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The senate's report on the financial year 2023



*Hildegard Müller,
Chair of the senate of the
Fraunhofer-Gesellschaft*

The main theme of 2023 was change. Amid today's tense economic environment and need for internal change, the Fraunhofer-Gesellschaft faced a variety of challenges, as did many other organizations. Thanks to the active, committed and combined efforts of its nearly 32,000 employees, Fraunhofer was able to maintain a steady course and stay on track toward its objectives. This course includes numerous internal change processes that the senate has been instrumental in initiating and supporting.

This approach is helping to safeguard the Fraunhofer-Gesellschaft's future viability so it can continue to perform its full role as an important partner in ensuring that Germany and Europe as a whole remain an innovative, sustainable, and prosperous hub of economic activity.

The Fraunhofer-Gesellschaft continued on a steady financial course in the financial year 2023, as previously. Total business volume increased by a moderate amount, to €3.4 billion. The contract research area grew to €3.0 billion. Industrial revenue (including licenses) reached a high of €836 million — a trend that is expected to continue going forward as well. Prof. Holger Hanselka, newly elected by the senate in 2023 to serve as the president of the Fraunhofer-Gesellschaft, worked with the

executive board and in close coordination with the institutes to realign the entire organization toward the twin aims of expanding and strengthening the role of the Fraunhofer-Gesellschaft, primarily with an eye to values-driven research, and successfully transferring ideas and innovations to the German and European industrial sectors. In the spirit of what makes the Fraunhofer model unique, Fraunhofer is renewing its focus on industrial revenue from contract research and licensing and on spin-offs as well in an effort to transfer Fraunhofer research and development into the market through sustainable and innovative business models. This represents a substantial contribution to the ability to innovate within Germany and throughout Europe.

In its role as an innovation driver, Fraunhofer is especially pivotal in transferring research focused on the digital and sustainable transformation. Starting with the OpenGPT-X initiative for large European language models for use in artificial intelligence (AI), Fraunhofer is involved in value-based generative AI developments. The goal is for future models to offer reliable fact checks, accurate and reliable sourcing, and data control, especially for industrial applications. Further growth opportunities for Europe and Germany lie in next-generation computers and microchips based on quantum and neuromorphic computing (QNC). Participating in shaping technological developments is at the forefront there. An alliance of Fraunhofer and Leibniz institutes is advancing innovation in this area under the umbrella of the Research Fab Microelectronics Germany (FMD). For example, the GreenICT@FMD initiative is exploring ways to reduce resource consumption in the information and communication technology sector.

Fraunhofer is especially committed to environmental, social and economic sustainability. The Fraunhofer Hydrogen Network, spanning nearly 40 institutes, is supporting the ramp-up of an industrial sector that uses green hydrogen as an energy source, for example. The H2GO — National Action Plan for Fuel Cell Production project, which is aimed at achieving carbon neutrality in heavy goods transportation — has 19 Fraunhofer institutes involved. And last but not least, the Fraunhofer Research Institution for Battery Cell Production FFB is to begin operating a demonstration line, the FFB PreFab, in 2024.

Researchers from the Fraunhofer institutes provide crucial ideas and contributions for the key challenges of our time. For Fraunhofer employees to be able to do their work effectively, overall rules defining a shared modern culture of compliance are needed. On that basis, the senate, president, and executive board joined forces in the fall of 2023 to launch a governance reform program with the goal of moving the Fraunhofer-Gesellschaft to a contemporary governance structure that accommodates the organization's growth and expansion over time, along with its role within the industrial and research landscape. This reform process ties in with the improvements suggested by the German Federal Court of Auditors, the senate, the grant authority, and the executive board. All of the responsible parties will devote themselves to this outstanding project, which is expected to point the way forward.

In 2023, the senate fulfilled the duties entrusted to it under the statutes. It met five times during the financial year 2023. In addition to regular hybrid meetings on May 25 and October 26, there were three special meetings held digitally on April 28, July 24, and September 1. Key resolutions concerned matters relating to the executive board and the structure of the Fraunhofer-Gesellschaft.

