



HUMAN RIGHTS IMPACT ASSESSMENT

TERMA GMBH / 2023

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ALLIES IN INNOVATION

Introduction

The Terma Group is guided by one overall purpose – securing people through advanced technology. We are present in four distinct business areas: Aeronautics, Space, Surveillance & Mission Systems, and Support & Services.

The Terma Group's German subsidiary, Terma GmbH, is located in Darmstadt. It solely operates within the Space industry where it provides products and solutions for the industry, and participates in primarily EU projects for, among others, the European Space Agency.

This human rights impact assessment covers the Terma GmbH subsidiary.

The Terma Group and the UN Guiding Principles on Business and Human Rights

Human rights are a key focus area for The Terma Group and a part of our CSR strategy *Allies in Responsibility*. Within this focus area, we actively work with the UN Guiding Principles (UNGPs) which require companies to have a human rights policy in place, due diligence processes and grievance mechanisms, such as reporting channels.

Our human rights policy, which is aligned with the UNGPs, is included in our Employee Code of Conduct. All employees are required to undergo our mandatory Employee Code of Conduct training where they, among others, are introduced to the UN Guiding Principles and the 48 human rights.

The Terma Group conducts due diligence on our third parties, both for our upstream and downstream value chain. Human rights are a key component of this. We set human rights requirements for our third parties via our Business Relationship Code of Conduct, which is aligned with internationally agreed standards for responsible business conduct, the UNGPs, and the OECD Guidelines. Our suppliers are asked to complete a CSR self-assessment where they indicate whether they have a human rights policy, a due diligence process, and grievance and remediation mechanisms in alignment with the UNGPs. Moreover, our customers and end-users are screened for adverse human rights issues.

In The Terma Group's two reporting channels, *Ethics Line* and *Tell us your concerns*, human rights are also included among the topics that can be reported on.

Lastly, we have also conducted human rights impact assessments for our Danish locations and headquarters which can be read [here](#).

What Is a Human Rights Impact Assessment?

The core of the UNGPs is to know and show – to know your risks of impacts and to communicate how you manage these risks. For a company to know its impacts and to show how these are addressed, regular human rights impact assessments are required.

A human rights impact assessment is a process for identifying, preventing, or mitigating risks of adverse impacts from business operations and services on, at minimum, all 48 human rights listed in the International Bill of Human Rights. The 48 human rights include the International Labor Organization core labor rights. Human rights impact assessments should provide an overview of where companies identify risks of adverse human rights impacts, and which actions and processes they have in place to prevent or mitigate these. We have decided also to identify where we have positive impacts on human rights.

How We Conducted our Human Rights Impact Assessment

All locations with an excess of 50 employees are in scope for a human rights impact assessment. Terma GmbH is our biggest subsidiary and was therefore chosen as the second location to have a human rights impact assessment. It has around 130 employees divided into two groups, the employees that work at our office in Darmstadt and the ones that work at a customers' offices through project secondment.

We take a systematic and structured approach to conducting this human rights impact assessment. Based on the experience of conducting the Danish locations' human rights impact assessment, employees from the CSR & Compliance Department hosted a workshop with relevant employees from Terma GmbH in their offices in Darmstadt.

In the workshop, we went through one human right at a time and assessed the following aspects for each right:

- Do we have a policy and/or process to cover this right? If yes, what is it called, where is it located, and who is responsible for it?
- Description of the adverse impact
- Description of affected stakeholders
- Description of policies, processes, and activities in place to prevent or mitigate the impact
- Description of how we monitor the effectiveness of the policies, processes, and activities
- Comments

The assessment focuses on both actual and potential impacts.

The findings were consolidated into this document which has been reviewed by relevant internal stakeholders at our Terma GmbH subsidiary and our CSR Board.

How to Read Our Human Rights Impact Assessment

On the next few pages, you will receive a visual overview of the rights where Terma GmbH has had actual, potential, or no impacts in the financial year 2022/23.

