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Aim:

Definition of preventive measures to avoid human rights violations in supply chains in accordance with Section 2 (6) LkSG

Scope of application:

Fr. Lürssen Werft GmbH & Co. KG

Responsibility

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Approval

Sebastian Rheineck, GF-Ressort: K
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1. Introduction

Fr. Lürssen Werft GmbH & Co. KG („FLW“) commits to respecting human rights and protecting the environment. It is the declared aim of the management to respect, protect and promote human rights and environmental standards along the entire value chain.

The following international regulations, to which FLW is committed, form the basis of the human rights and environmental due diligence obligations:

- International Bill of Human Rights
- UN Guidelines on Business and Human Rights
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- Core Labour Standards of the International Labour Organization (ILO)
- United Nations Convention on the Rights of the Child

We comply with all laws applicable to us at national and international level. Where national law does not comply with international human rights standards, we always act in accordance with the higher standard.

The human rights related and environmental strategy set out in this declaration apply throughout FLW's business area in Germany and abroad and must be observed by management and employees in the performance of their duties. We expect all suppliers to comply with human rights and environmental obligations.

2. Observance of human rights and the environment throughout the entire supply chain

We take appropriate and effective measures to identify and verify human rights and environmental risks in our own business area and in the entire supply chain to prevent risks from realising. If it is certain that a violation of a human rights or environmental obligation has occurred or is imminent, a prescribed remedial action plan takes effect, as part of which individual measures are implemented to end a violation and minimise its consequences.

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All measures that we take as part of our human rights and environmental responsibility follow the principle of 'empowerment before retreat'. Before choosing alternative sources of supply, we endeavour to support our suppliers in preventing and ending human rights and environmental violations.

2.1 Human rights and environmental expectations

We expect our employees and suppliers to comply with the following human rights:

- Right to life and health
- Prohibition of slavery and debt bondage
- Prohibition of child labour
- Prohibition of torture
- Right to adequate wage
- Right to breaks from work and reasonable limitation of working hours
- Right to form trade unions
- Right to strike, freedom of association
- Prohibition of discrimination on the basis of gender, age, origin, health status, political/religious beliefs or sexual orientation
- Prohibition of wage discrimination
- Prohibition of causing soil, water and air pollution that jeopardises the supply of food and drinking water or impedes access to sanitary facilities

In addition, we expect compliance with the following environmental legal positions:

- Prohibition of the production of mercury-added products, the use of mercury and mercury compounds and the treatment of mercury waste
- Prohibition of the production and use of persistent organic pollutants, the non-environmentally handling, collection, storage and disposal of persistent organic pollutants
- Prohibition of the import and export of hazardous waste

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2.2 Measure for effective risk management

To protect the aforementioned legal expectations along the supply chain, we implement due diligence obligations in our own business area, with direct suppliers and with indirect suppliers as required by the law. We encourage our suppliers to also implement the due diligence obligations and to pass on the obligation to implement human rights and environmental due diligence obligations in the supply chain.

2.2.1. Effective risk management and effectiveness reviews

We established processes to implement our due diligence obligations by means of a risk management system. This defines areas of responsibility, competences and reporting lines.

The due diligence obligations are anchored horizontally within FLW. All relevant departments - Purchasing, Quality Management, Legal & Compliance - are involved in the implementation steps. Purchasing is in charge of operationally implementing the due diligence obligations. It coordinates the due diligence obligations, defines priorities and leads FLW's efforts to protect human rights and environmental obligations.

The overall responsibility for the implementation of human rights and environmental due diligence obligations lies with the management. It has appointed a Human Rights Officer who monitors the risk management in our business area and the entire supply chain and carries out regular effectiveness reviews. The Human Rights Officer reports directly to the Management Board.

2.2.2. Identifying, weighting and prioritising risks

We carry out comprehensive risk analyses with regard to compliance with human rights and environmental obligations within our own business area and in relation to our direct suppliers. The complexity and scope of our international supply chain requires the use of technical solutions that support us in identifying, verifying, weighting and prioritising risks.

Our IT-supported risk analysis system enables us to determine individual risks of each supplier. Based on general supplier information - in particular, the country of origin and industry sector – first, an abstract risk analysis is carried out by using recognised indices and studies by external experts. We, then, review our suppliers as part of the concrete risk analysis on the basis of supplier self-assessments, an analysis tool, verified certifications, findings from inspections and findings from our complaints procedure.