- Prompted by Prof. Reimund Neugebauer's resignation as president, the senate unanimously elected Prof. Holger Hanselka to serve as the new president and Executive Vice President for Corporate Strategy, Research and Communications on the recommendation of a senate committee for the election and re-election of executive vice presidents commissioned for this purpose. Prof. Hanselka took up his position as a member of the executive board and President of the Fraunhofer-Gesellschaft on August 15, 2023. Dr. Sandra Krey, Executive Vice President for Finances and Controlling, led the Fraunhofer-Gesellschaft in the interim.
- At its special meeting on April 28, 2023, the senate resolved to establish a temporary senate committee for executive board matters, which was tasked with monitoring practices

within the executive board in connection with the findings of the German Federal Court of Auditors report titled "Selected Aspects of Budgetary and Financial Governance at the Fraunhofer-Gesellschaft" (Ausgewählte Aspekte der Haushalts- und Wirtschaftsführung der Fraunhofer-Gesellschaft) and the associated law enforcement investigations under way against former board members and with proposing actions and presenting areas where action is needed to the senate.

- Based on the results of the audits of practices within the executive board, the senate resolved, in its special meeting on September 1, 2023, to immediately dismiss Prof. Alexander Kurz from his position as a member of the executive board of the Fraunhofer-Gesellschaft. The general assembly and Fraunhofer employees received an immediate notice from the senate regarding the change. In its meeting on October 26, the senate then established a senate committee for the election and re-election of executive vice presidents and tasked it with identifying a suitable candidate to lead the Research, Transfer and IP Management (VA) executive unit and presenting that person to the senate by the time of its June 2024 meeting. Prof. Holger Hanselka is acting in this role until the position is filled.
- The senate also agreed to the creation of the Fraunhofer Spain Research Foundation, a foundation organized and existing under Spanish law, by the Fraunhofer-Gesellschaft as the sole founder with the purpose of establishing this foundation as the legal entity supporting the planned Fraunhofer Center for Applied Theragnostics and future research units operated by Fraunhofer institutes in Spain.

In addition, the annual financial statements and the management report of the Fraunhofer-Gesellschaft again received an unqualified audit opinion from the appointed auditing company.

The senate thanks the executive board and all employees of the Fraunhofer-Gesellschaft for all their hard work and dedication and their successful work in the financial year 2023. | am confident that with these levels of dedication and the tremendous expertise and excellence of all our employees, we will be able to craft a successful future.

Hildegard Müller

Chair of the senate of the Fraunhofer-Gesellschaft

New senate members

“We need to combine a drive to innovate with government support to benefit our future.”



Otto Fricke

Attorney at Law | Bundestag Member | Member of the Free Democratic Party (FDP) Federal Executive Board | Budget Policy Spokesperson of the FDP Bundestag Parliamentary Group

Otto Fricke completed his studies of law at the University of Freiburg in 1992 and passed the second state examination with honors in the state of North Rhine-Westphalia in 1995. A practicing attorney, Fricke served briefly as an advisor for the FDP parliamentary group in the North Rhine-Westphalia Landtag and then became a parliamentary advisor to the FDP Bundestag parliamentary group until 2002. Born in Krefeld, he has worked at law firm Fricke & Fricke since 1995. From 2014 to 2017, Fricke practiced law while also holding a position as a partner at international corporate consulting firm CNC — Communications & Network Consulting AG.

He has been a member of the Bundestag since 2002 and has served on the budget committee during five legislative periods to date, including chairing the committee during the 16th legislative period, which ran from 2005 to 2009 (the first cabinet under Angela Merkel as chancellor). Fricke recalls that a number of crises have been successfully navigated through budget policy in recent years, and he is an outspoken

proponent of returning the German federal budget to its normal scale, in keeping with the constitution. With a brother who is a mechanical engineer, Fricke views technology as the key to solving many of the problems we face today: “We need to combine a drive to innovate with government support to benefit our future. We often underestimate the influence of private investment, but it accounts for about 80 percent of the total. Unleashing this private appetite for investment on the government side is the only way we will overcome the challenges to come.”

In addition to his role on the budget committee, Fricke is a member of the FDP federal executive board. He also sits on the Bundestag legal affairs committee, finance committee, trust panel, and the special panel on the European Financial Stabilisation Mechanism (EFSM). Fricke, who is a father, also holds other positions, including chairing the German–Dutch parliamentary group and serving as a member of the board of trustees of World Vision Deutschland e.V. and of the Leo Baeck Foundation. He was awarded the Cross of Merit of the Federal Republic of Germany in 2020 in recognition of his achievements. He is also a Grand Officer of the Order of Orange-Nassau.