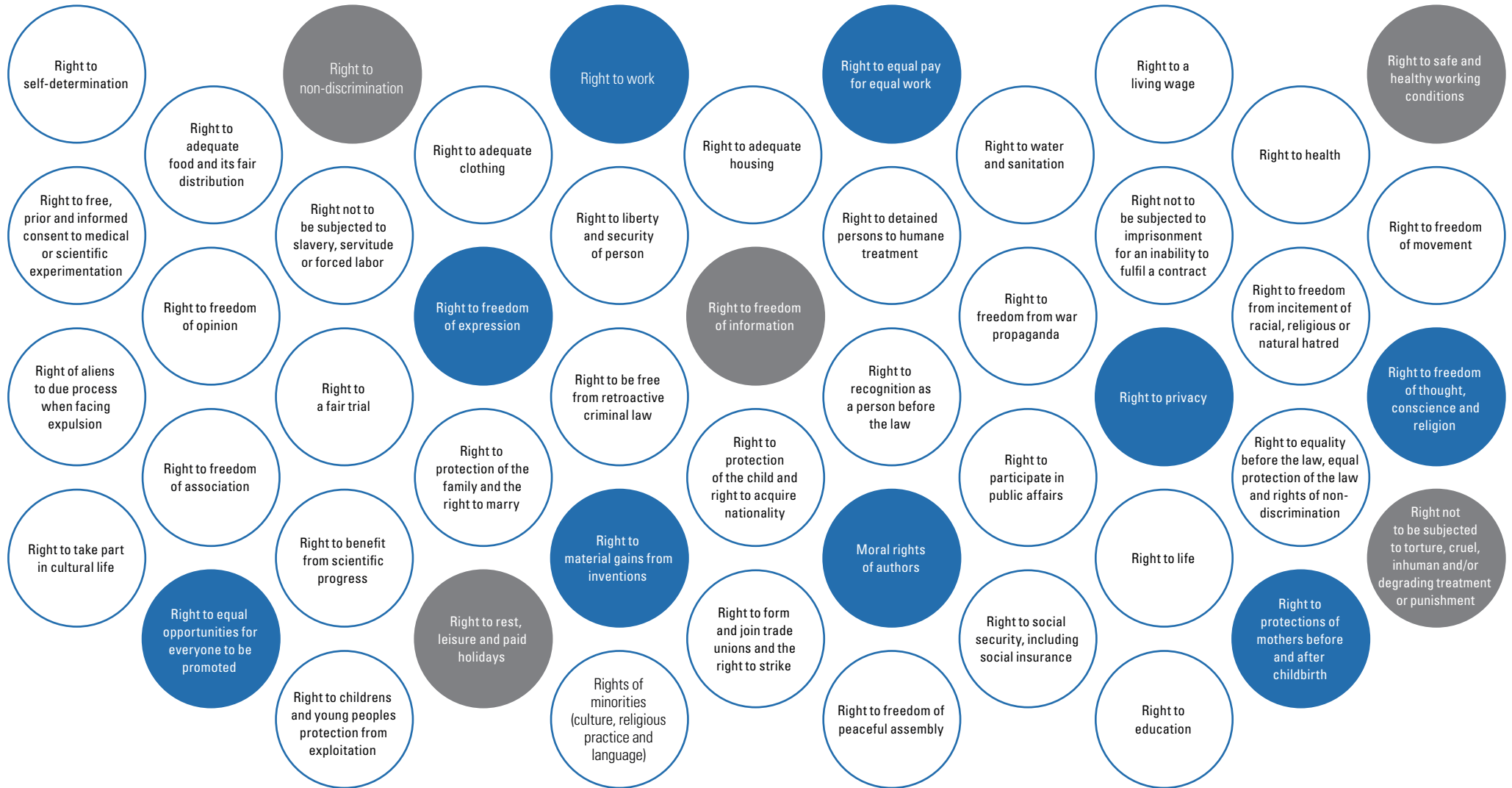
For each right with an actual impact, there is a description of the actual impact and the affected stakeholders, as well as how the impact was addressed. For each right with a potential impact, there is a description of the potential impact, who could be affected, as well as the processes we have in place to prevent or mitigate such impacts. For each right with no impact, there is a description of how we have identified that we are not likely to cause or contribute to adverse impacts on these rights.

