

FLENDER

Reporting entity's legal name: Flender Corporation

Financial reporting year: 10/1/2022 – 9/30/2023

Identification of a revised report: No

Business number(s), if applicable: 85855 7895 RC0001, FEIN:36-4477319

Identification of a joint report, if applicable: N/A

Identification of reporting obligations in other jurisdictions: No

Entity categorization according to the Act: Corporation

Sector/industry: Manufacturing, Wholesale Trade, Retail Trade

Location: Headquartered in the United States of America

Flender is a leading global supplier for mechanical and electrical drive systems. Flender has the reputation for the highest performance, innovation, and reliability of drive components for more than 120 years. Flender is the corporate umbrella of two brands: Flender and, since 2001, Winergy. Flender is a leading provider of drive technologies for many industry sectors. Winergy is a pioneer and leading supplier in the wind industry with a broad portfolio including gearboxes, generators, couplings, direct drive segments, and complete drive systems. With both brands, we see ourselves as an essential part of the sustainable transformation. Our ambition is to become the partner of choice for a sustainable future in all our business areas. We will actively drive the energy transition, with a focus on renewable energies in our Winergy brand, and with our sustainable product range under the Flender brand.

A. Structure, Activities, and Supply Chains

At Flender, we are committed to conducting business in a socially responsible manner that supports the UN Sustainable Development Goals (SDGs). As part of this commitment, we take great care in selecting our suppliers to ensure that they share our values and operate in a socially responsible way. To achieve this goal, we have a rigorous assessment process in place for new suppliers. This includes two key requirements for onboarding suppliers.

1. Code of Conduct (Coc)

All new suppliers of indirect material and services with an expected annual purchasing volume exceeding € 5,000, and all suppliers for direct material, are required to sign a Code of Conduct that commits them to operating their businesses in a responsible and sustainable way, in line with UN Sustainable Development Goals.

FLENDER

Contents of the code of conduct for suppliers:

Human rights and labour practices:

- Prohibition of forced labour
- Prohibition of child labour
- Non-discrimination and respect for employees
- Working hours, wages, and benefits for employees
- Health and Safety of employees
- Grievance mechanism

2. Corporate Social Responsibility Self-Assessment (CRSA)

In addition to signing our Code of Conduct, suppliers that have an anticipated business volume in excess of € 50,000 and are supplying us from a non-OECD country or a country listed by Transparency International with a compliance country rating below 50, needs to complete a Corporate Responsibility Self-Assessment. The CRSA has several chapters that need to be completed which includes a chapter on Human Rights and Labour Practices. This chapter assesses the supplier's practices related to human rights and labour practices, including its approach to preventing forced labour, child labour, and discrimination, as well as its efforts to ensure fair wages and working conditions. By asking suppliers to complete the CRSA, we gain a comprehensive understanding of its practices related to sustainability and social responsibility.

B. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Flender Corporation is proud of its excellent reputation not only through the quality and safety of world-class products, solutions, and services; but largely because of its employees, the Flenderans. There are many generations of Flenderans all over the world with diverse backgrounds. Sharing the same spirit by being dedicated to hard work and honest performance, which made Flender what it is today: a leading multinational company with a great brand that is widely known and valued with an exciting future ahead.

Flender recognizes that human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status and without discrimination. These rights are all interrelated, interdependent, and indivisible. As a global company, Flender recognizes that businesses must respect and uphold human rights.

By adopting a Human Rights Policy, Flender embeds fundamental human rights as part of its corporate policy and communicates this commitment to all its employees, customers, suppliers, shareholders, and other stakeholders. Such actions will empower our employees to uphold ethical and social values to ensure they form the basis of all activities, business decisions, and business relationships.

FLENDER

Flender is a signatory of the UN Global Compact and has committed to adhering to the UN Guiding Principles on Business and Human Rights and respects and upholds all internationally recognized human rights standards, including, but not limited to the Universal Declaration of Human Rights, the ILO (International Labour Organization) Tripartite Declaration of Principles on Multinational Enterprises and Social Policy, the ILO Declaration on Fundamental Principles and Rights at Work (in particular, on the following topics relevant to our business: the elimination of child labour, abolition of forced labour, prohibition of discrimination, freedom of association, and the right to collective bargaining) and the OECD Guidelines for Multinational Enterprises as well as documents or texts that may replace or supplement those referred to above.

- We at Flender:
 - Conduct our business with the highest ethical standards and in accordance with the abovementioned human rights principles.
 - Recognize the inherent dignity of every individual and pledge to treat all individuals, including employees, customers, suppliers, and stakeholders with respect and fairness. Discrimination, harassment, and any form of exploitation will not be tolerated.
 - Uphold labour standards, including fair wages, reasonable working hours, and the right to organize and collectively bargain.
 - Opposes any form of child labour, forced labour, and any form of modern slavery.
 - Provide a healthy and safe work environment that protects and promotes the health and well-being, guards against the risk of work-related accidents and offers a wide range of support to maintain and promote physical and mental health.
 - Value and promote diversity, equity, inclusion and belonging. As Flenderans, we share a special spirit and aim to collectively move the world - irrespective of age, gender, nationality, sexual orientation, religion, or any other characteristic.
 - Prevent and reject any form of discrimination, intimidation, harassment or other inappropriate behavior towards individuals or groups. Flender to provide a harmonious, nurturing, and productive work environment, which is free of discrimination, harassment and bullying where all employees can contribute to the very best of their ability and potential.
 - Uphold individuals' rights to freedom of expression, opinion, and privacy. Flender maintains an open environment that encourages dialogue and respects towards diverse perspectives.