New senate members

“To keep up with the rapid pace of change, more social innovation will be needed as well. Social innovation is the driver of transformation across society. It has the potential to make our economy and society sustainable and future-proof and the power to change the ways we address crises and our habits of coexistence, work, and consumption.”



Prof. Anja Reinalter

Professor of Social Work with a Focus on Youth Work at Kempten University of Applied Sciences | Bundestag Member | Whip of the Alliance 90 / The Greens Bundestag Parliamentary Group

Anja Reinalter has been a member of the Bundestag since 2021. She serves as party whip, member of the parliamentary group board, and member of the board of directors responsible for human resources of the Alliance 90 / The Greens Bundestag parliamentary group. She has a full seat on the education, research and technology assessment committee and is a deputy member of the committee for scrutiny of elections, immunity and the rules of procedure.

Reinalter earned a doctorate in education from Goethe University Frankfurt and is a professor of social work with a focus on youth work at Kempten University of Applied Sciences. She believes training, continuing education, and lifelong learning are pivotal instruments in achieving the necessary transformation of the working world. To Reinalter, equality between vocational and academic education is a goal for both the academic field of education and education policy generally.

She entered politics as a result of her volunteer activities. Reinalter has been a member of the city council and district legislative body for the district of Biberach since 2009. She received the Helene Weber Prize for outstanding work in municipal policy in 2011. From 2019 to 2021, she served as the first chair of the nonpartisan Women's Council of Baden-Württemberg. “It's not just about talking about something together. It's about making something better together and putting it into action. I'm an advocate of diversity in committees. If as many walks of life as possible are represented in the democratic process, we can shape a politics of greater fairness for everyone.”

Asked how the evolving needs and requirements across society should be addressed fairly and how to achieve sustainability and future-proof our economy and society, Reinalter calls for more social innovation and creatively minded research as a basis for policies rooted in science.

New senate members

“When we skimp on education, all of society ends up paying a high price.”



Sönke Rix

Early Childhood Educator | Bundestag Member | Deputy Chair of the Social Democratic Party (SPD) Bundestag Parliamentary Group

Sönke Rix, born in Eckernförde, has been a member of the Bundestag since 2005, representing the Rendsburg-Eckernförde electoral district. He was a member of the family affairs, senior citizens, women and youth committee from 2005 to 2021. Today, he is the deputy chair of the SPD Bundestag parliamentary group for the areas of family affairs, seniors, women and youth and of education and research. He is also a member of the board of the Parliamentary Left group within the SPD.

Rix's years of work on the family affairs, senior citizens, women and youth committee were informed by his experience as a state-accredited early childhood educator. During his education, he attended the Vocational School of Social Pedagogy in Kiel. During that time and afterward, he worked at Integrierte Gesamtschule Eckernförde (now Peter-Ustinov-Schule), a comprehensive school. Rix completed his mandatory civil service and probationary year at inclusion organization Eckernförder Werkstatt, part of charitable organization Norddeutsche Gesellschaft für Diakonie. He also worked there as a specialist

in work and vocational development. In addition, Rix was involved in the body representing employees at Werkstätten Rendsburg-Eckernförde, another organization dedicated to fostering inclusion. He remains a member of the ver.di trade union.

Rix believes vocational training is the ticket to a self-determined life, including working life. He is a proponent of a basic income to support children with a focus on social justice, the Startchancen program, which is geared toward supporting schools with high percentages of disadvantaged students, a legal guarantee of a spot in vocational training or education, and the opening up of student financial aid to allow for broader participation. Rix argues that education, whatever the end goal — from master's degree to master craftsman's certification — should be decoupled from a person's original family circumstances. “We need an education system that gives all young people the chance to live up to their full potential. That would help with the shortage of skilled workers, too,” Rix notes. “After all, when we skimp on education, all of society ends up paying a high price.”

Community engagement and protecting minorities are also top priorities for Rix. He has volunteered as a legal guardian with the Local Court of Eckernförde since 2000.