Moreover, an overall description of how we track and monitor these impacts is described on page 4.

We would very much appreciate your feedback. Ideas to better prevent or mitigate adverse impacts, experiences of impacts, or any other remarks to our assessment will be received with gratitude.

Terma GmbH's Human Rights Impact Assessment Findings

The rights highlighted in grey are the ones where Terma GmbH has had an actual impact in FY2022/23, and those in blue are where Terma GmbH may have a potential impact.

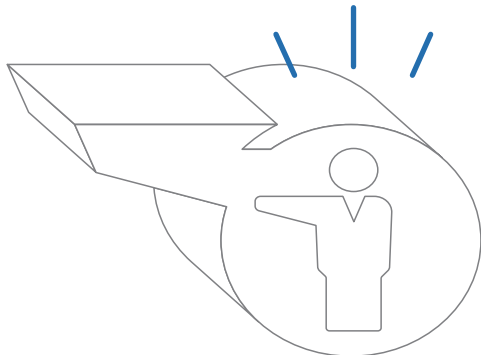


Tracking and Monitoring

Employees, as well as external stakeholders, can make use of The Terma Group's reporting channel, *Ethics Line* where they can report concerns if they suspect that serious or illegal misconduct, or other potential wrongdoing is taking place. Human rights have been included in the list of topics they can report on, which enables us to track how many issues related to human rights have been reported on, as well as the specific nature of the issues, and thereby assess where we need to strengthen our procedures.

Moreover, all our employees can report concerns in our internal case management system *Tell us your concerns*. The reporting channel is for concerns that do not fall into the scope of *Ethics Line*. When choosing the topic to report on, employees are among others faced with a long list of human rights to choose from. This enables us to identify which human rights more specifically have been impacted, such as the right to non-discrimination or the right to privacy. In addition, employees can report issues to, and engage with their manager, the Human Resource Department, or other relevant departments.

All of the above reports and stakeholder engagement enable us to track the effectiveness of our processes and actions and provide us with valuable insight and knowledge on areas of improvements.



Description of Actual Impacts

During the financial year 2022/23, we had one accident whilst at work, some overtime among our employees, lack of information and communication that affected employees' ability to perform their work adequately, as well as instances of discrimination and harassment. Terma GmbH has several processes in place to prevent, minimize, and handle these impacts and where gaps have been identified, Terma GmbH will put processes in place.

Actual impacts were identified by a mix of interviews with internal stakeholders in Terma GmbH and data from Terma GmbH's Employee Survey.

Working conditions and information

Covers: Right to safe and healthy working conditions; Right to rest, leisure, and paid holidays; and Right to freedom of information

During the financial year, we had one accident. With employees working more from home, where working conditions are not controlled by Terma GmbH, there are other types of accidents that can happen. Moreover, employees might not use adequate workstations in the home office.

To prevent the risk of workplace accidents, all employees are required to fill in a risk assessment for their home office to ensure safe working conditions. Moreover, when an employee is pregnant, they must go through a specific working environment risk assessment, regardless of work location. In addition, every year, there is safety run-through and assessment of the office building by an external working environment specialist, as well as at our customers' premises. Lastly, we have two safety officers on-site in our Darmstadt office.

Regarding overtime, this can be required from time to time by one's manager. However, employees who work more than the agreed flex-balance are required to take the corresponding time off. For employees working at a customer's premises, overtime and compensation are negotiated on an individual basis. All overtime

is registered, and employees are reminded to reduce overtime. Furthermore, managers are asked to maintain the workload to minimize the recurrence of said overtime.

We strive to ensure that our employees have work-life balance, and we have implemented flex-time and working from home to support this. Moreover, we provide paid holidays consisting of 30 days. Employees working at a customer's premises receive additional paid holidays specified by the customer.

In connection with the acquisition of new subsidiaries in the financial year 2022/23, some of the employees have experienced lack of information and communication about the future of their roles and responsibilities. This creates frustration and impacts their ability to perform their work properly. Efforts are being made to rectify the situation; however, clear communication and transparency are still needed, among others from headquarters, as well as more involvement of affected stakeholders in Terma GmbH.

