

**Policy Statement on Respecting Human Rights  
and Related Environmental Rights**

Festo Group





# Policy Statement on Respecting Human Rights and Related Environmental Rights

## 1 Commitment to Respecting Human Rights and Related Environmental Rights

As an internationally active family-owned company, our global presence encompasses 250 branches and subsidiaries in over 60 countries. The Festo Group employs approximately 20,000 people worldwide. Operating in an ethical, lawful, and compliant manner is one of Festo's highest priorities. Our corporate culture is built on the values of appreciation and respect.

When conducting business activities, we fully adhere to internationally recognized social and environmental standards. These include, in particular:

- The 30 articles of the **United Nations (UN) Universal Declaration of Human Rights**
- The **UN Guiding Principles on Business and Human Rights**
- The eight fundamental **core labor standards and the declaration on the fundamental principles of the International Labor Organization (ILO)**, namely freedom of association and the right to collective bargaining, the abolition of all forms of forced labor, the elimination of child labor and the abolition of discrimination in employment and occupation, as well as occupational safety and health

In addition, we have implemented group-wide directives that define our and our business partners' approach to and framework for addressing human rights and related environmental rights. These include:

- Our **Festo Code of Conduct**
- Our **Festo Business Partner Code of Conduct**
- Our **Festo Purchasing Terms and Conditions**
- Our **Festo International Quality and Environmental Management Manual**
- Our **Prohibited Substance Standard**
- Our **Safety Corporate Directive, including the International Occupational Safety and Health Manual**

## 2 Corporate Due Diligence Process

We have established clearly defined duties and responsibilities as part of our risk management system for risks specific to the German Supply Chain Act in order to ensure that we exercise due diligence as a group. These are documented in an internal, globally applicable process at Festo:



The diagram shows Festo's systematic approach to respecting human rights and related environmental rights.

This **Policy Statement on Respecting Human Rights and Related Environmental Rights** is issued in the name of Festo SE & Co.KG as the ultimate parent company together with its group companies. Festo is therefore committed to protecting human rights and related environmental rights, as well as preventing violations of the law, both within its own operations and in relation to its business partners (direct and indirect suppliers). Operational risk management is an integral part of the Festo Group's process landscape, thereby enabling synergies with internal business processes.

Ultimate responsibility for the implementation of and adherence to this Policy Statement lies with the CEO of the Festo Group. Every Festo Group company is legally required to fully observe and adhere to this Policy Statement. The Human Rights Officer is responsible for monitoring and ensuring that the due diligence obligations are met, with the Human Rights Committee providing advice. Sustainability activities are initiated, planned, coordinated, and managed by the Corporate Sustainability Department. The resulting preventive and corrective actions are implemented at the appropriate organizational level within the Festo Group. Supply chain activities and operational risk management monitoring are handled, managed, and followed up on by the relevant specialist departments across the company on an interdisciplinary basis.

A comprehensive **risk analysis** forms the foundation of our corporate due diligence. In the future, we will use it to assess the human rights and related environmental impacts of our business activities on an annual and ad hoc basis. In our own operations and among our suppliers, we identify potential abstract and specific risks using external and internal data sources, which we use to determine risks associated with specific countries and product groups (purchasing from suppliers) or risks specific to our business purpose (i.e., in our own operations). We use both external information and internal findings from on-site audits and other **control measures** as data sources. The risks are then prioritized according to their severity and the degree of the company's control over them.

As part of this risk-based approach, the Festo Group conducted human rights workshops to assess the human rights implications. The company's main areas of focus in terms of human rights are: Discrimination, occupational health and safety, working conditions (contracts and working hours), wages and salaries, and freedom of association and assembly.

Within the scope of a risk analysis specific to the German Supply Chain Act, Festo initially analyzed 7,000 suppliers. On the basis of defined factors (e.g., influence, country risk, etc.), approximately 800 suppliers were required to submit a self-assessment. This means that roughly 98% of Festo's purchasing volume is covered by means of direct monitoring. The potential human rights risk areas in the supply chain are occupational health and safety, discrimination, wages and salaries, and freedom of association and assembly.

As a result, 44 suppliers in high-risk and medium-risk countries are being audited for potential human rights violations. In addition to the supplier self-assessment with a focus on the protected goods under the Supply Chain Act, an on-site inspection was carried out at nine potentially risky suppliers in Hungary, Bulgaria, Turkey, India, and Brazil. A limited number of violations of environmental requirements were identified and quickly remedied. There were no violations of social aspects. The risk analysis will be repeated on an annual basis.

The risk situation serves as the foundation for developing suitable measures for our own locations and for direct suppliers. Our **preventive measures** include group-wide directives and the resulting measures that apply to us and our business partners. In our own operations, we also rely on certifications. For example, all of our production and logistics sites are certified according to ISO 14001. We also offer training seminars to raise our employees' awareness of human rights and related environmental rights. We will continue to develop and expand these.

If we ever discover any violations, we take **corrective action** to end them in our own operations. This is carried out by the local sites under their own responsibility and includes appropriate sanctions, if necessary. Within the supply chain, we work to end or minimize the violation. During this process, we expect our suppliers to fully cooperate, especially in clarifying the relevant facts of the matter, and we reserve the right to take legal action, including terminating the business relationship.

We are aware, however, that despite comprehensive due diligence and appropriate measures, violations may occur. For this reason, we have established a whistleblowing system that allows anyone to **report** violations. Potential human rights violations can be reported anonymously via the whistleblower portal. In addition, information can also be sent directly to the Compliance Office or the Corporate Sustainability Department. In this context, the specific procedure is described in detail within the respective system. We are committed to investigating any reported violations, taking appropriate corrective and preventive action, and imposing appropriate sanctions on those responsible.

Festo regularly reports on legal requirements and voluntary commitments with regard to human rights and related environmental rights. Annual **reporting** to the CEO and relevant authorities has been carried out since 2023. Our sustainability report provides a transparent overview of our activities. This Statement will be regularly reviewed, continuously refined and expanded, and adapted to meet new requirements.

We recognize that implementing human rights due diligence along the entire supply chain is an ongoing process. To ensure continuous improvement, we review the **effectiveness** of our due diligence process and the measures taken at least annually and on an ad hoc basis. The implementation and ongoing enhancement of our due diligence measures are continuously documented internally.

**Dipl.-Ing. (FH) Thomas Böck** – CEO

**Dr. Sebastian Beck** – Member of the Management Board Finance and Human Resources

**Dipl.-Ing. Gerhard Borho** – Member of the Management Board Information Technology and Digitalisation

**Dr. Ansgar Kriwet** – Member of the Management Board Research and Development

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