We weight and prioritise risks by comparing the typically expected severity of a possible legal violation and its irreversibility with the probability of occurrence. We also take into account our own possible contributions to

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causation and the degree of our influence in order to prioritise risks and take targeted actions where there is a risk of materialising. We use a risk matrix to identify our necessity for action and initiate preventive and remedial measures where they are necessary.

2.2.3. Risk-based approach to prevention

If a risk is identified, we take appropriate and effective preventive measures. An internal company code of conduct applies in our own business area, which summarises the expectations and rights of employees in a clear and comprehensible way. This policy statement is publicly available on our website and will be communicated to suppliers when entering into or renewing a business relationship.

Employees in charge of the implementation of human rights and environmental due diligence regularly participate in training to be able to implement international human rights and environmental protection requirements throughout the supply chain. We require our suppliers to train themselves and their employees accordingly and to raise their awareness of human rights and environmental protection.

We carry out risk- and occasion-related checks within the scope of the legal and contractual possibilities in our own business area and in relation to our direct suppliers to identify and minimise risks at an early stage. We encourage our suppliers to communicate our human rights and environmental expectations in the supply chain and to monitor their compliance on an ongoing basis.

2.2.4. Taking remedial action

We will take appropriate remedial action if we identify a violation of a human rights or environmental obligation in our own business area or in relation to our direct suppliers. If the breach of a human rights and environmental obligation by direct suppliers cannot be stopped in the near future, we develop suitable remedial concepts. Within these concepts a process, a concrete timetable, clear aims and internal responsibility are defined. System-based action procedures link the relevant actors.

2.2.5. Actively pursue complaints

An important role in identifying risks and breaches in the supply chain is a functioning and barrier-free complaint procedure that is accessible to all stakeholders in the supply chain, from employees to suppliers to third parties affected by our activities or those of our suppliers.

Our web-based whistle-blower system is multilingual and takes into account the complexity of our supply chain. Information may be submitted anonymously or confidentially by providing personal data in text and language

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form. Information will be handled confidentially and promptly. The staff involved in processing information are not subject to instructions regarding the complaint management; their impartiality is ensured.

Submitted information and complaints are taken into account as part of the risk analysis.

2.2.6. Occasional involvement of indirect suppliers

In accordance with the legal requirements, our due diligences measures affects the entire supply chain. Accordingly, we also extend our risk analysis to suppliers who do not have direct business relations with us, but who are part of our supply chain. When it comes to the ad hoc inclusion of indirect suppliers, we rely on close cooperation with our direct suppliers in order to increase transparency in the supply chain in a cooperative manner and for the benefit of all.

2.2.7. Documentation and reporting

The implementation of all due diligence obligations is documented continuously. Through a central risk management system, we connect the information available to us regarding the risks identified and the preventive measures and remedial actions taken. We are also committed to transparent communication on the human rights and environmental challenges which FLW faces. The annual report is available on our website.

2.3. Focus: Human rights and the environment

A particular challenge FLW is facing is a supply chain that encompasses many different countries. The human rights and environmental risks identified therein – in particular, the risk of violations of the prohibition of forced labour, child labour and torture, as well as the pollution of water and soil – are addressed by appropriate and effective measures. In doing so, we set specific objectives that must be met in a measurable way within a certain timeframe. Measures to minimize risks include, for example, product and raw material related certifications, supplier checks, development of own standards, implementation of funding projects and the search, procurement and manufacture of alternative sources of supply.

3. Cooperations

FLW is also committed to sustainability issues, in particular biodiversity and climate protection. Among other things, FLW is an active member of the Association for Shipbuilding and Marine Technology. FLW is also an important supporter of the Blue Marine Foundation, which works to conserve marine biodiversity. In addition,

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FLW is a partner of the Water Revolution Foundation, which promotes new technologies, supports innovation, promotes the yacht industry's own sustainability agenda and invests in the conservation of the world's oceans.

4. Outlook

We are committed to continuously reviewing, developing and improving our measures. The effectiveness and efficiency of all human rights and environmental due diligence must always be ensured. Efficacy reviews take place on an ad hoc basis and at least annually.