We assess the effectiveness of our actions and policies with safety checks and employee satisfaction surveys. These indicators provide us with valuable insight and knowledge on the effectiveness of our processes and efforts, what we are good at, and where we have areas of improvements.

Discrimination and harassment

Covers Right to non-discrimination; and Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment

During the financial year, one employee experienced discriminatory behavior based on gender. It was not reported officially as a case but was expressed via the employee survey. Moreover, some employees have experienced insensitive and harsh statements by their managers.

To address this, the country manager will meet with managers to make them aware of the issues, the company's stance on

discrimination, how to ensure a good tone in the workplace, and how they should actively work to foster an inclusive environment free from discrimination. However, concrete tools and guidelines are missing for both managers and employees, and therefore this will be looked at going forward.

The Terma Group has a clear zero-tolerance policy towards all forms of discrimination and harassment. This stand is communicated in The Terma Group's Employee Code of Conduct which is applicable to all subsidiaries and employees. As part of our process, all employees receive a copy when hired and are required to take the Code of Conduct training every second year. The Code describes our zero-tolerance policy towards all forms of discrimination and harassment, and how employees can support and assist in creating an inclusive workplace.

If employees have been subjected to discrimination or harassment or witness others being subjected to these, they can report it to their direct manager, Human Resources, as well as to the reporting channel *Tell us your concerns*.

The focus on securing a work environment free from any forms of discrimination and harassment is a continuous focus and we will continue to maintain our processes and promote a tolerant working environment.

We assess the effectiveness of our actions and policies with among others employee satisfaction surveys. These indicators provide us with valuable insight and knowledge on the effectiveness of our processes and efforts, what we are good at, and where we have areas of improvements.

Description of Potential Impacts

Right to work

When hiring employees, there is a risk that employment frameworks and conditions lack details.

Equally, in the course of their employment, job functions and tasks may informally change, and employees might experience lack of clarity on expectations and tasks.

Furthermore, some of our employees work directly at a customer's premises and thereby we have less control over their tasks and processes.

Each applicant receives a job description as part of their job offer and if hired, they receive a contract which includes the job description. This ensures that responsibilities and tasks are clearly described, and thereby expectations managed. The contract also includes clear termination terms.

Relevant training is agreed upon between the employee and the manager. Specific projects require certain types of training and certifications which are provided by Terma GmbH.

Moreover, in the annual employee development and performance review, employees and managers agree upon tasks and targets, thus minimizing uncertainty.

For the employees, specifically working at a customer's office, the employee development and performance review has been amended, focusing predominantly on motivation and personal development to consider the remote employee-manager relationship.

Right to equal pay for equal work

The gender pay gap still exists in Germany, and therefore we may impact equal pay for equal work in hiring, negotiations, and promotions.

Employees starting out of universities receive the same starting salary. Decisions on compensation are based on the employee's qualifications, performance, and behavior, and other legitimate business considerations.

However, we do not have an industry benchmark for the Space industry in Germany. We are lacking a remuneration and promotion policy which clearly defines pay brackets and progression. This could be an element to focus on going forward.

Right to equal opportunities for everyone to be promoted

There is a possibility that unconscious bias may lead to discrimination in promotion processes as people tend to promote others that resemble themselves.

Employees in Terma GmbH represent a wide variety of backgrounds and nationalities and are highly specialized, therefore promotion is based on skills and performance.

Various policies and processes, such as People Review, have been implemented to provide transparency and guidelines to both managers and employees.

However, managers are not always given the necessary training to address unconscious bias, which could be an element to focus on going forward.

Right to protection of mothers before and after childbirth

Employees on maternity leave may experience that their work responsibilities and tasks have changed upon returning from leave.

Employees returning from maternity leave are ensured the same level of responsibility and pay. They also keep their seniority during maternity leave.

We provide 14 weeks' paid maternity leave (6 weeks before and 8 after) followed by statutory parental leave up to 3 years.

Moral rights of authors (protection of copyrights)

As we work within the scientific community, findings are used both for commercial and research purposes. We recognize that there is a risk that contributions from individual authors are not adequately credited in perpetuity.

