the

applicable compliance rules, human-rights obligations, and environmental obligations. The identity of whistleblowers and the reports themselves are handled confidentially in order to protect whistleblowers. All reports received are objectively examined and documented by the Compliance department. Reports are evaluated impartially, and the presumption of innocence applies equally to all affected parties.

## Documentation and reporting obligations

We submit our "Report on Compliance with Human Rights Obligations" to the BAFA (Federal Office of Economics and Export Control) by April

30 of each following year and publish it on our website at [rafi-group.com](http://rafi-group.com).

## Final provisions

This Declaration comes into force on its publication. No individual or third-party claims can be derived from this Declaration.

It does not apply retrospectively. This Declaration is reviewed regularly, at least annually, for potential amendments or improvements, and may be updated by mutual agreement. Should a

provision of this Declaration be ineffective due to legal conditions, the Parties agree to formulate a new provision which is as close as possible to the ineffective provision.

If there are any uncertainties about the interpretation or application of this Declaration, the German version shall be decisive.

**Should you have any questions, please contact me:**

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