FLENDER

- Acknowledge the connection of human rights and environmental stewardship and commit to environmentally responsible practices to avoid environmental harm and contribute positively to the communities where Flender operates.
- Hold business partners to the same human rights standards that Flender adheres to internally. Flender extends our commitment to human rights to our business partners, including suppliers, distributors, contractors, and collaborators. Flender expects them to uphold the same high standards of human rights, labour practices, and environmental responsibility. Flender collaborates closely to ensure these principles are integrated throughout our shared operations and value chain.
- The following measures are taken to ensure that Flenders' human rights commitments are implemented:

- Governance

Human rights must always be considered when making business decisions. This approach covers our own operations as well as our supplier and customer relationships. Flender also considers human rights aspects in its internal risk governance processes and provides clear reporting lines to employees and suppliers.

- Respect & Involvement

All Flender employees must respect and uphold human rights under this policy. They must avoid causing or contributing to human rights violation and prevent or mitigate adverse human rights impacts that are linked to the business activities of Flender or to the company's business partners.

- Stakeholder Dialog

Flender recognizes that continuous engagement with stakeholders (and/or their legitimate representatives) is of the utmost importance to understanding the impact of human rights on our operations. It is therefore vital that Flender constantly engages with stakeholders and communities to understand their needs and perspectives.

- Due Diligence

Flender recognizes that human rights due diligence is an ongoing process that requires special attention at certain stages of our business, for example when entering a relationship with a supplier. Our due diligence processes meet the highest standards and Flender strives to ensure that all human rights violations and impacts are prevented, identified, and mitigated.

FLENDER

- Zero Tolerance

When it comes to human rights, there are no compromises. Flender therefore follows the guiding principle: zero tolerance for human rights violations. If human rights violations have nevertheless occurred, Flender takes rigorous action.

- Continuous Improvement

Upholding human rights is a continuous journey. Flender is committed to evolving our practices to align with emerging standards and best practices and actively seeks feedback, engages in dialogue, and innovates to drive positive change.

If any stakeholder believes that our practices or the practices of our business partners violate this Human Rights Policy or any related laws or internal or external regulation, violations can be reported to the contact person in the Flender Group or by using the Flender own incident reporting tool "Tell Us" (internal website). Reports can also be submitted anonymously.

C. The Parts of The Business and Supply Chains That Carry a Risk of Forced Labour or Child Labour and The Steps Taken to Assess and Manage That Risk.

The upstream value chain is an important aspect of our entire product portfolio. As a large steel consumer and with suppliers all over the world, there is a risk of child labour and human rights violations, as materials are sometimes sourced from countries that do not have adequate social standards.

Our 3rd party supply chain risk management provider allows us to monitor our multi-layered supply network and proactively uncover risks and material supply implications in real time. In addition to internal data, up-to-date external data is used and mapped in a risk scoring system. Thanks to the transparency in our supply network, we can take proactive measures at an early stage if risks arise.

With our supplier management process, we increase transparency and accountability in the supply chain and encourage our suppliers to comply with high social standards. Through this commitment, we help to establish responsible business practices worldwide and make a valuable contribution to respecting and protecting human rights. To achieve this, we have defined appropriate measures and goals in our CSR strategy. We have set up a dedicated team in procurement to drive our Scope 5 transparency and mitigation roadmap.

D. Measures Taken to Remediate Forced Labour or Child Labour.

Flender has not identified any forced labour or child labour in our activities and supply chains.

FLENDER

E. Measures Taken to Remediate The Loss of Income to The Most Vulnerable Families That Results From Measures Taken to Eliminate The Use of Forced Labour or Child Labour in Activities and Supply Chains.

Flender has not identified any forced labour or child labour in our activities and supply chains. As a result, Flender has not taken any measures to remediate any families at this time.

F. Training Provided to Employees on Forced Labour and Child Labour.

Flender Corporation currently does not provide training to employees on forced labour or child labour.

G. How the Entity Assesses Effectiveness in Ensuring That Forced Labour and Child Labour Are Not Being Used in The Business and Supply Chains.

On top of the policies mention in section b, Flender Corporation does regularly assess the CSR Conformance of our suppliers. Suppliers with a CSR Risk are in scope of these assessments. We use the following procedures to check the CSR Conformance of our existing suppliers.

- Re-assessment of the suppliers with a risk through a CRSA every 3 years.
- Extended Code of Conduct Questionnaire as part of our standard VDA 6.3 Audit covering ESG risks.
- External Sustainability Assessments conducted by a 3rd party (ESA)
- We ask our suppliers to provide us with the rating results of accepted CSR rating agencies (e.g. EcoVadis)

FLENDER

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

- Kerry Klein
- President & CEO
- 5/28/2024

• Kerry S. Klein, I have the authority to bind Flender Corporation.