For scientific journal publications and conferences, the individual authors are always credited.

Employees agree via their contracts to the potential commercial use of their findings.

Moreover, we have a strict policy to credit all used pictures. Pictures are a mix of internally owned pictures and pictures from other organizations. The credits are listed in our media database to ensure that employees use the proper accreditation.

Right to material gains from inventions

There is a possibility that employees who have invented a product/solution in the course of their employment at Terma GmbH might feel that they are not properly rewarded for their invention.

Employees are made aware of our policy regarding the management of intellectual property rights, as it is included in the employment contract which they sign and thereby accept the terms.

Right to privacy

Terma GmbH might impact this right as we process and handle employees' and external stakeholders' personal data daily.

To accommodate this, Terma GmbH has developed guidelines that are available for all employees. In these, they can read what type of data is stored, how we handle and process the data, as well as how they can receive access and information. This is also communicated to external stakeholders when collecting their data. We also have an external Data Protection Officer (DPO) who conducts annual presentations for Terma GmbH employees and is our point of contact in all GDPR related questions.

All employees are instructed on the topic of personal data, as part of their Employee Code of Conduct training. Furthermore, relevant employees receive additional training on GDPR and data handling.

Right to freedom of expression

All employees are subject to a confidentiality clause, as well as guidelines on social media communication, which may hinder their freedom of expression.

Due to the sensitive nature of the industry we operate in, employees are not free to share all information they receive in the scope of their employment. Some employees are security cleared, and in the application process for security clearance they are made aware of confidentiality requirements.

Moreover, they sign a confidentiality clause in their employment contract, as well as additional confidentiality undertakings if required by customers. In addition, employees must follow The Terma Group's social media guidelines when expressing themselves on social media. However, the social media policy has not been fully communicated to all employees in Terma GmbH and therefore this will be a focus going forward.

Right to freedom of thought, conscience, and religion

There is a risk that employees do not feel comfortable expressing their thought and religion to their colleagues, either via their clothing or opinions.

Terma GmbH promotes diversity and freedom of thought, conscience, and religion. Employees are obliged to show generally acceptable social conduct in relation to colleagues and business relations as stated in Terma's Employee Code of Conduct.

They must be generally appropriately dressed during working hours, both within the company as well as while associating with business relations, i.e. appropriately for the working conditions. It is expected that diversity of cultures within the company and the different boundaries of public decency are taken into account and respected. However, we do not hinder employees from wearing any clothing or symbols that express their faith.

We want a rich mix of people with different perspectives and backgrounds and a working environment which is free from discrimination. Employees in Germany come from a wide range of countries and cultures, and we encourage sharing of cultural traditions.

No Impacts

Terma GmbH has assessed and identified that we do not have any potential or actual impacts on the rights below.

Right to self-determination

We do not have any potential impact on this right, as we do not build offices or production facilities that may impact indigenous people rights.

Right to a living wage

We do not have any potential impact on this right, as the minimum wage is nationally determined and deemed adequate for a living wage, and we are kept informed on any changes to the minimum wage.

Right to form and join trade unions and the right to strike

Being part of the Space industry, which is not known to be unionized in Germany, we do not actively encourage or discourage union membership and therefore do not have a potential impact on this right.

Right to social security, including social insurance

We do not have any potential impact on this right, as our employees are covered by German social welfare schemes.

Right to children's and young people's protection from exploitation (no child labor)

We do not have any potential impact on this right, as we follow German legislation regarding the age of employment.

Right to adequate food and its fair distribution

We do not have any potential impact on this right, as each employee is responsible for organizing their own food.

Right to adequate clothing

We do not have any potential impact, as each employee chooses their own attire.

Right to adequate housing

We do not have any potential impact on this right, as we do not offer our own housing, and the jobs we offer do not require overnight facilities.

Right to water and sanitation

We do not have any potential impact on this right, as there is access to clean, potable water, as well as adequate sanitation facilities.

Right to health

The Germany office is solely operating in the Space Industry where there is no local production, and the focus lies on software development. Therefore, we do not have any potential impact on this right.

Right to education

We do not have any potential impact on this right, as our operations do not interfere with our employees' access to education facilities. We offer various courses and development opportunities for employees inside and outside the workplace.

Right to take part in cultural life

We do not have any potential impact on this right, as our employees can freely participate in cultural events. They do not live at the workplace and are only at the workplace for a fixed number of hours. They therefore have access and time to partake in cultural events.

Right to benefit from scientific progress

We do not have any potential impact on this right, as the data we use is owned by customers or is publicly available. We do not control data sources ourselves.

Right to life

The Germany office is solely operating in the Space Industry, where there is no local production, and the focus is on software development. The products and projects focus on communication and monitoring, such as weather forecasting, climate change monitoring, oceanography, and space exploration. Therefore, we do not have any potential impact on this right.

Right to free, prior and informed consent to medical or scientific experimentation

We do not have any potential impact on this right, as we do not conduct any medical or scientific experimentation where employees or others are asked to test products.

Right not to be subjected to slavery, servitude or forced labor

We do not have any potential impact on this right, as our employees can resign freely from their employment. Terma GmbH's resignation terms are clearly stated in the employees' contract, which they sign and thereby confirm the terms and conditions.

Right to liberty and security of person

We do not have any potential impact on this right, as we do not restrain anyone; employees can leave freely at any time. If anyone is caught trespassing, we will immediately inform the police.

Right of detained persons to humane treatment

We do not have any potential impact on this right, as we do not detain any person or persons.

Right not to be subjected to imprisonment for an inability to fulfil a contract

We do not have any potential impact on this right. Inability to fulfill a contract is not punishable by imprisonment in Germany.

Right to freedom of movement

We do not have any potential impact on this right, as Terma GmbH does not withhold travel documents and identity cards for our employees. Employees can travel freely.

Right of aliens to due process when facing expulsion (seeking asylum)

We do not have any potential impact on this right, due to the nature of the work performed at our offices and customers' offices in Germany.

Right to a fair trial

We do not have any potential impact on this right, as we are not engaged in any litigation or court cases.

Right to be free from retroactive criminal law

We do not have any potential impact on this right, as we are not engaged in any litigation or court cases.

Right to recognition as a person before the law

We do not have any potential impact on this right, as all the employees we hire in Germany have the appropriate resident papers. Therefore, they are allowed to work and are recognized by German law.

Right to freedom of opinion

We do not have any potential impact on this right, as the Germany office focuses on software development, and any interactions with policy makers are conducted from our offices in Denmark and Belgium.

Right to freedom from war propaganda

We do not have any potential impact on this right due to the nature of the work we have at our location in Germany, which is focused on the Space Industry.

Right to freedom from incitement of racial, religious, or national hatred

We do not have any potential impact on this right, as we do not tolerate any form of incitement of racial, religious, or national hatred.

Right to freedom of peaceful assembly

We do not have any potential impact on this right, as employees can gather freely and discuss issues, as well as hold announced union meetings without Terma GmbH interfering.

Right to freedom of association

We do not have any potential impact on this right, as Terma GmbH does not have any policies or procedures that hinder employees to form or join associations.

Right to protection of the family and the right to marry

We do not have any potential impact on this right, as we do not have any policies or procedures that hinder employees from dating and/or marrying co-workers.

Right to protection of the child and right to acquire a nationality

We do not have any potential impact on children's rights due to the nature of the work and tasks conducted in our German location.

Right to participate in public affairs

We do not have any potential impact on this right, as Terma GmbH does not have any policies or procedures that hinder employees to participate in public affairs, for instance joining and campaigning for a political party and voting.

Right to equality before the law, equal protection of the law and rights of non-discrimination

We do not have any potential impact on this right, as all employees hired in Germany have the appropriate resident papers and therefore are allowed to work and be recognized and equally treated by German law.

Rights of minorities (culture, religious practice, and language)

We do not have any potential impact on this right. In Germany, there are four recognized national minorities, the Danes, the Frisians, the German Sinti and Roma, and the Sorbs, which we do not have any potential impact on.
